Community Development and Local Conflict: A Resource Document for Practitioners in the Extractive Sector

COMMDEV: THE OIL, GAS AND MINING SUSTAINABLE COMMUNITY DEVELOPMENT FUND

This tool is in draft format and under review. Comments and suggestions are welcome and can be sent by email to vnyhan@worldbank.org or Catherine.Stevens@erm.com.

Community Development and Local Conflict: A Resource Document for Practitioners in the Extractive Sector

For and on behalf of
Environmental Resources Management

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Abbreviations and Acronyms

- AAGI — Agro-business Growth Initiative
- AILAP — Agricultural Improvement and Land Access Plan
- ADR — Alternative Dispute Resolution
- BIC — Bank Information Center
- BPI — Bayelsa Partnership Initiative
- BPL — Below the Poverty Level
- BTC — Baku Tbilisi Ceyhan Oil Pipeline
- CAO — Compliance Advisor/Ombudsman
- CBO — Community Based Organization
- CD — Community Development
- CDC — Citizen's Development Corps
- CDD — Community Driven Development
- CIP — Community Investment Program
- CommDev — Oil, Gas and Mining Sustainable Community Development Fund, World Bank/IFC
- CSBP — Conflict-Sensitive Business Practice
- EIR — Extractive Industries Review
- EIU — Energy Intelligence Unit
- EITI — Extractive Industries Transparency Initiative
- ELN — Ejército de Liberacion Nacional
- EOR — Enhanced Oil Recovery
- ERM — Environmental Resources Management
- ESHIA — Environmental, Social & Health Impact Assessment
- ESIA — Environmental & Social Impact Assessment
- FIP — Fundación Ideas Para la Paz
- FSM — Fundación Sierra Madre
- GTZ — Deutsche Gesellschaft für Technische Zusammenarbeit
- HDI — Human Development Index
- IA — Impact Assessment
- IA — International Alert
- ICMM — International Council on Mining and Metals
- IFC — International Finance Corporation
- KOL — Kamoto Operating Limited
- LEEP — Livelihood Enhancement and Community Empowerment Program
- LNG — Liquefied Natural Gas
- M-CRIA — Macro-level Conflict Risk and Impact Assessment
- MEND — Movement for the Emancipation of the Niger Delta
- MONUC — Mission del l'ONU en RD Congo – UN Mission in DRC
- NDDC — Niger Delta Development Commission
- NGO — Non-governmental Organization
- NLNG — Nigeria Liquefied Natural Gas

- NNPC   Nigerian National Petroleum Corporation
- OMPADEC   Oil and Mineral Producing Areas Development Commission
- OP   Operational Policy (World Bank)
- P-CRIA   Project-level Conflict Risk and Impact Assessment
- PNOA   Participatory Needs and Opportunity Assessment
- PRA   Participatory Rural Appraisal
- PS   Performance Standard (IFC)
- RSSDP   Rivers State Sustainable Development Program
- SCP   South Caucasus Gas Pipeline
- SMK   Société Minière de Kolwezi
- SMSP   Société Minière Sud Pacifique
- Tcf   Trillion cubic feet
- TFM   Tenke Fungurume Mining
- USAID   United States Agency for International Development
- UN   United Nations

1   INTRODUCTION

1.1   WHAT IS THIS DOCUMENT?

Welcome to the CommDev resource document on Local Conflict and Community Development for the Extractive Sector. This is a practical guide designed to:

- help you understand some of the links between local conflict and community development;
- provide you with a set of tools to help you navigate and prevent or mitigate conflict around community development;
- provide you with a set of lessons learned from peer group companies, and a set of associated case studies;
- help you design community development programs which are better focussed on conflict prevention or mitigation as appropriate, and can contribute to conflict resolution.

The document is focussed on the links between local conflict (not national or international conflict), and extractive sector community development (not the extractive sector project itself).

Box 1.1   Definition of Key Terms

Community development: the investment that extractive companies make in a local community over and above what is required for mitigating project impacts – frequently known as community or social investment

Conflict: tension or disagreement between people or institutions. It may be:
- pre-existing, and therefore the context in which the extractive project is being developed or operating, or
- caused by an extractive project investment or community development program. In this context the conflict will most likely be between the company and the community, though in some instances the project may engender inter- or intra-community conflicts.

Conflict Sensitive Community Development: Community Development that is sensitive to existing conflicts and avoids exacerbating tensions

Conflict Mitigation: Community Development that addresses conflict your project or community development creates

Conflict Resolution: Community Development that actively addresses issues of local conflict

Extractive sector: oil, gas and mining industries

Sustainable development: In the context of community development, it signifies a project which is socially and environmentally responsible, and self-sustaining beyond the financial investment of the donor.

Who is the document for?

- Extractive sector practitioners – working at a project site or in corporate headquarters – with responsibility for community development
- Extractive sector practitioners operating in complex environments such as a civil war, a post-conflict zone, a zone of high crime or one facing significant political or social upheaval
- Contractors on an extractive sector project, with responsibility for community development
- Development professionals from donors, government or Non Governmental Organizations (NGOs) seeking an introduction to or refresher on the links between local conflict and community development
- World Bank and International Finance Corporation (IFC) staff involved in community development programs, including Task Managers involved in Community Driven Development (CDD) projects

You may find this guidance useful if….

- You see conflict or the potential for conflict around the project you are working on and you need some practical concepts and tools to take action
- You want to reduce the chance of inducing conflict around your community development projects and be better placed to manage it, if and when it happens
- You would like to learn more about experiences of your industry peers in relation to local conflict and community development
- You could benefit from a structured approach to your work and are looking for some actionable guidance on what to do next

What the document will not provide

- Instant answers to complex questions
- Solutions for kidnapping or violent external conflict
- Instant project security
- A replacement for doing the ground work, understanding the communities and the context, and building relationships and trust. In conflict prevention and mitigation, the process is frequently the product.
- A screen for whether or not to make a project investment. It assumes you will are considering making one and provides a set of tools which may help you to make it a better one.

This document is intended to be a *practical reference guide*:
- *Practical* because the key features are tools that are step-by-step blueprints for action, supported by basic concepts and illustrative case studies
- A *Reference* because it is designed for you to use it more than once

You do not have to start from the beginning and continue to the end: discrete sections may be read in isolation. Each of the tools and case studies is self-standing.

As the world's demand for energy and other extractive industry commodities continues to grow, extractive companies are increasingly driven to explore and develop in areas that are technically more challenging (e.g., offshore deepwater) as well as more prone to political instability or conflict (e.g., Democratic Republic of Congo). The location of oil and gas and mineral resources dictates where extractive sector projects are developed, and projects then have to deal with the corresponding governance challenges and socio-economic characteristics.

In addition, extractive sector investments, both the project itself and/or a specific community development initiative, can exacerbate or trigger conflict *(see Niger Delta case study).* It can be caused by a variety of issues including:

- perceptions of uneven or lack of distribution of benefits from the project (e.g. variable compensation, "winners and losers" in terms of jobs or other positive outcomes);
- resettlement, influx of outsiders, other direct impacts of a project, unmet expectations;
- community development programs, which are perceived as favoring one group over another; and/or
- by other changes in the economic or political balance of power resulting from the project.

At the same time, the extractive sector has tremendous potential to contribute to sustainable development in places where projects are located. Delivering sustainable community benefits - both directly through project investment as well as through community development programs – can meet both the needs of business and of local communities. For communities it can sometimes be the best or only source of economic security. Done well, community development can help a company to obtain and maintain a license to operate by addressing stakeholder expectations that projects deliver local benefits.

Finally, conflicts cost companies money and inherently add to business risk. Construction blockades, lost investments and damaged reputations all affect the bottom line. The losers are not only the major investors but the local communities who are unable to benefit from potential community development and focus their energies instead on the conflict itself.

Understanding and managing the links between local conflict and community development is a complex and often daunting task for even the most experienced practitioners. In recent years, there have been several high profile initiatives which have looked at the potential and short-comings of community development around extractive sector projects, and associated dimensions of local conflict, in an effort to create a body of knowledge on the subject. These have included the World Bank Group's Extractive Industries Review (EIR) and the International Council on Mining and Metals' (ICMM) Resource Endowment

Project. Others, such as International Alert (IA), have designed toolkits like the Conflict Sensitive Business Practice (CSBP) *(see Detailed notes for facilitators*

Step 1. Invite
Identify stakeholders using the results of your stakeholder mapping exercise (see *Tool: Stakeholder Identification* and Mapping).
- Contact stakeholders personally using means appropriate to the context, and seek to convene a group of about ten people. Ideally, you will be able to convene groups of stakeholders who represent various points of view and sides of a conflict so that they can interact with each other and reach agreement on the dynamics of a conflict. Do this if stakeholders are comfortable in this setting and interacting with each other. You may need to convene separately groups of stakeholders who would not be comfortable being in a room together to do such an exercise jointly.
- The idea behind three separate workshops is to hold the exercise more than once with different groups of people for comparison. Schedule the time and location of the different workshops to be convenient for participants.

Step 2. Explain
- Explain the objective of the exercise and how the company plans to use the information (refer to notes above).
- Define terminology used in the exercise:
    - *Conflict* – in a way which is relevant to the exercise;
    - *Events*–defined as something that happened in a short time frame (for example, within a few hours or a day); and
    - *Trends*–more long-term processes or sequences of events.

Step 3. Run Exercise
- Ask participants to state the first events that mark a conflict, or the fragility of a situation. This can be in general or specifically in relation to the extractive project/area in question. Facilitators should help participants focus on a recent period of relevance to the analysis where possible. The first half hour will usually generate a flow of events, with some trends beginning to appear.
- The lead facilitator will guide the discussion and help to tease out the events based on the stories and input that participants give by asking follow-up questions. The support facilitator will write one event or trend on each post-it note that the group agrees on. The goal is to get consensus on events. Note that this is just the event, not an explanation or interpretation, just the factual occurrence.
- Stick these onto the sheets of paper on the wall. As the exercise develops, arrange in chronological order from left to right. At some point it becomes useful to mark the years of events and trends at the top or bottom of the sheet.

- Draw arrows between events and/or trends after roughly twenty minutes, once the new ideas are less forthcoming. The participants should specify what those are, and the facilitators will only mark them when there is some degree of consensus. Each link represents the fact that a particular event or trend increases the probability of another event or trend occurring. Focus on which events or trends contribute to or lead to others.
- Ask participants to identify other events and trends that were overlooked at first – write these down on post-it notes and add them to the wall. Different individuals, and the groups by consequence, will tend to focus in more detail on certain things. For example, while one group will have as a trend "escalation of acts of violence" another group will specify the key acts that trigger other events and trends.
- Then, encourage participants to continue by identifying "potential events and trends" that may plausibly occur in the future. In this way, the exercise also consists of some forecasting (not scenario planning).
  Lead facilitator: suggest plausible possibilities to get the group to respond.

Step 4. Analyze
- Each "map" represents a unique analysis from a specific viewpoint and helps capture the viewpoint of each group. Maps from different groups may contain the same events or trends but use different language to describe them or present them in a slightly different context.
- Certain trends and events emerge as particularly significant "nodes," indicated by a concentration of linking arrows.
- Rank these nodes on a separate sheet based on the number of links or arrows made to and from them, and using, as far as possible the words chosen by the participants. This helps to identify key issues as identified by each workshop, and behind them the actors that drive or will drive the dynamics of conflict and peace in the area. Nodes can be trends (e.g. unemployment) or landmark events (e.g. an agreement that is signed, arrival of foreign workers).
- Close out workshop. It is important to leave workshop participants with something tangible. Summarize what the group discussed and agreed. Explain why this is useful for the project and that the company will use this information to make better choices about community development. Take pictures of mapping on the large sheets of paper and then make an electronic version to send around to workshop participants later.

Use Results Post-Workshop
- In total over 30 different nodes can be identified in the workshops. Analyze the patterns emerging from the different "maps" to identify commonalities. Unique perspectives may emerge from the different groups with certain aspects emphasized by one group and not by another. But experience shows that overall narrative will be similar.

- Define the sphere of influence of the project and what can be accomplished by project community investment.
- Only five to ten nodes from this exercise deserve analysis in terms of targeting or relevance to the objectives of any community development program aimed at reducing tension and seeking sustainable development.

Figure A.1   *Example Conflict Map*

Reference

Channel Research, developers of the tool: www.channelresearch.com

Tool: Conflict Sensitive Business Practice: Guidance for Extractive Industries) which can be used by practitioners to understand and manage conflict in specific situations. However, despite these efforts, the experience of extractive sector investments show that success is not a given. This document draws on the latest thinking and research and provides a set of practical guidance to help practitioners build on the information already available to meet these continuing challenges.

2 LOCAL CONFLICT & COMMUNITY DEVELOPMENT IN THE EXTRACTIVE SECTOR

2.1 WHAT DO WE MEAN BY CONFLICT?

Conflict is tension or disagreement between people or institutions. It can manifest itself in a number of ways:

- through violent attacks on people or property;
- through peaceful demonstration and blockades;
- through local antagonisms resulting in the inability of groups to work together productively;
- through kidnappings of company staff;
- through inter-communal tensions with state security forces or armed militia; or
- through low productivity.

Conflict can be social or political, or both. It might be:

- pre-existing (e.g. between groups, tribes or outright civil war);
- latent (e.g. festering tensions which need a small catalyst to erupt such as in a post-conflict environment where there are large groups of unemployed youth with nothing to do, or in an area where there is already competition over natural resources); or
- caused directly by a project (e.g. anger over construction impacts, unmet expectations or perceived inequality over a community development program, loss of livelihoods or access to land and resources).

In relation to extractive sector projects, conflict can be:

- external to the project, present in the operating environment but impacting the way business is done;
- directly between the company and the community;
- or both.

To many, the term conflict denotes violence and destruction. However, conflict can begin more subtly as conflicts of interest or a sense of exclusion. It can manifest itself through the arbitrary use of justice and public order, or transmission of messages of hatred.

Conflict has many causes which are often difficult to track, and each situation is different. In its most extreme forms, it can be noticed by the casual observer in areas where the risk of violence is high and where respect for national law and international norms of decency are low. However, where the conflict is more subtle, understanding it may require more sophisticated techniques.

2.2 COMMUNITY DEVELOPMENT AS A CAUSE OF LOCAL CONFLICT

While intended to provide communities with opportunities for development, Community Development programs can stir up conflict and, at worst, reverse existing development trends. Hence, CD program designers need to be conscious of their ability to create conflict and design programs accordingly (see *Section 2.3 below)*.

For example, experience suggests that capacity building of those who may not hitherto have held much authority within the community can alter existing power structures and introduce new tensions or uncover existing resentments. Introducing additional resources into a community can, similarly, cause conflict creating jealousies and rivalries if it results in perceived inequalities. Although tensions can evolve at any time, there are a few key potential flashpoints that Community Development (CD) practitioners should be aware of and try to anticipate.

Table 2.1   Conflict Flashpoints in Community Development

Flashpoint	Issue of concern	Recommendation
Flashpoints in Community Development Design		
Selection of Target Communities	Perception that selected groups are being favored – e.g. for ethnic reasons – rather than development needs or because of direct effects of project	Develop selection criteria for target communities that are clear, robust and transparent. If you get it wrong the first time, do not be concerned about expanding or reorienting the program if necessary *(see BTC and Ahafo case studies)*
Prioritization of Community Needs	Certain leaders may try to sway discussions in their favor to the disadvantages of other groups within the community (e.g. women, other ethnic groups, other religions, other political affiliations or the poor and otherwise marginalized)	Base community development programs on transparently conducted participatory needs assessment (see *Tool: Participatory Needs and Opportunity Assessment (PNOA)*) which includes all community groups including the vulnerable and marginalized.
Representation on CD program committees or community-based organizations (CBOs)	Representation on committee may not fairly reflect the different groups within the community. Or these groups provide opportunity for new leadership to emerge, disrupting existing power balance.	Put in place a leadership structure for community development that is truly representative of the community (formal or informal) and is not hijacked by a particular interest group.
Collection of	If community development	Make all community members

Flashpoint	Issue of concern	Recommendation
Community Contributions	project is not well understood or is perceived to favor one group over another, citizens may not want to contribute to a public good.	aware of nature of CD program design and requirements for community contributions, and manage program budget with full transparency.
Local Government Engagement	Partnering with local government is essential but can produce conflict when there is/are: no agreement on priorities, competing authority, political divisions, or a desire to use community development program for political gain.	Include local government as a consulted stakeholder early on. Seek to dovetail with any of their own participation driven programs or participate in other donor investments. Establish the philosophy of your program clearly from the start.
Flashpoints in Project Management		
Management of Project Resources	With community-managed funds the potential for corruption and/ or lack of transparency exists. Accusations can also be made (falsely) if a marginalized group is leading or benefiting more, and those traditionally in power do not receive normal kick-backs.	Require that financial arrangements made for the community development project are open, transparent and independently audited, and that this is a condition of the transfer of funds. Ensure, where possible, that the finances are equally managed by traditional and marginalized groups and provide them with conflict resolution skills training prior to embarking on the project.
Program Results and Outcomes	As community development nears its end, stakeholders expect to see positive, tangible results. If they have not received constant communication about changing dynamics, "disappointing" outcomes can cause increased tension and lead to blaming and searching for scapegoats.	Once the program is in place, continue to actively manage community expectations in terms of potential outcomes of the project. Deal with complaints as they arise through an effective grievance mechanism (see *Tool: Grievance Mechanism*) and, if necessary, by amending project design mid-course.
Flashpoints linked with Closure or Change		
Exit of Donors	When project managers or	Plan for change and for exit of key

Flashpoint	Issue of concern	Recommendation
	donors – if truly neutral, disinterested mediators / advisors – exit, the loss of a stabilizing force may change the prevailing balance of power and cause some groups to seek to expand their influence.	players. Develop succession plans for all key participants to retain stable running of projects and programs as far as possible.
Program Exit	Community development programs end before the target group considers they have reaped the full benefit, or when they see potential for further improvement in their standard of living.	Take steps to understand community attitudes towards the CD program at the mid-point and, if necessary, again one year before the project is due to wind down or close down completely. This will allow you to take action that may prevent conflict as the project comes to closure.
Untimely management or mismanagement of response to grievances	All projects including community development projects generate grievances within the community, even if they are generally considered successful.	Develop a simple, well managed and responsive grievance mechanism (see *Tool: Grievance Mechanism*) and ensure that it is well promoted in the communities involved in development programs as well as those impacted by the main project. All grievances must be treated as genuine and dealt with sensitively to prevent something sometimes relatively small from becoming a flash point for conflict.
Unmanaged Expectations	Unmanaged and unmet expectations on the part of the community for potential benefits from the project or community development program.	Identify and manage community expectations as early as possible within the project cycle and use as a basis for community development design. This can be done through normal project processes including impact assessment, social risk management and community consultation.
Change in Management team or community	Failure to manage handover between personnel can change the	Develop a clear plan for handover of roles including overlap of personnel, detailed communications and

Flashpoint	Issue of concern	Recommendation
relations manager	dynamics of the program and result in decreased trust between company and community.	stakeholder consultation, which includes personal introduction of new personnel to the community.
External Flashpoints		
External Shocks – e.g. social or political upheaval, sudden influx of refugees	Conflicts will arise locally which are completely independent of the project but have the potential to undermine it	Awareness of local issues and actors can help community development managers to keep the projects on track and reorient them if necessary should external conflict arise once the project is in place. In addition, have a monitoring and evaluation system for your community development program which is sensitive to social and political change and can incorporate that understanding into project redesign if that becomes necessary mid-course.

While some tensions and conflicts are unpredictable, many can be anticipated and understood through adequate contextual and social analysis (see *Tool: Conflict Mapping - Channel Research* and *Detailed notes for facilitators*

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Figure A.1   *Example Conflict Map*

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Channel Research, developers of the tool: www.channelresearch.com

Tool: Conflict Sensitive Business Practice: Guidance for Extractive Industries*).
This analytical process can help reveal how the causes of tension can be turned
around to increase the positive connections among communities and groups
which can, in turn, be critical in strengthening communities' ability to manage
conflict for peaceful change.

No company is operating in a vacuum. Political, social and economic risks affect
a company's ability to operate effectively. Equally, the development activities of
companies—particularly of large companies in small countries—will influence the
country environment. The more an organization understands is external
environment and designs its CD programs accordingly, the greater its chance of
success.

Box 2.1   ***Niger Delta: A Laboratory for Local Conflict and Community Development***

The Niger Delta has served as a laboratory for local conflict and community development. Oil companies and the government of Nigeria have struggled to implement mechanisms that deliver benefits to people who live above the area's prized oil reserves. More than fifty years after the discovery of oil in the Niger Delta, poverty among Niger Delta citizens is pervasive and conflict between communities and companies is common. What has not worked?

One approach taken by companies was to leave community development to government. But well-documented corruption and only more recent reforms to increase the amount of revenue that flows back to states and local governments have prevented nearly all of this revenue from providing goods and services to citizens in the Niger Delta. Other special government development commissions set up for the Niger Delta have failed, suffering from corruption and mismanagement.

Another approach was for oil companies to finance and implement community development themselves. But the development was not conflict sensitive and in some cases actually exacerbated inter-community tensions as some communities were seen to benefit, while others did not. In several cases, community infrastructure was razed to the ground by local thugs, with thousands of dollars worth of investments destroyed. Frequent changes in approach and continued evolution of programs reflects an ongoing struggle to find a model that works. Hundreds of millions of dollars have been spent. Evaluations of company programs have concluded that a high percentage of projects have not been implemented well or have not produced long-lasting benefits and there is general consensus that well meaning projects may have contributed to the problem. The deteriorating security situation indicates that community development efforts have failed to produce the valued social license to operate.

Oil and gas companies operating in the Niger Delta have reached the following conclusions:
●   In a country with poor governance, oil revenues will not trickle down from the federal government and produce local development results;
●   But it is a greater risk to try to replace government as the local provider of infrastructure and basic services. This creates an unsustainable dependency.
●   Taking community development "in-house" is no guarantee of success – the operating environment for implementation of community development will still affect results, and in a complex area, initiatives may well miss the mark;
●   If local community-company conflict is the product of grievances about not receiving any development benefits from oil and gas, then this must be addressed at its root causes;
●   Local-level community development investments must be coupled with national-level initiatives to tackle corruption and poor governance.

For the full Case Study, including lessons learned, see Annex II

Box 2.2   *Ahafo Gold Mine - Ghana*

Newmont Mining Corporation has developed a mining concession in Ghana, the Ahafo project, which started gold production in 2006. The local area is characterized by rural poverty, subsistence agriculture, weak local governance and high density population with no prior experience of mining. To develop the mine, Newmont had to resettle nearly 10,000 people.

Recognizing major potential for project induced conflict, Newmont set about developing a major community development program with strong public participation in program design, and several public-private partnerships for implementation. As a result of the program, and other careful project planning, Newmont has managed to achieve the resettlement and construction of the mine without non-negotiable situations developing. The relationship with the local communities is increasingly one of communication and partnership rather than donor and recipient. At the same time, Newmont concedes that conflict has arisen around the community development itself as not all communities have been able to benefit equally. The main initial focus was on the directly affected and resettled population. This has been overcome by promises to extend benefits to a larger number of communities as the program develops, and it becomes feasible to do so.

For the full Case Study, including lessons learned, see Annex II

2.3   *CONFLICT-AWARE COMMUNITY DEVELOPMENT*

Conflict-aware community development is sensitive to its external environment and avoids either creating or exacerbating conflict. It can to be thought through in terms of *issues or risk factors* for conflict (for example access to employment) and *actors (see section 2.4).* It would be wrong to conclude that because a community feels deprived, the appropriate community development response is to build a new school and health service buildings. Such initiatives may not address the core issues of conflict and development and may miss the key actors to influence.

The "conflict-producing" components of a host environment which present structural risks for community development are presented in *Table 2.2*.

Table 2.2   *Risk Factors for Local Conflict & their Implications for Community Development*

Risk Factor For Local Conflict	Implications for Community Development
Government is dominated by unrepresentative political elite.	• Review resource (procurement and delivery) links with government agencies to ensure that they do not directly or indirectly reinforce political exclusion.
The region where the project is being implemented has a substantial identity group (e.g. a minority or a weak majority) that is poorly represented in national power structures. There is a history of discrimination on the basis of ethnic, religious or geographic identity.	• Review employment practices and programming priorities to ensure that these combat rather than reinforce discrimination. • Institute special measures to ensure that any targeting of certain groups or areas does not contradict the overall sense of entitlements.
Traditional leadership (such as hereditary chiefs) or systems of resource sharing and entitlement retain a high degree of social legitimacy. (Note: this may or may not be recognized by formal government.)	• To the extent that it does not contradict the overall objectives of the program and does not discriminate, work through and with traditional leaders, in particular for conflict resolution and communication.
The country's political and economic structure is highly centralized: government tries to control the community development and ensure that benefits end up at the center.	• Both in negotiations with the government and in community, look for opportunities to ensure that local stakeholders know about and can control the benefits of CD programs. • Create incentives for the (local) government to become more involved in local delivery.
Contract awards are influenced by bribery.	• Establish a zero tolerance policy for bribery and corruption for award of contracts within community development program. • Brief key staff on systems and strategies to avoid corruption. • Establish and rigorously apply transparency and contract selection criteria
There is a history of social or political conflict.	• Assess whether the project will affect the conflict, directly or indirectly. For example, seek patterns of events and trends that will need to be encouraged or curbed to reduce the probability of conflict. • Conduct conflict screening and conflict risk and impacts assessment (see *Tool: Raising awareness of conflict causes & intervention strategies*)
There is limited freedom of information. There are considerable barriers (including technological) to the spread of information.	• Provide information to people in formats which are accessible to them and which they understand. Consider open forums, community meetings, using pictures with semi-literate audiences, bill boards where

Risk Factor For Local Conflict	Implications for Community Development
	media are limited etc.
The project is implemented in a fragile social, environmental and economic area	• Focus on strengthening the resilience of communities and ecosystems, in terms of livelihoods, valued environmental components, and cultural continuity.
The project is being managed by a third party under contract	• Ensure that the monitoring and evaluation mechanisms are set out very clearly to facilitate management of the contract. Also ensure that the contractor is fully aware of the conflict implications of the program and is experienced in dealing with issues around local conflict.

2.4 UNDERSTANDING THE ISSUES AND ACTORS IN LOCAL CONFLICT

Conflict revolves around people and the issues that concern them. Thinking conflict through in terms of issues and actors can be useful for community development practitioners since it helps identify:

1. The types of **issues** that are at the root of conflict or potential conflict (helping you to take action that reflects the degree to which conflict issues can be influenced by a community development program); and
2. Relationships and tensions among **actors** (helping you to resolve, reduce or mitigate conflict by influencing certain actors and targeting certain beneficiaries).

2.4.1 Issues

The following broad issue areas are useful for understanding conflict around community development:

1. **Identity:** the set of issues include ethnicity, religion, changing socio-economic environments which threaten lifestyle and status, demographic shifts such as migrations and forced displacement, and even some issues of employment and labor privileges. Conflict around this set of issues usually pre-dates the extractive industry project, but may be exacerbated by it and all the activities that surround it.
2. **Livelihoods:** these are issues associated with access to land and resources, either natural resources or jobs. They may be pre-existing in situations where there is over population or existing competition for land, previous displacement or where sections of the community are already marginalized. They are also frequently caused or exacerbated by a project.
3. **External issues and actors:** these are issues and actors unrelated to the project, though sometimes the project may come to rely on them for its implementation. External actors may become involved in an area through

business (such as logging or commodity purchase on a large scale), criminal or military activity, or even through international aid.

4. **Public administration and rule of law:** conflict around these issues is usually focused on poor, or lack of, state delivery of, for example social services, education, corruption and patronage, poor discipline among security agencies, or simply absence of a functional state structure.

5. **Project related:** these are issues which the project has triggered and did not exist prior to exploration e.g. resettlement, adverse impacts of project construction, or local responses to an influx of foreign workers.

Each one of the issues can feed off the others, and the interplay can become highly destructive. Ensuring that this interplay does not take place, and that the threats within each are reduced, can form the substance of a well designed CD program.

2.4.2   Actors

Conflict always involves actors and can take the following forms:

1. **Intra-community:** this is conflict concerning different groups within a recognized community, such as between elders and youth, or between fishermen and agriculturalists. Sometimes the men are in conflict while the women are not. This type of conflict takes place most often when demographic changes have affected the balance within a community, and yet the overall culture and livelihoods remain relatively stable.

2. **Inter-community:** tensions may appear between groups which recognize one another as being from a distinct category of population.

3. **Governmental conflict:** this pits the local population against the state structures or more generally representatives of the state.

4. **Conflict between population and company:** this is the type of conflict which most industrial projects are aware of, but it is rarer than generally believed. The company can become the pawn between parties to a conflict. It does happen, however, that the company and its personnel becomes one of the actors of the conflict, such as when it recruits its own security forces.

The issues and actors interact in ways which are mutually reinforcing, as shown in *Figure 2.1*. This can sometimes be translated into a positive interaction through well designed CD programs, where the actors become the peace-builders.

Box 2.3   *EcoPetrol & Occidental in Colombia: Managing Conflict through Community Development*

Because geology dictates the location of extractive projects, companies may encounter existing conflict which can be compounded by the added presence of a new project. The La Cira oil field (ECOPETROL and Occidental) in Colombia is one such example.

The La Cira oil field operates in Colombia's historical context of violent conflict. Its viability depended on the effective management of security, human rights and social issues. Occidental and EcoPetrol partnered with two nongovernmental organizations – London based International Alert and Colombian Fundación Ideas Para la Paz (FIP) – to conduct an in depth Social Risk Assessment (see *Detailed notes for facilitators*

Step 1. Invite
Identify stakeholders using the results of your stakeholder mapping exercise (see *Tool: Stakeholder Identification* and Mapping).

- Contact stakeholders personally using means appropriate to the context, and seek to convene a group of about ten people. Ideally, you will be able to convene groups of stakeholders who represent various points of view and sides of a conflict so that they can interact with each other and reach agreement on the dynamics of a conflict. Do this if stakeholders are comfortable in this setting and interacting with each other. You may need to convene separately groups of stakeholders who would not be comfortable being in a room together to do such an exercise jointly.
- The idea behind three separate workshops is to hold the exercise more than once with different groups of people for comparison. Schedule the time and location of the different workshops to be convenient for participants.

Step 2. Explain
- Explain the objective of the exercise and how the company plans to use the information (refer to notes above).
- Define terminology used in the exercise:
  - *Conflict* – in a way which is relevant to the exercise;
  - *Events*–defined as something that happened in a short time frame (for example, within a few hours or a day); and
  - *Trends*–more long-term processes or sequences of events.

Step 3. Run Exercise
- Ask participants to state the first events that mark a conflict, or the fragility of a situation. This can be in general or specifically in relation to the extractive project/area in question. Facilitators should help participants focus on a recent period of relevance to the analysis where possible. The first half hour will usually generate a flow of events, with some trends beginning to appear.
- The lead facilitator will guide the discussion and help to tease out the events based on the stories and input that participants give by asking follow-up questions. The support facilitator will write one event or trend on each post-it note that the group agrees on. The goal is to get consensus on events. Note that this is just the event, not an explanation or interpretation, just the factual occurrence.
- Stick these onto the sheets of paper on the wall. As the exercise develops, arrange in chronological order from left to right. At some

point it becomes useful to mark the years of events and trends at the top or bottom of the sheet.   A I- 45

- Draw arrows between events and/or trends after roughly twenty

Tool: Conflict Sensitive Business Practice: Guidance for Extractive Industries)
to establish a systematic process for risk assessment and stakeholder engagement which would
allow them to navigate the local conflict situation and engender company-community dialogue
which provided them with valuable information regarding priorities for the community
development program.

For full Case Study, including results, see Annex II

Figure 2.1 Interactions between actors feed off one another

Actors

New Workers Arrive

Issue

Leaders aggrieved by comparative poverty

People are angry with influx of new workers

Police

The project closes in to maintain construction schedules

Actors Emerge

Blockages and strikes occur

New people join or create unions

Box 2.4　　　*Case Study: Managing Cultural Complexity & Conflict in New Caledonia*
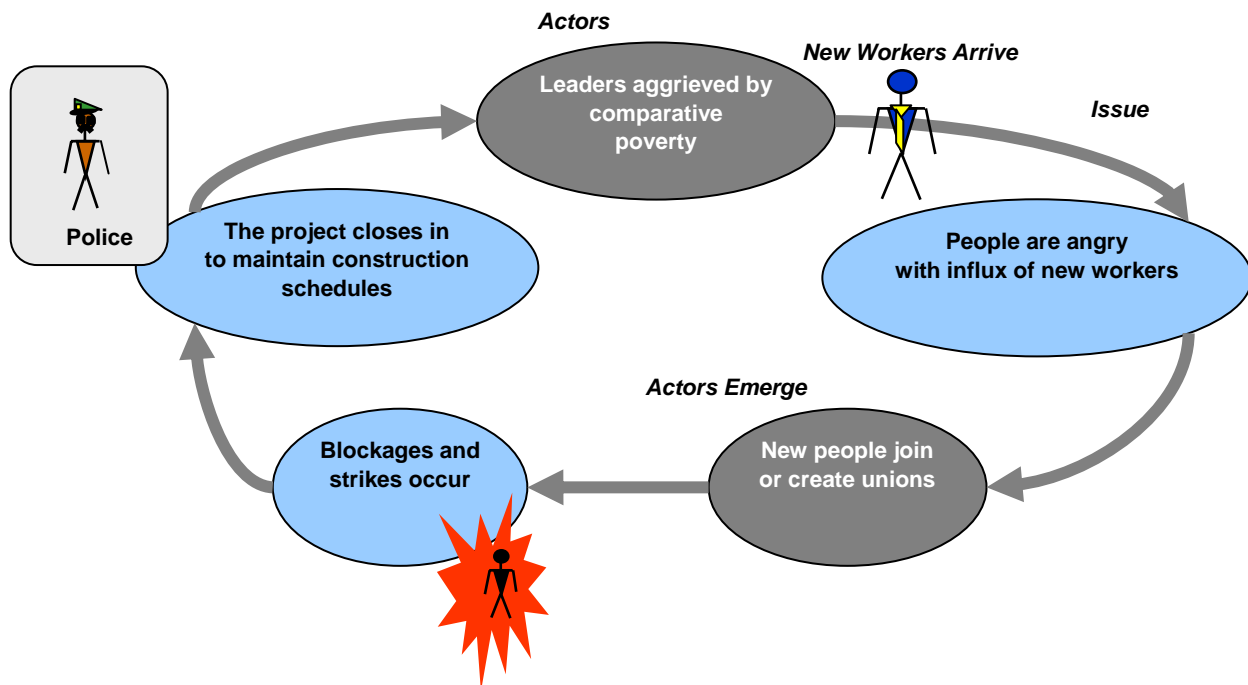
Successfully navigating conflict in extractive project community development requires a clear understanding of affected peoples, their culture and the issues at stake. The importance of understanding the interplay of actors and issues is particularly vital for Xstrata's Konianbo nickel mine in New Caledonia.

The Konianbo nickel mine in the North Province, planned to come into operation in 2011, impacts two of the most conflict-producing issues in New Caledonia: land access and migration. The backdrops are the complex and diverse cultural dimensions of Melanesia and the colonial legacies of New Caledonia's status as a French Territory (with a referendum on independence scheduled for 2014).

Native Melanesian Kanak communities consider themselves the ancestral owners of the Koniambo Massif, location of the nickel deposit. The question of land has been a permanent source of disputes in New Caledonia. In addition, the government began to encourage citizens to remain in their province of origin rather than migrate to the capital Noumea. The nickel mine will have direct and profound effects on land and migration. The company has begun to participate regularly in Customary Assemblies and a specific taskforce has been set up to review the mine's effects on the closest affected community, the 300 person Oundjo Tribe. These mechanisms have provided the company with new information on social structures, including the importance of women's associations, which will be vital for achieving objectives for local preference for the mine's economic and community development opportunities.

For full Case Study, see Annex II

2.5　　　*COMMUNITY DEVELOPMENT AS A TOOL FOR MITIGATING LOCAL CONFLICT*

Though there are no guarantees of success, Community Development can be used to help mitigate project and non-project related conflict. Communities often see a project as a major investment to remove and export resources from their lands. They are informed that the revenues generated will improve their nation's economic well-being and theirs as well. But, frequently, the national government has a legacy of poor provision of services to rural communities where such projects tend to occur, and there is little faith that the project revenues will flow back from the capital to improve their quality of life or benefit their children.

These community expectations for benefits – or lasting development impacts – create an imperative for extractive companies to act pro-actively in relation to the community, and community development can be a key part of that process.

Box 2.5   *Baku Tbilisi Ceyhan Oil Pipeline (BTC)/South Caucasus Gas Pipeline (SCP):*
Community Development as a useful tool in company community conflict
resolution

The BTC/SCP Community Investment Program (CIP) was implemented to provide benefits to 77 communities along the BTC/SCP pipeline corridor in Georgia, and to promote harmonious relations between the Project and neighboring communities. As such it was designed to help prevent project related conflict, and navigated several different forms:
•   existing conflict (e.g. ethnic differences within the same village and, more importantly conflict surrounding local political interests in a devastated and rural post-soviet economy, making it difficult to reach consensus in some communities on common interests);
•   Project-produced conflict (e.g. grievances from construction, unmet expectations for direct project benefits resulting in construction blockades); and
•   CIP-produced conflict (e.g. disagreement over priorities selected by community members for CIP investment).
In addition to extensive community consultation and capacity building to support the various development components, the CIP also contained a specific conflict resolution component, intended to build capacity of community members to resolve locally occurring conflict.

Although the conflict resolution component was not as effective as desired, it was generally agreed that the overall program was a significant aid in making the project-produced conflict easier to negotiate, partially as a result of the relationship which the implementing NGOs had built with the local communities through the program implementation, which allowed them to act as effective mediators.

For full Case Study, including lessons learned, see Annex II

The responsibility of companies vis-à-vis communities follows a three-tiered hierarchy of requirements:

1. Compliance - companies comply with national regulations (even if governments are not implementing or monitoring them effectively) and internationally agreed laws, conventions and standards[1];
2. Project-related Conflict Mitigation - companies are aware of their ability to create or exacerbate conflict and develop mitigation measures to avoid or minimize negative impacts and potential conflict arising from those project impacts;
3. Conflict Mitigation, Management and Resolution through Community Development - companies design and implement community development interventions with a full understanding of the conflict implications so that, as a minimum, they do not exacerbate the situation. While it is not generally the role of the company to try to resolve existing conflict, focus on conflict resolution as a part of that community development may, in some circumstances, benefit all parties concerned.

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(1) [1] International Standards includes IFC Performance Standards and World Bank Safeguard Policies *(see Annex IV)*

2.6 *COMMUNITY DEVELOPMENT AND CONFLICT RESOLUTION*

Community Development can assist in conflict resolution in three core areas:

1. by ensuring that projects are successfully implemented, which can help encourage behaviors of participation, accountability and peaceful change to take root within the community;
2. by helping community leaders take ownership for managing conflicts constructively and providing them with the tools to do so – through local and targeted capacity building; and
3. by helping prevent local conflicts feeding into regional or international tensions.

Community development initiatives should help everyone acknowledge that local level conflicts are a natural part of the development process.

- Conflict-aware community development can help company and community members to develop skills to anticipate conflicts and address them in a timely manner without obstructing the development process.

- Conflict resolution activities address the issues and actors of conflict directly or indirectly by contributing to creating the conditions necessary to achieve peace in support of a broader process.

Companies with major projects in areas of weak governance often struggle with a set of complex political, cultural and emotional situations which make it difficult to secure a social license to operate. A social license requires trust, the foundation upon which all relationships are built. Building trust is often a delicate and complicated process, requiring courage, vulnerability, integrity, honesty and predictable behavior over a considerable period of time. Community involvement is key to building trust. Actively involving the community in the processes and decisions that directly affect their lives and livelihoods, and especially in the design and implementation of community development programs, can help build that trust. By focusing on shared concerns, it is easier to find shared solutions that create growth, opportunity and sustainability for all concerned. Often the process, as much as the program results, can be the greatest contributor to a reduction in company / community or intra-community tensions.

Box 2.6   *Conflict Sensitivity versus Conflict Prevention*

The prime responsibility of an extractive sector project is to be sensitive to conflict, avoid creating new conflict and making existing conflict worse. Conflict prevention or resolution is a form of community development that not all operators may wish to follow. There is a clear difference between conflict sensitive programming and conflict prevention or peace-building.

It is clear that not all programs undertaken in an area of conflict are conflict prevention programs. For example, assistance to victims of a disaster is generally intended to alleviate human suffering rather than to build peace. However, experience shows that every program carried out in a conflict context becomes a part of that context and, thus, also the conflict. Such programs must be accountable for their inadvertent side effects on the conflict.

For any program undertaken in a conflict area, therefore, conflict sensitivity is essential for understanding these side effects and ensuring that they are positive, rather than negative. All programs carried out either in a conflict area or in relation to a conflict must therefore analyze how their presence will interact with the local dynamics of conflict, to maximize positive effects and minimize negative ones.

Programs that intend to prevent conflict and build peace must, in addition to being conflict sensitive, also be accountable for their relevance and appropriateness to the specific issues and actors that drive and shape that conflict.

The extractive industries follow a number of discrete stages of project development - the project cycle. Each stage may represent potential for various types of intrinsic conflicts and/or propensity to introduce conflict. Each stage also presents opportunities for company-led community development activities, scaled appropriately to match the stage of a project's development. While there are variations between the oil and gas and mining project cycles, particularly in relation to the intensity of the project footprint, the six stages that typically apply to the extractive industries are:

1. Project concept/exploration;
2. Feasibility studies and project planning;
3. Construction;
4. Operations/Expansion;
5. Downsizing, decommissioning and divestment; and
6. Post-closure legacy.

Table 3.1 below illustrates what the company and communities think or may be concerned about at each stage of the project cycle, suggests appropriate types of community development activities companies can consider and implement, and includes a list of potential tools which might be useful at that stage. The tools themselves are included in *Annex 1*.

Table 3.1   Managing Conflict during Extractive Industries Project Cycle Stages

Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools
Exploration/project concept	• The project has a relatively small footprint at this stage, either seismic teams or teams of geologists doing exploration drilling – do we really need to engage communities? • Can't we keep things low key? There are only a few of us in the field, we're still evaluating the resource, and the project may not even go forward. • Do we need to have contact with local communities now, as long as we do not disturb sites of religious or cultural significance? • What do we say to the communities when they ask us what they will receive from this project? • Are there any conflicts in the communities that may spill over and interrupt exploration? For example crime, inter-ethnic rivalry, high unemployment?	• A rich foreign company is working in the area and what does this mean? • If they find reserves will we lose our lands? • Will this affect our livelihood and our living spaces? • Is the environment going to deteriorate? • Will this generate employment? • Will they build roads and hospitals? • Does this mean that the Government will now pay more attention to the development of our area? • Will there be better infrastructure and services? • Will we see other direct benefits from the project?	*It's never too early to start understanding communities and potential conflicts. Learn the social & cultural landscape. Consider engaging with the communities in a low-key way so that they understand your presence and begin the long process of developing trust.* Community development activities: • Consult communities to determine who is directly affected by exploration and what community development needs they have, using participatory techniques and ensuring you don't raise expectations or just extract a laundry list of needs. • Consider (1) *risks* of making community investment given uncertainty of project going forward, (2) *how to make* community investment contribution sustainable and appropriate to establish goodwill with affected communities at this stage and (3) *right level* of investment; (4) how to ensure that the investment is strategically focused on building trust within the community, local government and civil society, and building skills necessary locally / in government to facilitate possible project development. • Assess potential partners such as government, development NGOs or community based organizations and contribute to existing and successful development programs when possible.	Project tools companies normally use: • **Risk Assessment** • **Screening** Tools contained in this guidance: At this early stage, it is useful to identify stakeholders and their relationships to the company and to each other: • **Stakeholder Mapping** • **Actor Mapping** If you are in a conflict zone, consider using this tool to diagnose the conflict around you: • **Channel Research Conflict Mapping**. Use it as a predictive tool at this stage.
Feasibility studies and project planning	• We are a new team, totally different from the exploration one. Is it time for us to make contact with	• What will be our role in this project? Are we going to benefit in any way? • How many jobs will there	*Build relationships with communities. Have open discussions, provide clarity and help keep expectations under control. Have good stakeholder engagement plan in place and operational. Consider*	Project tools companies normally use: • **Feasibility Studies** • **Environmental, Social and**

Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools

	communities? What relationships have our predecessors already established?
	• What are the risks to the project?
	• Our contact and interaction with communities and the area will be more direct for many projects. What do we need to understand about the baseline or existing conditions? Is it time to initiate environmental, social & health impact studies and management plans?
	• Who are our stakeholders and how they can affect our project?
	• What do we need to do in order to get our environmental permits?
	• Is this the right time to begin some early community development projects?
	• What is the best combination of low risk and low cost community investments?
	• How can we make our community investment sustainable?
		be? Will we get them?
		• When will the project begin? How long will it continue?
		• Will we lose our lands and livelihoods due to the project?
		• Are we going to lose our houses and homes?
		• Will the environment be affected? Is there going to be more air, noise, water pollution because of the project?
		• Will this affect our access to water or forest resources?
		• For the already marginalized (women, poor income households, elderly) among us, what does this mean?
		• Is the company going to talk to us at all? If they do will they only talk to the traditional or elected leaders?
		• Who do we go to with our questions/concerns?
			what your contractors may also be planning for engagement and community development work so that it is aligned with your own work. Understand the potential for conflict with the affected communities. Build capacity of the company team to predict, manage and evaluate such conflict.
			
			Community investment activities:
			• Continue with activities above:
			    o Consult informally
			    o Consider risks and benefits
			    o Potentially contribute to existing initiatives
			• Undertake investments which show tangible contribution and demonstrate company commitment.
			• Consider Construction employment and procurement needs and ways that community investment could increase local skills to qualify for these jobs and contracts.
			• Consider whether there are long term local capacity building needs in government or other organizations, which could be addressed
			• Conduct formal Participatory Needs and Opportunity Assessment to determine community investment priorities in affected communities, as soon as it is reasonably clear that the project will go forward.
				Health Impact Assessment (ESHIA)
				• Consider preliminary **closure planning**
				
				Tools contained in this guidance:
				At this stage, build conflict awareness in your team:
				• Exercise on **Raising Team Awareness on Conflict Causes & Intervention Strategies**
				• If you are in a conflict zone: **Conflict Sensitive Business Practice: Project-level Conflict Risk & Impact Assessment** tool to further analyze issues raised in screening and to identify potential conflict issues at a project level – link to ESHIA where possible
				
				As part of ESHIA, continue to update **Stakeholder Mapping** and **Actor Mapping**
				
				Before construction, conduct planning for community development initiatives:
				• **Do No Harm framework**
				• Identifying main **Community Investment Priorities using ESHIA**
				• Participatory Needs & Opportunity Assessment (**PNOA)** to identify community development needs & priorities at the micro level

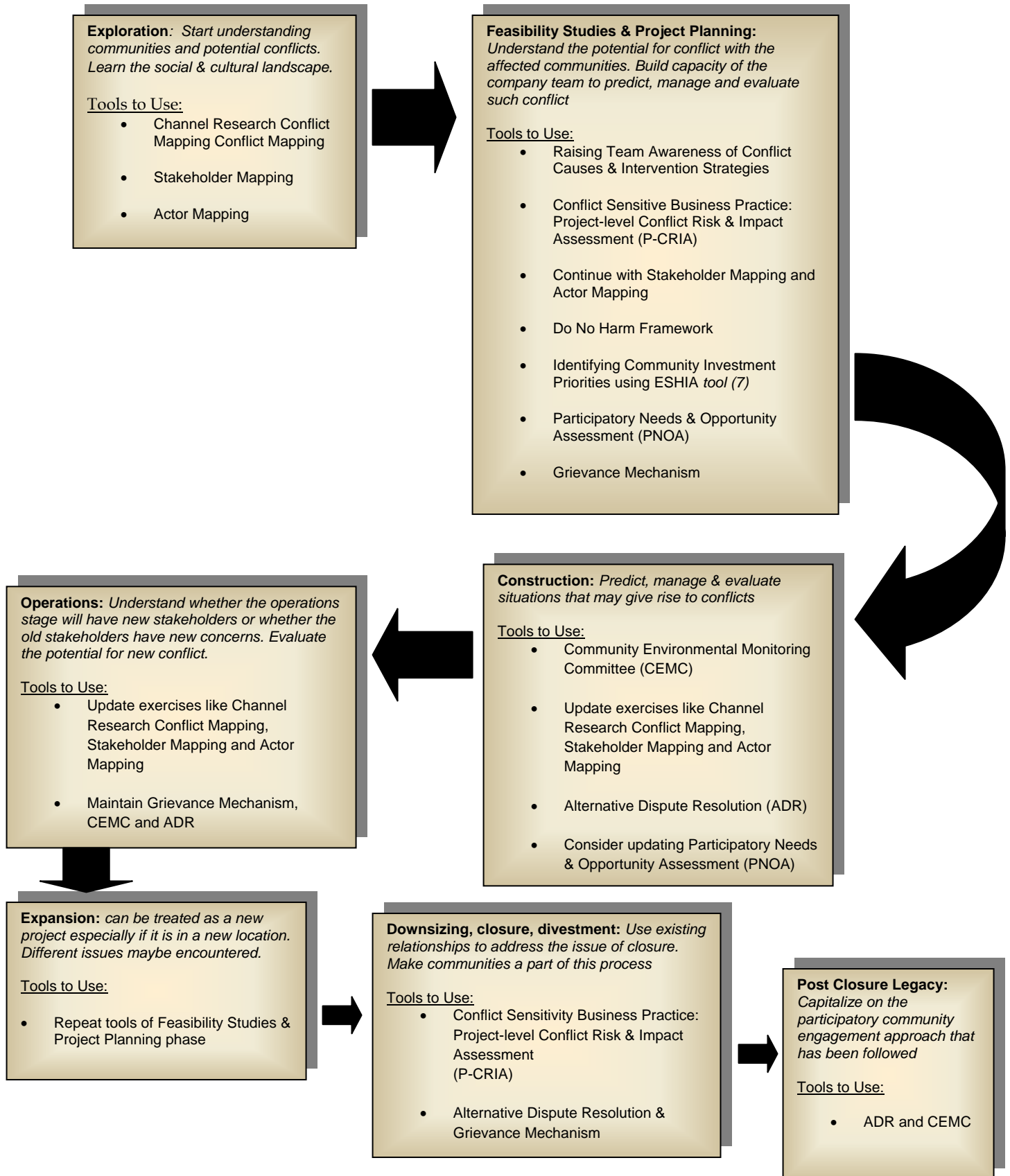| Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools
				• Put in place a **Grievance Mechanism** so that this is up and running when construction and implementation starts • Consider the relevance and potential effectiveness non-traditional ways to mediate conflict – use **Alternative Dispute Resolution** tool
Construction	• How can we stick to our tight timeline and avoid any disruption by local communities? • How can I make sure that our contractors don't cause any damage in communities? And how do I make sure the contractors don't take complete control of the situation? • How can we meet community expectations for employment? We want to maximize jobs for the local communities but there is low skill in the area and very little time to train them. • How can we meet expectations to buy from local businesses? The communities have expectations that we will source goods and services locally but local contractors do not match our corporate standards. • How can we objectively	• There is an influx of people: contractors, migrants in the area. These strangers don't understand our local culture and customs. • There is noise, dust, disruption and stress on all infrastructure. • The prices have risen both for necessary staples as well as marketable goods and labor. • We don't have enough jobs and even the ones we have are temporary and will end on construction completion. • The company should source more locally and give local contractors & service providers opportunities. • The company primarily talks to leaders and not everyone. • We have lost houses and lands and the government	*Predict, manage & evaluate situations that may give rise to conflicts. Ensure that you have a strong stakeholder engagement strategy in place and have regular channels for stakeholder consultation. Manage contractors and their relationships with communities and any community investment they undertake.* Community investment activities: • Continue to undertake investments to show tangible contributions and build trust. For oil and gas, construction phase is often the highest profile and most intrusive and fully ramped up community investment program is advisable. • Take into account findings of impact assessment to inform planning for community investment. • Consider project's Operational employment and procurement requirements and ways that community investment could increase local skills to qualify for these jobs and contracts, and smooth the transition between the two project phases, helping to reduce potential for social unrest. • Develop longer-term community investment strategy and program.	Project tools companies normally use: • **ESHIA Management Plan** implementation • Implementation of **Grievance Mechanism** • **Resettlement Action Plan** if required Tools contained in this guidance: • Establish **Community Environmental Monitoring Committee** to reassure communities that environmental impacts can be managed in a participatory manner • At suitable intervals update exercises like **Channel Research Conflict Mapping, Stakeholder Mapping and Actor Mapping** in order to serve as continuous inputs into project risk & implementation. Formulate plans to manage existing/ potential conflict.

Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools
	compensate for any damage we cause?	is not paying compensation based on market value, or moving us to where we want to be. This is destroying our community. • We don't trust that there is enough being done to preserve the environment and prevent pollution.	• Develop medium- and long-term partnerships with government, development NGOs or community based organizations for implementation of community investment program. • Align company and contractor community investment activities. • If construction will last several years and community investment program is already underway, conduct first monitoring and evaluation to assess results and make improvements.	• Consider updating **Participatory Needs and Opportunity Assessment** toward the end of construction to prioritize ongoing community development initiatives and the loss of short term construction employment
Operations	• We are a new team but due to stay here for many years. What relationships have our predecessors already established? • Have we inherited legacies of construction period conflict with communities? • What is the status of the community investment so far? Has it been successful? • Has the company promised anything to the communities during the construction stage that we have to implement, like more community development projects, increased jobs? • Has the project managed to establish partnerships with the local communities? • How can we continue to meet expectations for local employment? There are more limited employment opportunities for locals in this stage.	• There is unemployment as after construction there are no more jobs, especially for unskilled labor. • There are disparities now between community and company employees in terms of money, access to services, infrastructure, training. • What does the operations stage mean for us? What will the impacts be? • What actually happens inside the fence? Will we be safe and free from environmental damage? • When will we start to see the benefits that the Government is getting from the revenues of the project? • I still have grievances from construction. How will they be resolved?	*Understand whether the operations stage will have new stakeholders or whether the old stakeholders have new concerns or both. Evaluate the potential for new conflict such as rivalry between those that have benefited more from the project than others. Ensure that the transition of management teams is managed effectively to prevent a breakdown of trust with the local communities. Continue extensive stakeholder engagement. Plan for closure.* Community investment activities: • Conduct monitoring and evaluation to assess results. • Consider community investment requirements of closure to address, for example, job losses, migration and loss of procurement from local businesses	Project tools companies normally use: • **ESHIA Management Plan** implementation, monitoring and evaluation • **Sustainability Performance Reviews** Tools contained in this guidance: • Update exercises like **Channel Research Conflict Mapping, Stakeholder Mapping** and **Actor Mapping** • Maintain **Grievance Mechanism** • Expand **Community Environmental Monitoring Committee**

Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools
	• After our initial project capital investment is recovered, will the profits enable us to increase funds available for community investment?			
Expansion	• What are the new requirements for land and facilities – and potential impacts in communities? • What has changed since the initial impact assessment? Do we need to update environmental, social and health baseline studies? • Do we need to conduct community consultations in new areas? • What are the community risks that could endanger our expansion? • Will we be able to expand without delay or disruption? • How can we avoid any mistakes we made during initial construction?	• Will we get any benefits? • How will the expansion affect us? • Are we going to lose our land? • Will the environment be affected? • Is there going to be more air, noise, water pollution because of the project? • Will this affect our availability and access to water or forest resources? • For the already marginalized (women, poor income households, elderly) amongst us. What does this mean? • Is the company going to talk to us at all? If they do will they only talk to the chiefs/leaders? • Who do we go to with our questions? • Will they make the same mistakes they did during initial construction?	*Expansion stage can be treated as a new project especially if it is in a new location or requires major construction. Different issues may be encountered and the society in which you are operating may have significantly changed in nature through in-migration since initial surveys were undertaken. As needed, implement the types of engagement and planning activities undertaken at beginning of project.* Community investment activities: • Revisit formal Participatory Needs and Opportunity Assessment to determine community investment priorities in affected communities • If new impact assessment is required for project, take into account findings of impact assessment to inform planning for community investment. • Expand or revise community investment program to address needs of any newly affected communities and any changing needs of existing communities. • Consider community investment requirements of closure.	Project tools companies normally use: • **ESHIA** • **Risk Assessment** Tools contained in this guidance: • Update **Stakeholder Mapping** and **Actor Mapping** to identify new stakeholders. New unanticipated stakeholders may emerge, and they may refuse to work with established forums. • Repeat all the exercises/tools **of the project feasibility and planning stages**
Downsizing, closure, divestment	• Is our community investment sustainable?	• After the project ends will our economy become	*Use existing relationships to address the issue of closure. Make communities a part of this process.*	Project tools companies normally use:

Stage of the Project Cycle	Normal questions/ concerns within companies	Normal questions/ concerns within communities	Types of Community Development activities to consider	Suggested Tools
	• How can we avoid post-project liabilities? • Have we created too much dependence on us for infrastructure and services? • How do we manage post-closure impacts? • What are the environmental legacies at this site and what sort of management needs may they require in the future? • What is the accrued liability of this site and how much of that is driven by public concern?	unsustainable? • Is there likely to be significant decline in community income and tax base of local government? • Who will maintain infrastructure? • What is the employment potential for our youth now that the project will end? • How will reclamation and decommissioning be done?	Community investment activities: • Consult communities to address concerns about community investment ending or "drying up" when the project ends and company leaves. • Conduct monitoring and evaluation to assess results. • Ensure that CD program is focused on helping the community sustain itself beyond the life of the project.	• Update **ESHIA** for closure: focusing on risks Tools contained in this guidance: • **Conflict Sensitivity Business Practice: Project-level Conflict Risk & Impact Assessment (P-CRIA)** to understand potential conflicts that can be generated due to the closure • Maintain **Grievance Mechanism, Alternative Dispute Resolution Mechanism** and **Community Environmental Monitoring Committee**
Post-closure Legacy	• Will the post closure legacy impact company reputation and future reception in the same country? • Will this affect our future local or global prospects? • How strong a relationship do we need to maintain with the local communities in view of the specific legacy issues and potential management needs around this particular site?	• Are there lasting benefits in our region now? • Are we better off today than we were before? • We are concerned about unexpected long term environmental damage. • What happens if the pipelines, tailings dams or mine shafts (etc.) fail? • What about Acid Rock Drainage?	*Capitalize on the participatory community engagement approach that has been followed over the years -- whether it was in developmental projects or problem solving – in order to maintain appropriate contact with communities over long-term.* Community development activities: • Conduct monitoring and evaluation to assess results. Continue, if necessary, with community development activities where post-closure legacy issues remain live as a way to retain trust based relationships with local communities, especially where there has been major loss of local employment.	Project tools companies normally use: • **Property Transfer/Due Diligence Liability Assessments** Tools contained in this guidance: • **Alternative Dispute Resolution Mechanism**

Figure 3.1   Conflict & Community Development Tools throughout the Project Cycle

Exploration*: Start understanding communities and potential conflicts. Learn the social & cultural landscape.*

Tools to Use:
- Channel Research Conflict Mapping Conflict Mapping
- Stakeholder Mapping
- Actor Mapping

Feasibility Studies & Project Planning:
Understand the potential for conflict with the affected communities. Build capacity of the company team to predict, manage and evaluate such conflict

Tools to Use:
- Raising Team Awareness of Conflict Causes & Intervention Strategies
- Conflict Sensitive Business Practice: Project-level Conflict Risk & Impact Assessment (P-CRIA)
- Continue with Stakeholder Mapping and Actor Mapping
- Do No Harm Framework
- Identifying Community Investment Priorities using ESHIA *tool (7)*
- Participatory Needs & Opportunity Assessment (PNOA)
- Grievance Mechanism

Operations: *Understand whether the operations stage will have new stakeholders or whether the old stakeholders have new concerns. Evaluate the potential for new conflict.*

Tools to Use:
- Update exercises like Channel Research Conflict Mapping, Stakeholder Mapping and Actor Mapping
- Maintain Grievance Mechanism, CEMC and ADR

Construction: *Predict, manage & evaluate situations that may give rise to conflicts*

Tools to Use:
- Community Environmental Monitoring Committee (CEMC)
- Update exercises like Channel Research Conflict Mapping, Stakeholder Mapping and Actor Mapping
- Alternative Dispute Resolution (ADR)
- Consider updating Participatory Needs & Opportunity Assessment (PNOA)

Expansion: *can be treated as a new project especially if it is in a new location. Different issues maybe encountered.*

Tools to Use:
- Repeat tools of Feasibility Studies & Project Planning phase

Downsizing, closure, divestment: *Use existing relationships to address the issue of closure. Make communities a part of this process*

Tools to Use:
- Conflict Sensitivity Business Practice: Project-level Conflict Risk & Impact Assessment (P-CRIA)
- Alternative Dispute Resolution & Grievance Mechanism

Post Closure Legacy:
Capitalize on the participatory community engagement approach that has been followed

Tools to Use:
- ADR and CEMC

4   *LESSONS LEARNED*

4.1   *EVOLUTION OF EXTRACTIVE SECTOR-LED COMMUNITY DEVELOPMENT*

Companies, donors and development organizations already have extensive experience implementing community development around extractive sector investments. However, the understanding of what community development means has changed considerably over time. Conflict prevention and mitigation is, for most companies, a relatively new item on the agenda.

In the past, companies that wanted to make a difference in the communities in which they operated took a philanthropic approach. Generally managed by a group with no strategic business interest apart from to "do good" this resulted in anything from financial contributions to the local soccer team to the digging of wells to the building of hospitals and schools in areas where corporate managers observed, quite rightly, that these were lacking. What these donations made up for in quantity and willingness, they often lacked in terms of integration with the business needs, with the local economy or any kind of sustainability. All too frequently, the pumps on the wells could not be operated for lack of money for electricity; there were no teachers for the schools or equipment for the hospitals. Eventually, the roof would start to leak and the building would become useless. At worst, buildings would be razed to the ground in one community by actors in an adjacent community who considered that they had not benefited from the projects.

More recently, an increasingly large group of extractive sector companies have started to think more strategically about community or social investment as a way of not only "doing good" but also creating the type of operating environment which is conducive to business. The idea is that good business for the company is also good business for the local community, which is self-reinforcing, and that gaining the social license as well as the government permit to operate, is a standard requirement in the modern business world.

This strategic community investment (see *Section 4.2*), as it is often called, is focused on sustainable community development. It is more complex and more difficult to implement than corporate philanthropy, but, done well, its effects can be considerably longer lasting and more in line with both company and community needs. It also provides more flexibility for considering issues surrounding conflict in terms of program design.

4.2 *LESSONS LEARNED*

General

- **Companies must act in concert with lenders, governments and civil society** to fully realize the positive development potential of community development.

- **The most successful, sustainable and conflict-sensitive community development is strategic social investment:**
  - programs which provide *benefits for both community and business* (i.e. procurement training for local businesses to increase local content and reduce business costs, training for local labor force to increase local participation in workforce);
  - includes *community participation* in program design and community contribution to program implementation (participatory and community driven);
  - focuses on the *long term sustainability* of the investment so that it is not reliant on the company to continue for the long term;
  - focuses on local economic development and capacity building;
  - focuses on *supporting the enabling environment* for sustainable development instead of infrastructure projects;
  - is most often enacted through *partnerships* with government or NGOs.

- **Sustainability of Community Development activities is critical to ensuring long term success and conflict avoidance.**

- **Conflict at a regional, national, or international level can alter the local context of community development initiatives.** *Use community development programs to address grievances in local communities even if they arise from conflicts outside community control.*

- **Investing resources into communities will inevitably provoke/stimulate latent or new tensions.**
  - *Develop an understanding of the power dynamics within and external to the community so that programs are designed to anticipate where tensions are likely to emerge (see Figure A.2   Example **Stakeholder Map***

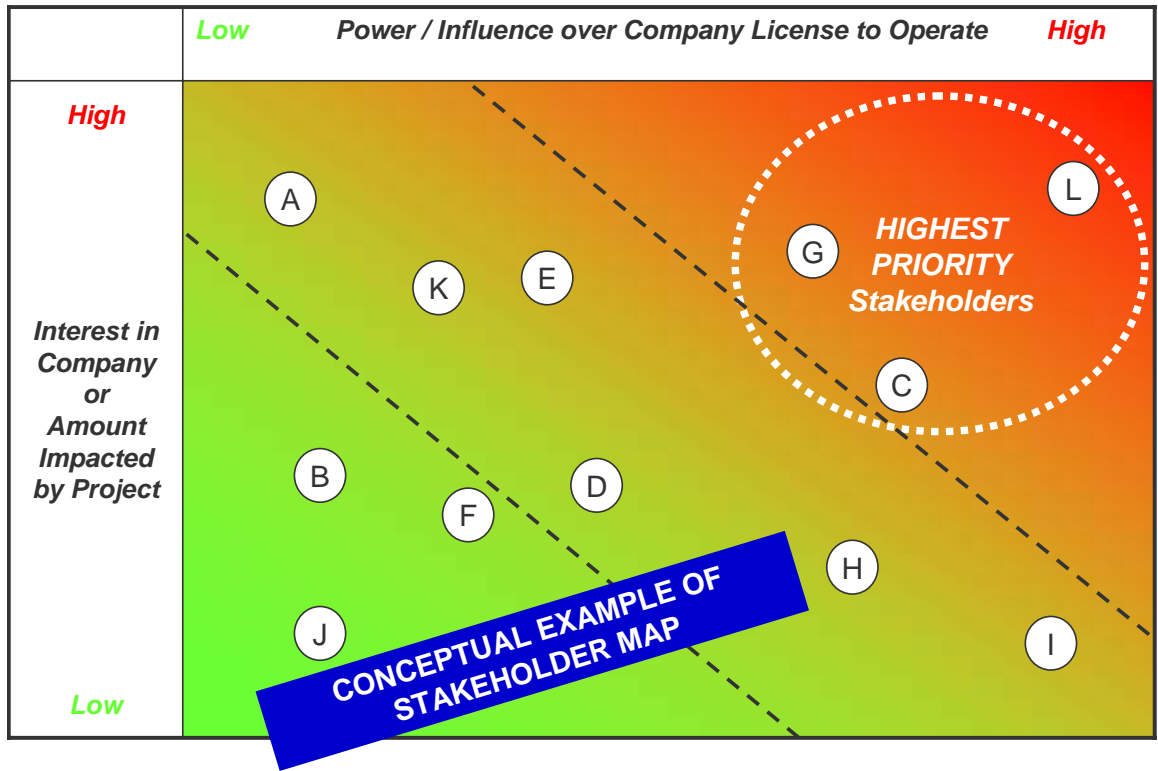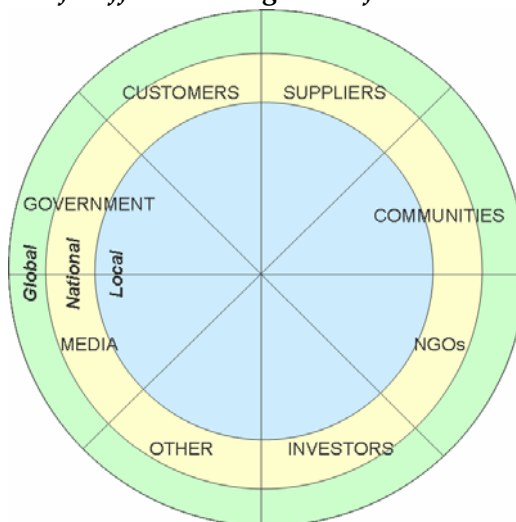Figure A.3 shows several possible categories of stakeholders and illustrates that stakeholders may be global, national or local. This graphic can be used as a prompt by the facilitator if you consider it useful to have participants brainstorm different stakeholder groups at the start the workshop, to help in the identification process.

Figure A.3   Illustration of Different Categories of Stakeholders

In addition, the facilitator can ask the prompt questions below to help workshop participants consider all possible stakeholders, including those relevant to conflict and community development.

After the group has identified stakeholders and as you are mapping their relationship to the project, consider the questions below to determine their respective interest in the company/project and the influence over the company license to operate.

Reference

IFC's Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (May 2007):
http://www.ifc.org/ifcext/enviro.nsf/Content/Publications_GoodPractice#Stake holderEngagement_GPN

- o Tool: Actor Mapping). *This will prepare you to be able to address conflicts directly rather than allowing them to fester where they may re-erupt later and not only jeopardize community development initiatives but potentially the overall extractive investment.*
- o *Build conflict analysis and management approaches into existing project management tools (such as grievance mechanisms, stakeholder mapping, ESHIA) wherever possible so that conflict awareness and management become a natural part of project design and management.*

- **The terminology "conflict management" can be off-putting to communities when implementing community development,** and conflict means different things to different people in different parts of the world. For example, in Central Asia conflict specifically means an armed struggle between two states. *Use sensitive language like "problem-solving" rather than "conflict management".*

- **Acknowledge that each culture/region is unique and that non-traditional approaches can be important.** *Embed cultural awareness in all that you do, and provide some level of practical cross-cultural training to all company personnel.*

- **Just because you think you have a small (early) presence doesn't mean that the community thinks so too.** *Include community relations functions in all new business development teams to ensure community engagement and community development is included, with budget, at the earliest stages of project development, as a means of avoiding/mitigating conflict and building trust.*

- **Transparency generally builds trust.** Being more open and working in concert with other civil society organizations pays.

- **Read the warning signs:** a breakdown in communications is a classic warning of potential conflict between company and community.

Identifying and designing CD Programs
- **Communities generally view an extractive industry project as a potential source of improved livelihood and/or a threat and adjust their expectations accordingly.** *As a part of community development planning, ensure that communities gain as clear an understanding as possible of the nature of the extractive project and its potential as early as possible. Site visits to other projects can help. Ask local stakeholders specifically for their concerns about livelihoods impacts, and explore ways that existing livelihoods can be safeguarded and strengthened through community investment to reduce chances of conflict. Through engagement send realistic and consistent messages about potential project and community investment benefits.*

- **Participatory needs and opportunities assessment** *(Tool 8)* **is not the same as asking communities for a wish list.** *Establish objective and transparent criteria for selecting community development interventions, drawing on data gathered through participatory methods.*

- **Communities will always reach a conclusion about their "entitlements."** *Communicate the company's criteria for selecting community development interventions. Explain the limitations to what the company can accomplish – over time this consistent message may resonate with communities.*

- **Conflict management tools and training need to be directly applicable to everyday contexts.** *When conflict mediation, training or conflict resolution is a part of a community development intervention, make it practical and oriented towards specific local situations and cultural context. Otherwise, it is unlikely to work (see BTC/SCP case study).*

- **You *will* inherit legacies of the past**. *Recognize legacies and old conflict; understand that these set boundaries for what is possible when it comes to community development.*

- **Giving a voice to the marginalized is essential when designing community development, but can also change power dynamics and relationships.** *Work with established and non-established leaders to include them in the decision-making process in order to develop their skills in participatory approaches, negotiation, and conflict management, as well as other target beneficiaries.*

- **Development projects that have built capacity of vulnerable groups like women tend to be result in better managed projects such as water/sanitation schemes.**

- **Women have also been shown in to be effective peace builders in some conflict areas where they have been empowered to do so** (e.g. the mines around Bougainville – *See Democratic Republic of Congo [DRC] Case Study).*

- **It is not sustainable or effective for companies to try to replace the government as provider of public goods and services.**

- **You would not use someone without an engineering background to build a pipeline or design a mine.** *So use qualified staff to design your conflict aware community development programs.*

Consultation

- **An unrepresentative community relations/stakeholder engagement or research team may fail to interact effectively with all members of the community.** *Ensure that your engagement team is as representative as possible of the communities with which it needs to interact in terms of gender, age, religion, ethnicity and language, and includes people with in-depth knowledge of local culture, customs, leadership, communications models and power relations, and people with the ability to influence local leaders. Be prepared to explore new*

recruiting strategies and recruit such individuals in non-traditional networks; be willing to negotiate non-traditional contracts to hire and retain them.

- **Talking to formal leaders is not sufficient consultation for community development.** *Engage all sections of the community on community development including the vulnerable or disadvantaged. Sometimes these groups are more effective in resolving tensions than the formal leadership structures.*

- **Two-way consultation and participatory engagement is vital**. *Consult and engage, involving communities in decision making were feasible. Do not just talk to them.*

- **Consultation must always be followed through, as must promises made.** Failure to follow through is at least damaging as not consulting at all.

- **If stakeholders feel that they have not been adequately consulted, it is probably true.** *Periodically ask stakeholders if they feel consultation has been adequate, and if not, engage them to identify ways to improve the dialogue. Do not just rely on using "best practice".*

Managing CD Programs
- **Member of the community relations/development team should be integrated into top management decision making structures to provide internal credibility to activities.** *Rethink organizational structures and management team to ensure that community relations/community development is not just seen as an add-on.*

- Community Development always has the potential to cause conflict so ensure that, at a minimum, your design is conflict-aware.

- Engage, engage, engage your stakeholders. Involve them in participatory processes which build trust and involve them in both the design and implementation of your projects.

- Implementing just any community development is not always good for communities or for your company. Effective community development is conflict-aware, participatory, based on a systematic identification of needs and opportunities and strategic to the business.

- If you are operating in a conflict environment, you can often make a positive contribution to peace-building using indirect approaches through community development, thereby making your own business environment more stable.

- Deal with company-induced conflict as quickly and transparently as possible to avoid escalation. Community development is no substitute for understanding and resolving grievances head-on.

INTRODUCTION

This Annex provides a set of tools that can be used by practitioners to understand and navigate conflict when designing and implementing community development initiatives around extractive projects. The tools fit into three broad categories:

1. **Conflict analysis tools**: tools to help diagnose and understand existing and potential conflict;
2. **Community development tools:** tools to design and implement community development initiatives that take conflict into account; and
3. **Dispute resolution tools:** tools that help put in place systems that help mediate and resolve conflict as it arises around community development initiatives.

The tools vary in nature. Some are highly prescriptive with detailed instructions, as they can be applied the same way in most contexts. Others are far more context specific, so they should be read more as a set of high level guidelines. Where possible, the tools have been tied to existing tools regularly in use by the extractive sector, such as Environmental, Social and Health Impact Assessments (ESHIA).

Several of these tools are useful in more contexts than just community development planning. *Table 3.1* and *Figure 3.1* of the main document present the tools against the Extractive Industry Project Cycle for reference purposes.

The tools presented are as follows:

<u>**Conflict Analysis Tools**</u>
1. Raising Team Awareness of Conflict Causes & Intervention Strategies
2. Conflict Mapping – Channel Research
3. Conflict Sensitivity Business Practice
4. Stakeholder Identification and Mapping
5. Actor Mapping

<u>**Community Development Tools**</u>
6. Do No Harm Framework
7. Using ESHIA results to identify potential conflict related community development programs
8. Participatory Needs Assessment

9. Community Environmental Monitoring

Dispute Resolution Tools
10. Grievance Mechanism
11. Alternative Dispute Resolution

Additional tools to assist with the design of Community Development programs more generally can be found at www.commdev.org, along with associated guidance documents in this series.

CONFLICT ANALYSIS TOOLS

1. *TOOL: RAISING AWARENESS OF CONFLICT CAUSES & INTERVENTION STRATEGIES*

This tool is designed to help build general awareness of and knowledge about conflict, and its potential causes, within a project team. It aims to help a team understand concepts about conflict so that they can be aware of it, identify and manage it as a project develops, and use this knowledge as background when designing community development programs. It will help the team understand what possible conflicts may be encountered and the reasons why, providing an opportunity to identify possible preventive mechanisms and remedial solutions.

The tool builds on Christopher Moore's "*Map of conflict causes and intervention possibilities*" and uses it to understand the type and causes of conflict.

When to use this tool	When community relations or social development teams are planning community development projects *Can also be useful during the initial stages of project development to help a project team identify conflict generally*
Time required	2 hours in a workshop setting
Who should participate	Cross-functional team including technical staff where possible
Resources required	Skilled facilitator who is a conflict specialist or community relations person
Material required	Flip Chart, colored markers

How to use this tool

You will be using a conceptual map of conflict causes developed by Christopher Moore (see *Table A.1)* as a basis for this exercise. The exercise is designed to produce a clear conceptual map of what causes conflicts and differences between stakeholders in your context, and to sort the conflicts into different cause categories so they can be understood and managed.

To run the exercise, follow the flow chart overleaf.

Reference
Christopher W. Moore: The Mediation Process; Practical Strategies for Resolving Conflict

Pass out a copy of Table A.1 *(see overleaf)*. Moore identifies five broad categories of conflict causes:
- Data conflict;
- Interest conflict;
- Structural conflict;
- Value-Related conflict; and
- Relationship conflict.

Provide some examples to help the teams understand the different types of conflict, then introduce the exercise with a few comments about the context in which you are operating.

Divide the participants into five small task teams and allocate each one a category of conflict from the list above. Give each group half an hour to generate two lists:
(1) Types of conflicts associated with the causal category they have been assigned; and
(2) Possible interventions to address the specific cause of the conflict in the local context.

The examples should be real and live as far as possible

Reconvene the teams and ask them to report out their list of causes within their assigned category & proposed interventions for each.

Have participants give examples from their own experience of conflicts or differences they have experienced and what intervention strategies were used to help manage the situation.

Record the examples that the participants gave you by category.

Discuss how this information is relevant to the planning of your Community Development Program.

Table A.1 Map of Conflict Causes and Intervention Possibilities from Christopher Moore's **The Mediation Process**

Conflict Causes	Possible Intervention Options	Possible situation (illustrative example in the context of extractive sector)
Data Conflicts: • Lack of information • Misinformation • Differing views of what data is relevant • Different interpretations of the data • Different procedures for assessing data	**Data Interventions:** • Agree on what data is important • Agree on data collection process • Develop common criteria for assessing data • Use third-party expert for outside opinion or to break impasse	Lack of information provided to communities about the project in a pilot phase or, conversely, too many points of information to the communities about the program – from technical teams to community relations personnel -all talking to the people simultaneously without consistent responses. Community development projects decided without consulting the target communities or conducting exercises like needs assessment.
Interest Conflicts: • Perceived or actual competition caused by: ➢ Substantive interests ➢ Procedural interests ➢ Psychological interests	**Interest-based Interventions:** • Focus on interests, not positions • Look for objective criteria • Develop solutions that meet needs of all parties • Expand options and resources • Develop tradeoffs to satisfy interests of different strengths	The community investment to be made by an extractive company may be subjected to differing interests/influence. For example the local government may have interests in using the fund to better infrastructure like roads, hospitals whereas the communities may have a more fundamental need like improving water supply.
Structural Conflicts: • Destructive patterns of behavior or interaction • Unequal control, ownership, or distribution of resources • Unequal power and authority • Geographic, physical or environmental factors that hinder cooperation • Time constraints	**Structural interventions:** • Clearly define or change roles • Replace destructive behavior patterns • Reallocate ownership or control of resources • Establish mutually acceptable decision-making process • Change from position to interest based bargaining • Modify means of influence used by parties • Change physical or environmental relationship of parties • Modify external pressures on parties • Change time constraints	In a traditional community set up there may be a firmly entrenched hierarchy which impedes equal access to resources and decisions for all. A dominant group (rich landlords) may be the leaders of a community and thus interests of all may not be uniformly represented.
Value Conflicts: • Different criteria for evaluating ideas or behavior • Exclusive goals that have intrinsic values • Differing life styles, ideology or religion	**Value-related Interventions:** • Avoid defining problem in terms of values • Allow parties to agree and disagree • Create spheres of influence where one set of values dominate • Search for superordinate goals that all parties share	A community may see earning money or profit motive as evil and may value the simple life based on good deeds. In such a case a community development program based around economic development could result in the company being seen as propagator of evil western thoughts.
Relationship Conflicts: • Strong emotions • Misperceptions or stereotypes • Poor communication or miscommunication • Repetitive negative behavior	**Relationship Interventions:** • Control expressions of emotion through procedures, ground rules, caucuses, etc. • Promote expression of emotions by making it legitimate and providing a process • Clarify perceptions and build positive perceptions • Improve quality and quantity of communication • Block negative repetitive behavior by changing structure • Encourage positive problem solving attitudes	There may be traditional rivalries between various groups in a community. For example the landowners may have had clashes with the tenants/sharecroppers. Typically in a developing country or rural area, women's roles are stereotyped to be domestic, not active in community decisions or capable of 'outer world' activities like earning money or leading change.

2.   *TOOL: CONFLICT MAPPING - CHANNEL RESEARCH*

This tool enables external stakeholders to pool their knowledge in an interactive setting to develop a shared understanding of the key dynamics of conflict and instability in a specific context. This is an excellent way for company practitioners to gain a richer understanding of conflict for designing community development initiatives and for building relationships with stakeholders.

In this exercise, participants will create a conflict "map" and rank key issues. The tool will help answer the following questions:

- "What are we stepping into or influencing, and what issues should we take into account as we design community development interventions?"
- "How or can we mitigate aspects of conflict through community development programs?"
- "Which aspects of the conflict can we try to tackle?" and
- "How can we make these programs sustainable from a conflict point of view?"

It will also provide information to help practitioners communicate explanations of conflict that surround a project easily to key decision makers.

The tool is designed to enable users to efficiently capture a high degree of complexity, while at the same time prioritizing a manageable number of issues that could be addressed in community development. It is an ideal tool for enabling busy managers to grasp the fundamental dynamics of a situation and identify the priority drivers of conflict and instability, and incorporate priority issues into the decision-making process for designing community development programs. Unlike more static approaches, this tool examines conflict as a fluid, dynamic system of interrelating trends and events occurring over time, and projecting into the future. It is also highly compatible with a participatory process for planning community development programs (see *Tool: Participatory Needs and Opportunity Assessment (PNOA)*) and is an appropriate tool for monitoring the evolution of conflict.

When to use this tool	In the design phase of community development interventions *Can also be useful for project evaluation purposes and monitoring, to check how you're interacting with conflict*
Time required	3 separate workshops of three hours each, held at different times with a different group of stakeholders each time
Who should participate	• Internal: cross-functional team, especially those with responsibility for stakeholder relations (not more than five) • External: stakeholders such as local community members, government or civil society (ideal number is ten)
Resources required	• 1 lead facilitator who may need to be independent of the project team • 1 additional support facilitator to focus on the participants and to check the analysis
Material required	• Meeting room with a wall you can stick large pieces of paper up on • Approximately eight large sheets of paper to stick on the wall • Post-it notes in two colors • Markers

Tips for Facilitators

The objective of this exercise is not to get participants to reach agreement on the causes of conflict or to assign blame or responsibility for conflict. Rather, this exercise seeks to help participants agree on the key events and trends that represent milestones of the conflict – this can be an important early step toward reaching come common understanding among stakeholders and in helping the project understand conflict around it.

Choosing facilitators: the lead facilitator should have an idea of the extractive sector project – this is most important. Facilitators don't need to be experts on the conflict or specific context.

To run the exercise, follow the flow chart overleaf, which presents a summary of steps. See the bullet points below for more detailed instructions.

Process Summary – Channel Research Conflict Mapping Tool

> *What are we stepping into or influencing, and what issues should we take into account?*

1. Invite
- Prepare stakeholder list *(see Stakeholder Mapping Tool)*
- Contact internal and external stakeholders
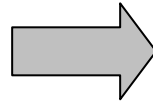
2. Explain
- Explain principles of Conflict Mapping *(see introduction to tool)*
- Define terminology
- Use translators if necessary to ensure clear understanding of issues by participants
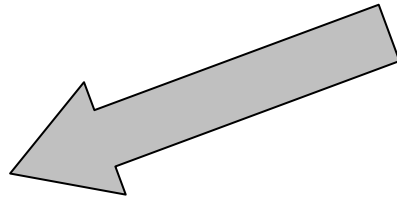
3. Run Exercise
- Ask participants to state events that mark a conflict
- Help participants focus on recent period of relevance
- Write events and trends on post-it notes and put on A3 sheets, chronologically left to right
- After 20 minutes, gain consensus and draw arrows between events and trends *(see Figure A.1)*
- Ask participants to identify overlooked events or trends
- Encourage participants to continue identifying these in the future
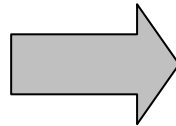
4. Analyze
- Trends and events will emerge as significant 'nodes,' shown by clusters of linking arrows
- Facilitators rank nodes on separate sheet based on links or arrows
- Facilitators analyze patterns to identify commonalities, capture perspectives, and locate key issues
- Close out workshop: provide an initial summary to participants and remind them how the information will be used.
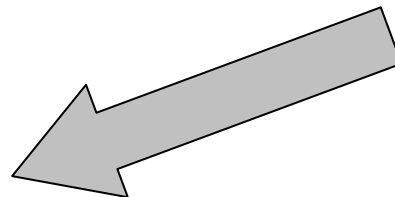
5. Use Results Post-Workshop
- Identify the commonalities between different workshops.
- Identify the five or ten "nodes" that can be targeted by project community investment.

Detailed notes for facilitators

Step 1. Invite
- Identify stakeholders using the results of your stakeholder mapping exercise (see *Tool: Stakeholder Identification* and Mapping).
- Contact stakeholders personally using means appropriate to the context, and seek to convene a group of about ten people. Ideally, you will be able to convene groups of stakeholders who represent various points of view and sides of a conflict so that they can interact with each other and reach agreement on the dynamics of a conflict. Do this if stakeholders are comfortable in this setting and interacting with each other. You may need to convene separately groups of stakeholders who would not be comfortable being in a room together to do such an exercise jointly.
- The idea behind three separate workshops is to hold the exercise more than once with different groups of people for comparison. Schedule the time and location of the different workshops to be convenient for participants.

Step 2. Explain
- Explain the objective of the exercise and how the company plans to use the information (refer to notes above).
- Define terminology used in the exercise:
    - *Conflict* – in a way which is relevant to the exercise;
    - *Events*–defined as something that happened in a short time frame (for example, within a few hours or a day); and
    - *Trends*–more long-term processes or sequences of events.

Step 3. Run Exercise
- Ask participants to state the first events that mark a conflict, or the fragility of a situation. This can be in general or specifically in relation to the extractive project/area in question. Facilitators should help participants focus on a recent period of relevance to the analysis where possible. The first half hour will usually generate a flow of events, with some trends beginning to appear.
- The lead facilitator will guide the discussion and help to tease out the events based on the stories and input that participants give by asking follow-up questions. The support facilitator will write one event or trend on each post-it note that the group agrees on. The goal is to get consensus on events. Note that this is just the event, not an explanation or interpretation, just the factual occurrence.
- Stick these onto the sheets of paper on the wall. As the exercise develops, arrange in chronological order from left to right. At some point it becomes useful to mark the years of events and trends at the top or bottom of the sheet.

- Draw arrows between events and/or trends after roughly twenty minutes, once the new ideas are less forthcoming. The participants should specify what those are, and the facilitators will only mark them when there is some degree of consensus. Each link represents the fact that a particular event or trend increases the probability of another event or trend occurring. Focus on which events or trends contribute to or lead to others.
- Ask participants to identify other events and trends that were overlooked at first – write these down on post-it notes and add them to the wall. Different individuals, and the groups by consequence, will tend to focus in more detail on certain things. For example, while one group will have as a trend "escalation of acts of violence" another group will specify the key acts that trigger other events and trends.
- Then, encourage participants to continue by identifying "potential events and trends" that may plausibly occur in the future. In this way, the exercise also consists of some forecasting (not scenario planning).
  Lead facilitator: suggest plausible possibilities to get the group to respond.

Step 4. Analyze
- Each "map" represents a unique analysis from a specific viewpoint and helps capture the viewpoint of each group. Maps from different groups may contain the same events or trends but use different language to describe them or present them in a slightly different context.
- Certain trends and events emerge as particularly significant "nodes," indicated by a concentration of linking arrows.
- Rank these nodes on a separate sheet based on the number of links or arrows made to and from them, and using, as far as possible the words chosen by the participants. This helps to identify key issues as identified by each workshop, and behind them the actors that drive or will drive the dynamics of conflict and peace in the area. Nodes can be trends (e.g. unemployment) or landmark events (e.g. an agreement that is signed, arrival of foreign workers).
- Close out workshop. It is important to leave workshop participants with something tangible. Summarize what the group discussed and agreed. Explain why this is useful for the project and that the company will use this information to make better choices about community development. Take pictures of mapping on the large sheets of paper and then make an electronic version to send around to workshop participants later.

Use Results Post-Workshop
- In total over 30 different nodes can be identified in the workshops. Analyze the patterns emerging from the different "maps" to identify commonalities. Unique perspectives may emerge from the different groups with certain aspects emphasized by one group and not by another. But experience shows that overall narrative will be similar.

- Define the sphere of influence of the project and what can be accomplished by project community investment.
- Only five to ten nodes from this exercise deserve analysis in terms of targeting or relevance to the objectives of any community development program aimed at reducing tension and seeking sustainable development.

Figure A.1   Example Conflict Map

Reference

Channel Research, developers of the tool: www.channelresearch.com

3.   *TOOL: CONFLICT SENSITIVE BUSINESS PRACTICE: GUIDANCE FOR EXTRACTIVE INDUSTRIES*

This tool helps companies avoid exacerbating violent conflict, build trusting relationships and design shared actions that prevent conflict when implementing community development. Violent conflict imposes a range of costs on companies. A "conflict-sensitive" approach to doing business—one that seeks to avoid these costs by developing informed conflict-management strategies—is therefore a strategic choice for company managers *(see Case Study on Colombia: La Cira Oil Field)*. Conflict-sensitive business practice (CSBP) benefits host communities, as well as the wider regional and international contexts, by ensuring that company community investments avoid exacerbating violent conflict.

The full set of CSBP tools, *(see International Alert website at http://www.international-alert.org/our_work/themes/business_1a.php)* provides guidance on doing business in societies at risk of conflict. The CSBP tools are useful for field managers working across a range of business activities as well as headquarters staff in political risk, security, external relations and social performance. The tools are designed to mirror a basic project cycle for companies engaged in mining, oil and natural gas and to help practitioners understand and address the interaction between company investments and conflict to the mutual benefit of business and host societies.

The single tool presented here – *Project-level Conflict Risk and Impact Assessment (P-CRIA)* - is the one of direct relevance to the design and implementation of community development programs, though it is also applicable to broader aspects of conflict management around the project cycle in general. Consider implementing this tool alongside or integrated with a Social Impact Assessment (SIA).

When to use this tool	During the feasibility, design and construction phases of an Extractive Sector project, prior to the design of conflict sensitive community development programs (*see Table 3.1).*
Time required	12 – 24 months, depending on the scale and complexity of the associated extractive project
Who should participate	Gradual involvement of different company personnel in the process: geologists, political risk and security managers, staff from external relations, procurement and human resources, and management
Resources required	Small external team with in-depth knowledge of how to use the tool and skills in conflict analysis, knowledge and sensitivity to the local context and history, fluency in local languages. This is not a tool which can be implemented by a company without external assistance.

See the flow chart overleaf for a summary of the steps of the *Project-level Conflict Risk and Impact Assessment* (P-CRIA).

Reference

International Alert. Conflict-Sensitive Business Practice: Guidance for Extractive Industries. March 2005. http://conflictsensitivity.org/node/102

Process Summary – Project-level Conflict Risk and Impact Assessment (P-CRIA)

Conflict-sensitive business practice benefits host communities, as well as the wider regional and international contexts, by ensuring that company investments avoid exacerbating violent conflict.

Project Context and Stakeholder Analysis
- Use targeted consultations, internal company brainstorming and secondary sources to develop detailed understanding of area history, broader contexts, and key actors/stakeholders
- Conduct personal consultations with 20-30 key external stakeholders (local politicians, media and NGOs, community-based organizations, respected community leaders and international development agencies)
- Categorize key issues and concerns under the following headings:
    - Political/Governance
    - Economics
    - Socio-cultural
    - Security
- Draft report of findings
- Conduct brainstorming with a diverse group of company personnel to reach consensus on critical issues
- Consider options for mitigation measures and communicate these to local community
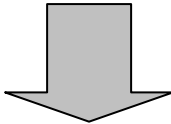
Design Conflict Management and Mitigation Measures
- Design conflict management and mitigation measures to:
    - Respond to needs of local population
    - Ensure negative impacts are minimized
    - Address potential conflict issues highlighted in analysis
- Continue to involve stakeholders in design and decision making processes
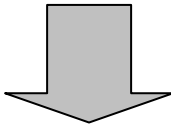
Stakeholder Engagement/Participatory Research Process
- Actively engage with initial group of stakeholders identified
- Identify other affected stakeholders, including disadvantaged groups or ethnic minorities
- Lay foundations for a sense of shared ownership of project development
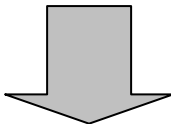
Expand Analysis as Project Develops
- Update and expand context analysis, impact identification and mitigation design as project develops to ensure that any feedback and redesign requirements are fed into a constant review process

4. *TOOL: STAKEHOLDER IDENTIFICATION AND MAPPING*

This is a tool which guides a project team through an exercise that identifies a set of stakeholders and "maps" the relationship between those stakeholders and a company's project. It is applicable to all stages of the extractive sector project cycle, but is presented here specifically in relation to community development.

A stakeholder is anyone who is interested in or affected by a project. Identifying stakeholders and including them in the decision making process is an integral aspect of any community development initiative's potential viability and success. It is essential for prioritizing, analyzing and addressing their concerns. The mapping allows the company to understand each stakeholder's relative degree of interest in and influence on a project, and in the case of community development, the relative importance of addressing issues and concerns of a particular group.

When to use this tool	Immediately prior to starting to design community investment programs
Time required	2 hours to 1 day in a workshop setting, depending on the size, extent and complexity of the related extractive sector project, and how relevant and current any existing stakeholder maps are for the project
Who should participate	Cross-functional internal company team including locally hired personnel. In some cases, it will be appropriate to include key external stakeholders
Resources required	Skilled facilitator
Material required	Flip charts, colored pens, post-it notes

Tips for Facilitators

The output of this tool is a snapshot of the way stakeholders relate to the company and the project, such as the example in *Figure A.2.* To prepare the map, you can either use a blank version of *Figure A.2*, printed out 1 meter by 2 meters so that you can write on it, or you can recreate it on a flip chart in advance.

Process Summary – Stakeholder Mapping Tool

> *Identification of stakeholders and their inclusion in the decision-making process is an integral aspect of any community development initiative's viability and success.*

Prepare and Plan Exercise

- Gather all existing stakeholder maps to use as a starting point for identifying stakeholder groups
- Collect aerial photographs of site(s)
- Prepare blank map (see *Figure A.2)*
- Invite multi-disciplinary internal team to brainstorm

Introduce and Explain

- Define stakeholders and importance of identifying sub-groups and individuals as targets for community development
- Highlight key outputs
  - List of stakeholders
  - Stakeholder map

Identify Issues and Stakeholders

- Brainstorm list of stakeholders and have participants write them on post-its and stick them on a blank flip chart
- Group post-its using categories in *Figure A.3*
- Ensure that identified stakeholders include any vulnerable or marginalized groups and any sub-groups which are directly relevant in relation to conflict and / or should be specifically targeted for the purposes of community development

Map Stakeholders

- Place stakeholders on map by interest in and influence on the project
- Discuss results and challenge team responses
- Consider the relative position of stakeholders
- Reach draft consensus on stakeholder placement
- Identify stakeholders who are likely to move over time on stakeholder map

Wrap Up

- Discuss existing or potential conflict among/between identified stakeholders
- Discuss scenarios or systems that can proactively manage conflict
- Ask participants final questions, including:
  - Were they surprised by position of any stakeholders on map?
  - Were they surprised by any important stakeholder issues?
  - What are key risks regarding placement of stakeholders on map and issues of concern?
  - What opportunities exist to meet business objectives and address stakeholder concerns?
  - How strategic are current stakeholder engagement activities? How inclusive?
  - Initial brainstorming on the types of community development activities which might be relevant to the high priority stakeholder groups and help in reducing conflict and less overt tensions

Figure A.2   Example Stakeholder Map

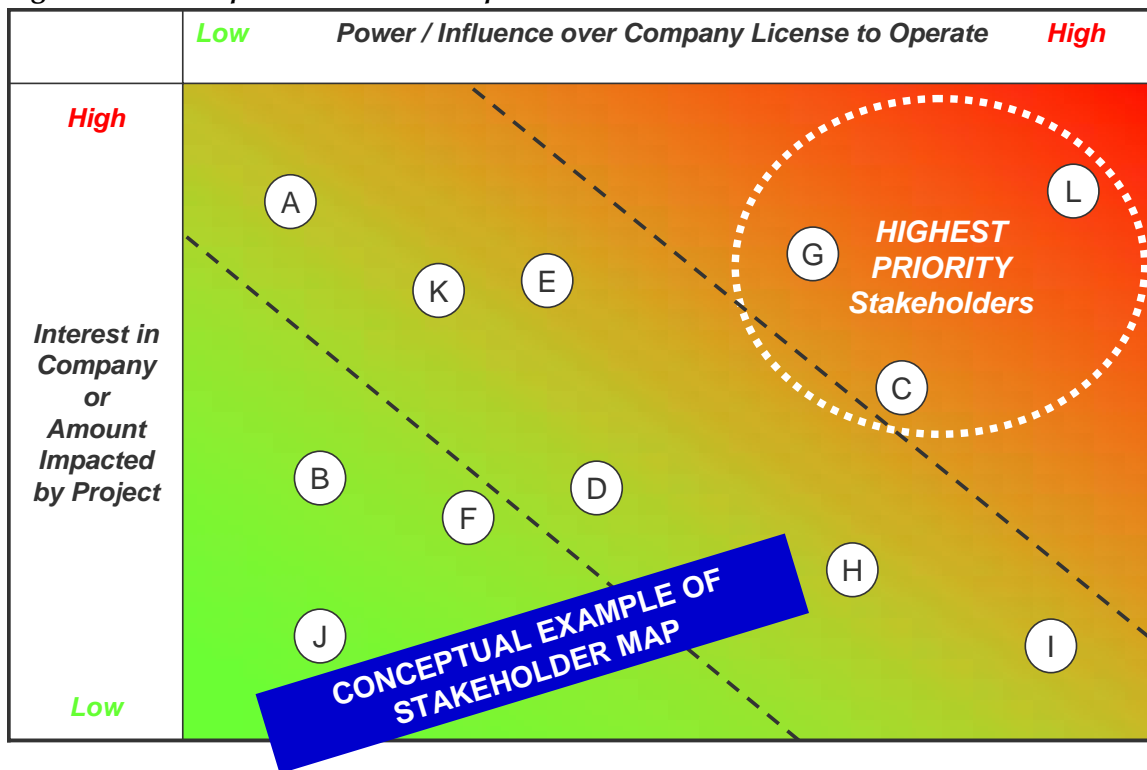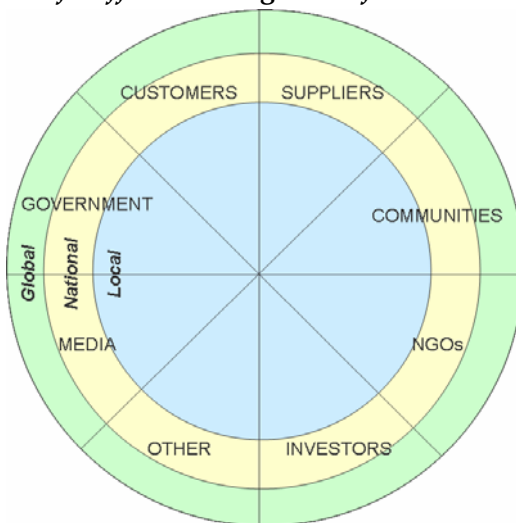*Figure A.3* shows several possible categories of stakeholders and illustrates that stakeholders may be global, national or local. This graphic can be used as a prompt by the facilitator if you consider it useful to have participants brainstorm different stakeholder groups at the start the workshop, to help in the identification process.

Figure A.3   Illustration of Different Categories of Stakeholders

In addition, the facilitator can ask the prompt questions below to help workshop participants consider all possible stakeholders, including those relevant to conflict and community development.

Useful question prompts for facilitator in stakeholder identification in relation to community development:
- Which are the communities and/or community in and around the proposed project sites and likely to be affected by it? What are the groups and sub-groups in those communities?
- Who has raised concerns about the project?
- Are there any indigenous communities in the area?
- Are there any ethnic minorities or otherwise marginalized groups who need a separate voice? What is the position of women in the society, or the elderly, or youth?
- What local non-governmental organizations (NGOs) or community based organizations (CBOs) are active in the area?
- Which are the relevant local government/s and / or informal government figures in the area?
- Are there groups we don't normally interact with who are likely to feel marginalized once we start investing in local communities?
- Are there new groups of stakeholders which have moved into the communities since we last did a stakeholder identification, as a result of the project?
- Are there other stakeholder groups, or recently emerged sub-groups in recent months who were not previously identified as separate, particularly from a conflict point of view?

Useful question prompts for facilitator in stakeholder identification in relation to conflict:
- Which groups are going to be most receptive to potential programs to train in alternative dispute resolution (ADR) or other aspects of conflict resolution and reduction?
- Which groups may be most receptive to external facilitation in conflict reduction through a community program?
- Which groups may be helped through types of investment programs to actively divert them from causing conflict?
- Which groups most actively suffer from the results of conflict and require investment programs to help improve their position?
- Which groups are going to feel most marginalized by potential community development which could, of itself, cause conflict?
- Are there non community groups such as local NGOs that should be the focus of community programs to help, in the long run, to build conflict resolution capacity and reduce conflict?

After the group has identified stakeholders and as you are mapping their relationship to the project, consider the questions below to determine their respective interest in the company/project and the influence over the company license to operate.

> *Some questions to be asked while mapping:*
>
> Interest in company/Amount impacted by project
> - Will project activities directly impact any group of stakeholders?
> - For communities/individuals- how many times has this group approached project authorities?
> - Is the project one of the reasons why a group was formed?
> - How much of the effort of the stakeholder centers on the project? (for example how many reports is the media writing or are NGO campaigns focused on the project?)
>
> Power/Influence over company license to operate
> - Does this stakeholder have the ability to disrupt or stop the work? This could be done by denying permit, blockade, strikes
> - Does this stakeholder have links to other stakeholders? (locally/nationally/internationally)
> - Can this stakeholder shape public opinion about the project? Could this affect brand reputation or shareholder value?

Reference

IFC's Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (May 2007):
http://www.ifc.org/ifcext/enviro.nsf/Content/Publications_GoodPractice#StakeholderEngagement_GPN

5.   *TOOL: ACTOR MAPPING*

This tool helps companies to understand how stakeholders affected by an extractive sector project *relate to each other*. Mapping actors is helpful for understanding existing and potential conflict and how community development initiatives may affect relationships between beneficiaries. Actor mapping is a well established tool in Participatory Rural Appraisal (PRA). It is designed to help communities and community development practitioners understand the power relations within a particular context. An actor map identifies who the key players are in a pre-identified context, maps their relationships to each other and plots them identifying their degree of importance in the process. This helps to identify who may cause problems during a community development implementation process as well as which groups are likely to be marginalized.

When to use this tool	Before planning a community development initiative in order to map actors and clearly depict who are likely to be supporters and/or opponents, direct beneficiaries or potentially marginalized
Time required	Two hours in a workshop setting
Who should participate	• Internal: Community development team • External: Key members from local communities to get their first-hand knowledge of actors
Resources required	A skilled facilitator
Material required	Flip charts, markers, post-it notes

Tips for Facilitators

This is a useful step after the Stakeholder Mapping. While the stakeholder mapping identifies and analyzes stakeholders in a macro project context, the actor mapping helps identify the key actors within these identified categories. By doing this exercise it is possible to select subgroups of stakeholders analyzed in the mapping process and break them down further into key actors. Community development teams are then able to develop strategies for addressing these potential pitfalls early on.

Process Summary – Actor Mapping Tool

Actor mapping is designed to help communities and community development practitioners understand the power relations within a particular context.

Exhibit stakeholder map developed earlier

Divide participants into discussion groups of three or four to develop maps

Show groups the indicative actor map as an example *(see Figure)*

Ask each person to select a sub-category of stakeholders such as a particular community, government department or local NGO

Ask participants to put themselves in the position of the actors

Make a list of all actors that play a role, whether positive or negative

Ask each participant to arrange the actors on a flip chart to make an actor map that shows the respective roles of actors and links between them. Use markers to add text and connecting lines if necessary

Allow groups 25 minutes to finish

Ask participants to put maps on wall and view others groups' maps to note similarities and differences.

Lead large group feedback and discussion, making adjustments to maps and emphasize key points

Discuss the patterns of conflict and the influence/interest of identified actors. Who or how has mediation been achieved so far?

Identify roadblocks or supporters of community development in light of actor mapping

Figure A.4 Example Actor Map

Figure: Example Actor Map showing actors including Diaspora, Muslims (Militia, Traders, Ferry, Local NGOs), Christians (Militia, Traders, Local NGOs), Chinese Population, Religious Leaders, International NGOs, Local Government, Police, Military. Legend: Strong Relations, Coordination, Conflict, Violent Conflict.
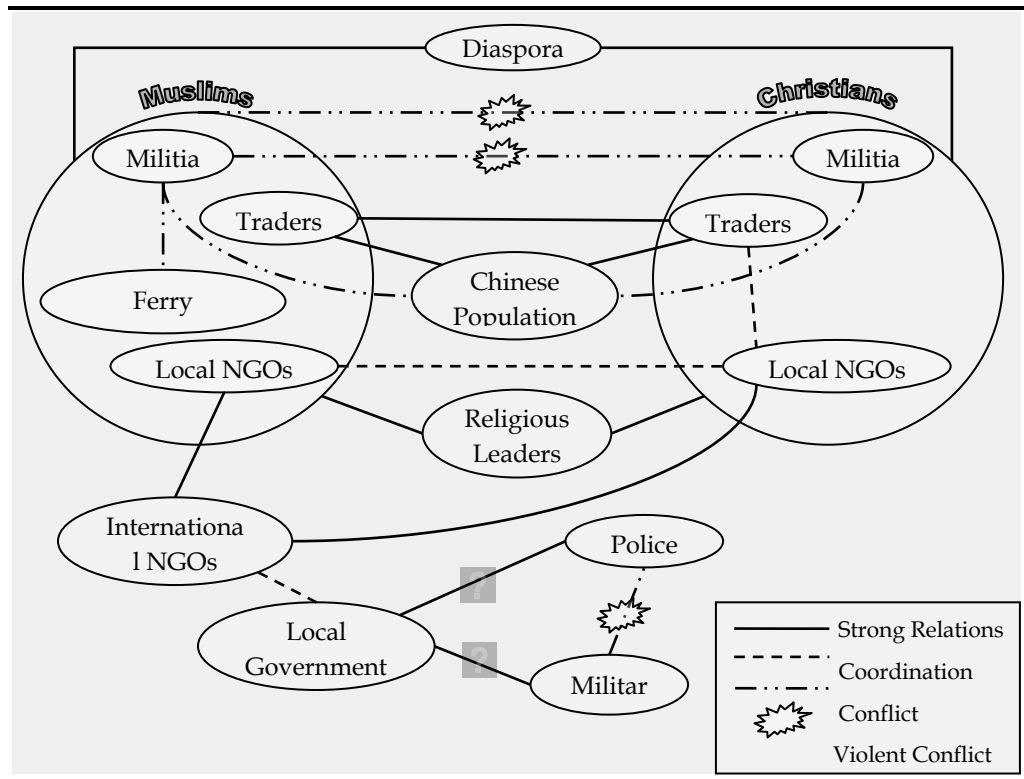
Suggested prompt questions:

- What are the patterns of conflict at the community and family level?
- When have conflicts escalated into violence?
- What kinds of conflicts have taken place in the community over the last five years? Ten years? Earlier?
- What are the triggers for everyday conflict among members of a network and/or group (e.g., resource competition, serious social cleavages, socio-economic inequities)?
- Who are the key actors involved in such conflicts?
- What is the frequency, intensity, and duration of localized conflicts?
- What kinds of mediation have taken place to help the community resolve conflicts? Have these worked? Why? For how long?
- What kinds of retribution are common?
- What forms of justice are generally accepted?
- What are the hidden sub-groups which can act as connectors (i.e. women)?

6.   *TOOL BASED ON THE DO NO HARM FRAMEWORK*

This tool uses the *Do No Harm* framework to help understand the potential impact of community development programs on conflict dynamics at the community level, and to identify issues that can anchor a program in an area of conflict, without making it worse. It is an analytical tool, originally developed for humanitarian assistance programs, which enables an understanding of how development assistance impacts conflicts in communities.[1]

The *Do No Harm* framework identifies five key factors in communities that need to be analyzed:
- systems and institutions;
- attitudes/actions;
- values and interests;
- experiences; and
- symbols and occasions.

The framework then explores how these factors can unite the community (acting as connectors) or create divisions (tensions or dividers) within or between communities. A review of all potential effects of a community development program can then be used to chart the program's impact *(see Figure A.5)*. If the program, including both the community development process and project activities, is likely to strengthen dividers, then it is important to identify options to "do no harm" and to strengthen connections and relationships between communities. Community development initiatives must be careful to not only avoid strengthening dividers in communities, but also to avoid weakening connectors.

(1) [1] Anderson, Mary B. *Do No Harm: How Aid Can Support Peace or War*, 1999.

When to use this tool	In the design phase of a community development program to help maximize opportunities for bringing communities together and minimize the chances of causing further rifts and divides. Can also be used to analyze the impact the program is having on the communities where it is operating and on the business itself
Time required	2 hours in a workshop setting
Who should participate	Internal company team responsible for designing and implementing community development initiatives
Resources required	A trained facilitator
Material required	Flip chart, paper and pens

Figure A.5 Do No Harm Framework
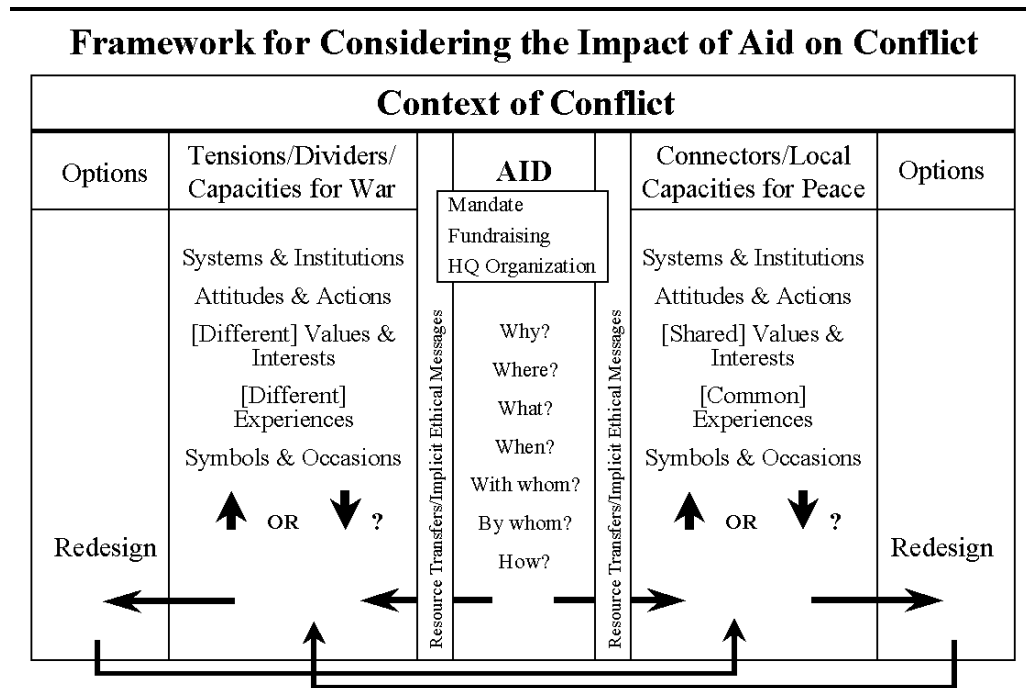
From Anderson, Mary B. *Do No Harm: How Aid Can Support Peace or War*, 1999.

Process Summary –Do No Harm Framework Tool

This analytical tool enables an understanding of how development assistance impacts conflicts in communities.
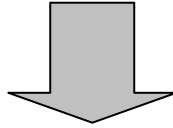
Step 1: Identify All Factors of the Conflict

- Convene the participants and explain the exercise and the intent of the *Do No Harm* framework
- Identify the groups and actors involved in the conflict and/or community development
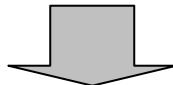
Step 2: Perform Dividers and Connectors Analysis

- Identify a set of "dividers" and "connectors." Record the responses of participants into two columns, asking prompt questions and giving examples as in *Table A.2*
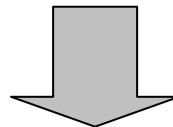
Step 3: Identify Driving Factors of the Conflict

- Ask the group to identify "driving factors," which are elements without which the conflict would not exist or would be different

Step 4: Group and Prioritize Key Driving Factors

- Once the factors have been grouped, engage participants in a discussion of what they see as the four or five major negative driving factors or dividers/forces against peace. Then check with the group to see if any major factors are missing.

Step 5: Identify Positive Factors

- Identify positive factors around which an effective community development program can be built

Step 6: Translate into Operational Terms and Plan

- Hand over assessment to participants, who will be able to:
  - o Recognize issues on site when they observe negative impacts
  - o Analyze why and how a program may be having negative impacts
  - o Generate and select appropriate options
  - o Monitor impacts of selected options

Tips for Facilitators

Refer to the table below for an example of dividers and connectors.

Table A.2   Example of Dividers and Connectors

Dividers	Connectors
• What are the sources of tension? • How are people divided?	• Where do people interact positively? • Where are they connected (despite the conflict)?
• If needed, you can prompt people in the categories: ▪ Systems and institutions; ▪ Attitudes and actions; ▪ Values and interests; ▪ Experiences; ▪ Symbols and occasions	• Examples may include: ▪ Shared concerns ▪ Shared spaces or services ▪ Shared beliefs and values ▪ Shared / same roles

If you are doing the exercise with a group of people from different organizations or groups, you may want to do some conflict exercises prior to undertaking this exercise. This may include a simple listening exercise or storytelling where participants tell stories of their experience of the conflict and listen to each other, or a perceptions exercise where they explore perceptions of each other and/or the conflict (perhaps putting themselves in the other's shoes, (e.g. the *Raising Awareness of Conflict Causes & Intervention Strategies* tool)). This may facilitate a deeper and more substantive conversation for conflict analysis.

You may also want to develop some ground rules for the session. For instance, what spoken language to use and not (where language is an issue in conflict!), use of inflammatory words, how to handle issues of blame, etc.

Expect different groups in conflict to "frame" issues differently. For instance, one group may characterize a land issue as being about "legal title," while another sees it as being about "customary use." And they may not agree with each other on which issues are the key driving factors, or they may portray them differently. Facilitators will need to be active in this discussion and not let the group get bogged down in an unproductive discussion.

Where possible, the *facilitator should find ways to include all perspectives in the analysis*, phrase and frame things neutrally, taking blame out of a group's characterization. If the discussion focuses on whether a particular factor is a "key driver" or not (i.e., a contention about what is a priority issue), the facilitator can a) ask people what would happen to the conflict if the factor were taken out—would it fundamentally alter the conflict dynamics?; or b) the facilitator can suggest that the group accept the factor as "key" on a provisional basis—and see how the rest of the analysis develops.

Reference

Collaborative for Development Action *Do No Harm Project*: http://www.cdainc.com/dnh/

7. *TOOL: IDENTIFYING COMMUNITY INVESTMENT PRIORITIES USING ENVIRONMENTAL, SOCIAL AND HEALTH IMPACT ASSESSMENT (ESHIA)*

This tool is a simple process designed to help business managers use the information obtained in the Impact Assessments (IA) process [1] to identify strategic community development (CD) opportunities, including some associated with conflict. It focuses on identifying CD actions that are locally relevant, provide benefits and address clear needs in the community, address clear needs of the business and risks to the project, and deliver sustainable development benefits over time.

The objectives of the tool are:
- To identify strategic community development activities that are aligned with the priorities of the local community and that can yield business value, including those associated with conflict; and
- To build cost-effectively on the findings of a project's impact assessment to inform a community development strategy.

Impact assessments yield valuable information relevant to designing community development programs. They contain baseline information which provides a snapshot of the current institutional, socio-economic, environmental and public health conditions in a region where a project will be developed. They also outline issues such as the relationships between specific groups and communities, particularly in terms of intra- and inter-community conflict which could affect the development or overall success of the project. This information can clearly outline *needs* in a community which is one major aspect of the design of a community development program. It also outlines the needs of and risks to the business as it intersects with the community – in terms of existing local conflict, the potential the project may have of provoking conflict, and the need for local content, local staff, health issues etc. Finally, ESHIAs produce valuable information on the most vulnerable groups within a population, key project stakeholders, their expectations, and, sometimes, potential NGO partners for community development.

Using ESHIA information to gain a high-level snapshot of the current and past conditions in a given area is particularly important for companies navigating conflict in order to ensure that community development activities are appropriate, feasible and do not instigate additional rivalries within subgroups of the population who may already be, or have the potential to be, in conflict.

What the ESHIA does not do is provide enough information from participatory consultation with communities in order to develop a full and detailed community

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(1) Impact Assessment (IA) or more commonly known as Environmental, Social and Health Impact Assessment (ESHIA) is a process to analyze the potential impacts of existing or new infrastructure project operations. IA and ESHIA are used interchangeably in this document.

development program since the community consultation undertaken throughout the ESHIA is not generally sufficiently focused on this issue. ESHIA will need to be supplemented by other participatory methods focused on community development (refer to *Tool 2.3, Participatory Needs and Opportunity Assessment*, which adds to this process).

When to use this tool	As a continuation of the preliminary ESHIA process (*see Figure A.5),* in the design phase of a community development program
Time required	• One Full day internal workshop - to identify overall themes/locations for community development programs • One half day Internal Consultation - to obtain feedback and revise community development actions/priorities based on input from internal decision makers • One half day External Consultation - to present preliminary community development priorities to local community in order obtain feedback and gain buy-in before community development priorities are finalized Time required for steps one and three will depend on size and nature of project, but this provides a general guideline
Who should participate	Internal company team responsible for designing and implementing community development initiatives
Resources required	ESHIA report chapters: • Project stakeholder analysis • Environmental, social and health baseline studies • Environmental, social and health impact tables outlining significant impacts
Material required	For workshops: • Flip chart • Markers

Figure A.5 The relationship between ESHIA and Social Investment

Internal Stakeholder Consultation

External Stakeholder Consultation

SCOPING
Detailed understanding of project(s)
Stakeholder and community identification
Establish scope of ESHIA

BASELINE
Baseline data collection
Analysis and write up on existing
conditions in area of interest

IMPACT ANALYSIS
Analysis of environmental, social and
health impacts of project
Consultation on potential impacts

**DEVELOP MANAGEMENT &
MITIGATION MEASURES**
Mitigate (-) impacts, Maximize (+) impacts

DRAFT ESHIA
Develop agreed management and
mitigation strategy
Finalize draft documents with client
Consult on draft with stakeholders

**ESHIA
MANAGEMENT PLANS**
Draft management plans
Integrate with existing management
plans / systems
Design Monitoring and Evaluation

**SOCIAL INVESTMENT
DESIGN**
When final draft ESHIA is complete,
social investment program(s) should be
designed to address community needs

**MONITORING through
KEY PERFORMANCE
INDICATORS**
Monitor *BUSINESS VALUE* as well as
SUSTAINABLE DEVELOPMENT results

Process Summary – Identifying Community Investment Priorities Using ESHIA Tool

ESHIAs produce valuable information on the most vulnerable groups within a population, key stakeholders and their needs and expectations, and potential NGO partners.

Step 1. Review ESHIA Documents to Identify Community Development Needs

Step 2. Identify Other Community Development Activities in Area
- Identify other donor activities in the area, as well as potential project partners for implementation
- Consider opportunities for leveraging existing community development activities and creating new partnerships, rather than going it alone.

Step 3. Identify Indirect Project Impacts not Mitigated through ESHIA

Step 4. Identify Project Needs
- Identify risks requiring mitigation, including local employment and procurement needs vis-à-vis community expectations and capacity, health issues, etc.

Step 5. Establish Community Development Objectives

Step 6. Identify and Prioritize Investment Themes

Step 7. Identify Potential Stakeholders and CD Partners

Step 8. Consult internally and externally on preliminary program objectives and themes

Step 9. Develop Community Development Action Plan
- Include objectives, investment themes, actions, roles and responsibilities, and budget
- Use *Participatory Needs and Opportunity Assessment (PNOA)* tool at this stage

Step 10. Implement Action Plan

Step 11. Monitor, Evaluate, and Revise

<u>Tips for Facilitators for Steps 3-8</u>

It is recommended for Steps 3-8 that practitioners use a ONE DAY WORKSHOP and EXTERNAL CONSULTATION, as described below.

See workshop process below

Step 3 – Identify indirect project impacts not mitigated through ESHIA measures
- Community Development programs are designed to add value to the community over and above project mitigation, not to mitigate project impacts. At the same time, there are frequently instances when direct or indirect social impacts can not be directly mitigated without community investment which is integrated into the overall community development program. These are the instances which need to be identified in this case.

Step 4 – Identify project needs including social risks, plus potential business/CD overlaps
- This may include needs such as a healthy workforce in an area with high levels of HIV/AIDS or Malaria, pointing at health programs; or high local content pointing at a business incubation center; or drivers pointing at driver skills training.

Step 5 – Establish Community Development objectives

Step 6 - Identify and prioritize investment themes

Step 7 – Identify potential stakeholders and CD Partners

Step 8 – Consult internally and externally on proposals

ONE DAY WORKSHOP – Identify key CD priorities
Convene a core team of people to identify project impacts/opportunities, conflict related issues and CD objectives and develop a list of potential community development themes. This will include Community Development Manager and key team members, ESHIA manager, ESHIA consultant. Provide workshop participants with key ESHIA documents including environmental, social and health baseline studies, impacts chapters and tables, and stakeholder sections.

Process
The workshop should roughly be organized in the following way:
- Introduction, objectives and process (30 min)

- Exercise One (two hours)
- Break (15 min)
- Exercise Two (two hours)
- Lunch (1 hour)
- Exercise Three (two hours)
- Wrap-up

Exercise 1: Identification of project impacts, opportunities and conflict related issues
- Bring in results of the *Channel Research Conflict Mapping* and *Conflict Sensitive Business Practice* tools.
- Identify the 5-6 most important needs among the local community, writing them on a flip chart. This can be done by identifying problems (i.e. high incidence of HIV/AIDS in working men) and then the corresponding need (i.e. HIV/AIDS education and treatment)
- The more specific a need the better. Steer participants away from identifying a laundry list of all the things that community members would like to receive such as athletic fields, which add no business value or opportunities for local economic development.
- Brainstorm Project Impacts onto a flip chart. Ensure that impacts are as specific as possible (i.e. influx of workers can increase spread of disease).
- Brainstorm company needs that are linked to the local operating environment, onto flip chart (i.e. healthy local workforce) etc.
- Put the impacts, opportunities and company needs lists side by side and see if there are any common themes that emerge. General themes that may emerge include healthcare, education, local economic development, vocational training. Note: not all key themes will run across all three areas.

Exercise 2: Establish CD Objectives
- These should be broad and relatively general, and based on a high-level analysis of the potential risks to the project resulting from project impacts and the needs of the community. For example: channel benefits from the project directly to local communities to enhance relationships between the community and the operation and meet/manage local expectations
- Use facilitated discussion with flip charts. Useful prompt questions include:
  - What is the legacy that our company wants to leave behind in this area?
  - How can we increase our social license to operate?
  - What types of benefits are we best positioned to provide (e.g. is it funds, capacity building, works, access to information –

understanding that the company can use a partner to implement the projects)?
- o If we do nothing, what are the likely risks to the project?
- What are the conflict issues we need to take into account?
  - o Which ones can we address directly or indirectly through Community Development?
  - o What are the "nodes" from the *Channel Research Conflict Mapping* tool that we should be aware of and potentially target?

Exercise 3: Identification and Prioritization of Investment Themes and Focus communities/community groups

- Brainstorm specific investment themes based on the outputs above. They should be in line with the broad CD objectives but more specific. The following questions can help focus the group:
  - o Can we identify investment themes that both address our needs as a company and meet the major needs among the community?
  - o What are the other themes which emerge clearly?
  - o Are all these roles/themes ones which we should be taking on or are they more appropriately managed by government?
  - o Are any already being addressed comprehensively by other organizations (e.g. NGOs, international organizations)?
  - o Are some of higher priority than others?
  - o Are some too complex for us to address and as such not be feasible to implement, even with a project partner?

Jointly choose 3-4 key investment themes. Any more and the program may become too diverse, too complex or too diffuse.

- Brainstorm specific communities and/or community groups on which community development should focus.
  - o Which are the groups most vulnerable to project impacts
  - o Which groups are most likely to influence conflict (unemployed youth as dividers/women as community builders)

INTERNAL CONSULTATION – Gain internal feedback on priorities
Core participants: As above plus project/operations manager, technical environmental, social and health expert(s), public affairs/ communications/ operations/ construction managers

Process
The meeting should roughly be organized in the following way:

- Introduction, objectives and process (15 min)
- Overview presentation (20 min)
- Discussion and finalization of CD Objectives (1 hr)
- Break (10 min)
- Discussion and finalization of investment themes (1 hr)

- Wrap-up (15 min)

Finalization of CD objectives
- Present the CD Objectives and use the following questions to prompt discussion and finalization:
  - o Are these objectives aligned with our broader corporate vision?
  - o Are they realistic?
  - o Is there anything missing in the objectives?
  - o Are the objectives specific, measurable, and actionable enough to provide guidance on community development programs for the next 2, 4, 10 years?
- Take down all comments and then go through them as a group to ensure that the most important ones are addressed through revisions to the CD objectives.
- Agree revised CD objectives, write them on a flip-chart paper and tape it to the wall.

Finalization of Investment Themes
- Follow a similar process in relation to the investment themes using the following questions to facilitate this discussion if necessary:
  - o Do the investment themes presented help to mitigate risk to the project or company?
  - o Are the investment themes appropriate based on the core business /competencies of the company?
  - o Could a failed attempt in any of the investment themes present an insurmountable risk to the company?
  - o Are the themes the most appropriate for the target groups?

Output
- Draft final CD Objective and Investment Themes

EXTERNAL CONSULTATION – Obtain feedback from stakeholders, buy-in and reality check
Core participants: Manager responsible for community development, technical expert, corporate community liaison (or other corporate team member with experience engaging the local community), and community stakeholders

Preparation
- Note: This consultation should be limited to key stakeholders within the community that have a unique expertise (i.e. doctor) and that can provide specific input into the CD priorities based on their experience. Therefore, the consultation participants should broadly represent different segments of the community (NGOs, local leaders, health personnel, etc). The consultation should not be open to the general public at this point.

- Choose an appropriate presentation approach (i.e. use of PowerPoint, flip-charts or poster boards) and language to be used, based on the local context
- Develop presentation materials for the consultation to include:
  - Brief explanation of company, vision and values
  - General overview of process used to identify CD objectives and investment areas (with a focus on community needs identified by ESHIA)
  - General overview of investment themes
  - A slide or paper with questions to prompt discussion: 1) Are there any pressing community needs that were not mentioned? 2) Can you think of an investment theme that should replace one of the existing themes? 3) Are all the investment themes presented linked to a clear need in the community?

Process

- The consultation should roughly be organized in the following way:
  - Introductions (15 minutes)
  - Objectives and process (15 min)
  - Overview of company, vision and values presentation (10 min)
  - Overview of CD Objectives and Investment Themes (20 min)
  - Q&A and facilitated discussion using previously prepared questions (1 hr and 40 min)
  - Next-steps (20 min)

- Clearly outline the objectives of the meeting, the consultation structure and outputs that the company hopes to obtain from the meeting.
- Provide a short background presentation on the company, its vision and its values. Use this information to transition into defining the CD objective and explain how it ties-in with the broader corporate vision.
- Explain the process for identifying the CD objective and the investment themes. Go over each investment theme generally. Note: do not commit to any programs or projects that participants raise. Take all their comments down for consideration.
- Open the room up for Q&A and general discussion on the investment themes. Use prompting questions to obtain constructive feedback.
- Manage discussion to ensure that it stays within the scope of the community development theme, and within the boundaries of what the company has committed to do (i.e. CD objective).

Output

- CD objective and investment themes which have been reviewed and revised based on input from external consultation.

8.   *TOOL: PARTICIPATORY NEEDS AND OPPORTUNITY ASSESSMENT (PNOA)*

The Participatory Needs and Opportunity Assessment (PNOA) tool enables companies to consult beneficiaries in the detailed design of community development initiatives. This is a critical tool for building local buy-in to community development programs and for developing conflict aware programs. It includes as many stakeholders as possible in the community [1] where the targeted investment is to take place. Active participation of communities and other stakeholders is vital for the success of this exercise, which builds relationships that can help with potential company/community conflict mitigation.

Community consultations during the ESHIA are focused on project based impacts and identification of the first level of community needs. However, long term development projects should look beyond impact management and aim at sustainability and long term growth of an area. After the ESHIA, PNOA complements and builds on ESHIA at the community development design stage *(see Tool: Identifying Community investment priorities using Environmental, Social and Health Impact Assessment (ESHIA)).*

Participatory research is a collaborative model that promotes the development of critical partnerships and the application of research conclusions into the process of community development.

In short, the PNOA is designed to:
- To facilitate community decision making about community development interventions
- To develop appropriate solutions and/or interventions to address the identified problems and opportunities for improving communities' lives
- To improve stakeholder buy-in of the delivery process and manage expectations of beneficiaries
- To help inform community development initiative design so that companies invest in meaningful projects which will be appreciated and relevant in local communities, represent a partnership effort and be sustainable.

(1) Community in this context is a geographically bound group or a community.

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When to use this tool	Before the design of community development initiatives and before the allocation of budgets/funding for development interventions
Time required	Several months: the research component of the PNOA should be carried out in each community separately. An estimation of two days per community is required to conduct the assessment, so the total time required will depend on the number and size of communities
Who should participate	Company community relations professionals
Resources required	• Community development professionals (skilled in participatory techniques) or local NGOs/Consultants • Budget to complete the exercise will vary depending on size and number of communities
Material required	For participatory research in communities: • Flip charts to conduct the resource mapping/ problem solving exercise • Markers

Process Summary –Participatory Needs and Opportunity Assessment Tool

The PNOA facilitates community decision-making and develops appropriate solutions to address problems and opportunities to improve communities' lives

Pre-Research Planning

1. Conduct a meeting with the community specialists or the local NGO hired to conduct the PNOA.
2. Provide clear information on the intent of the company, such as investment in community development & the focus (education, health) including reasonable budgets available for this investment
3. Provide clear instructions to the team that the PNOA cannot generate a wish list and that there are limited budgets to address key needs of the communities, in line with larger company objectives.
4. Design the research program with the group (see *Tips for Facilitators*)
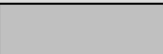
Field Visit(s): Day 1

1. Convene a short meeting with the community leaders to reconvey the points discussed about tasks, resources and nature of participation needed to make the assessment successful
2. Conduct the sample survey
3. Conduct focus group discussions
4. Hold team briefing at end of day

Field Visit(s): Day 2

1. Conduct community/transect walk and map resources
2. Form groups in community to map resources on paper
3. Conduct problem analysis at community level
4. Share findings from Day 1 with group
5. Seek input on how the community can best participate in and sustain development projects
6. Rank community priorities and needs
7. Guide community in wise choices of needs
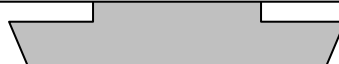
Data Analysis and Evaluation

1. Bring team together to analyze results of resource mapping/problem analysis, survey, and focus group discussion
2. Compile a short report to categorize the community development needs and priorities
3. Factor findings into the social investment plan of the company
4. Share findings with communities
5. Initiate negotiation and consensus before deciding on developmental interventions

<u>**Tips for Facilitators**</u>

Pre-Research Planning

When you design the PNOA research:
- Allocate team responsibilities. Divide the exercises to be carried out in the communities amongst various team members
- Design open ended questionnaires to be administered among the communities touching upon subjects such as income/ wealth ranking, historical deprivation, existing and potential conflicts within the community, hierarchies and dominant groups, issues and problems faced in day to day lives.
- Select sample size for administering the questionnaire
- Formulate checklists for focus group discussions
- Prepare other materials that will be required during the visit like chart papers, markers, flip charts to conduct the resource mapping/ problem solving exercise.
- Try and contact community leaders ahead of time to let them know the key tasks like surveys, resource mapping and community consultations. Communicate what resources are required from the communities to complete these tasks such as local informants, students to fill questionnaires and participation of the local school teacher or elderly leaders.
- Ensure that the exercise involves all the groups especially vulnerable groups such as households living below the poverty level (BPL), women, tribes (that live within a larger community) and other ethnic groups, youth and elderly / retired people.
- Ensure that the composition of the project team is culturally appropriate and balanced in terms of gender, age, language and ethnicity so that all sectors of the community are comfortable in being approached and answering questions equally.

Field Visit(s)

Day 1
Sample survey. Consider using young students as field investigators (from the community itself) to administer the open ended questionnaire. This may be done door to door or by random selection. One community specialist must train the investigators and supervise the survey over the next two days. Based on the sample size selected the survey may be completed in a day or may require both days.

Focus group discussions. The other community specialists in the team should conduct focus group discussions simultaneously with the survey. A focus group discussion is where a group/category is targeted for consultation such as women, households living below the poverty level, or minority communities. With each of these groups consult on their day to day problems, needs, obstacles or challenges that they face living in the community, what do they see as solutions to improve quality of lives? Encourage the groups to focus on root –cause analysis of problems.

Team briefing. Conduct a short meeting with the team at the end of the day to discuss findings, identify issues of further investigation and brainstorm on Day 2.

Day 2

Community/Transect walks and Resource Mapping. A transect walk is an interactive exercise that is done in the natural setting of the communities. It is a first step in a resource mapping exercise. With a group of community members, walk through the community or neighborhood. As you walk, you observe things, discuss them, and mark them on the map. On the map you include the major buildings, roads and installations (water points, playgrounds, schools, health centers, shrines, garbage dumps). You should also include observations about installations that are in a state of disrepair, have fallen down, or are not working. Ensure that you discuss each of these as you mark them on the map. This will help to limit opposition and contradictions later in the appraisal; it contributes to "transparency" in the process.

Group resource mapping. Form groups in the community and with each group map the resources on a chart paper such water sources, banks, schools, health

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facilities, markets and access issues. Based on these inputs formulate a diagrammatic resource map for the community indicating the resource and problem sources.

Community level problem analysis. Use matrices and rankings – after the resource map has been prepared sit with the community and undertakes a session on problem identification, development needs, priorities and possible solutions. Share findings of day 1 with the groups. Seek inputs on how the community can best participate in and sustain development projects. Rank the priorities and needs in the community.

The need for skilled facilitation. Remember that each of these exercises (especially problem analysis and ranking) with the community requires skills on managing community expectation and prompting on what a community really needs. A skilful facilitator will guide the community's needs, for example community members may see things like building a big hospital as an immediate need but the actual problem lies in the fact that there are no doctors/health care facilities in that area and such a hospital cannot be staffed without government participation. Thus the facilitator will need to guide the communities to actually realize that and prioritize health care as a need as opposed to building hospitals. It should be made clear at the outset that the company cannot replace the Government and only those developmental needs that the company can manage or be done in participation with the local government will be invested in.

Data analysis and evaluation

After the PNOA exercise has been completed the analysis of the data is critical. This step consists of internal team analysis as well as sharing the findings with communities. It is anticipated that after the PNOA findings have been shared with the communities a process of negotiation and consensus has to be initiated before finally deciding the developmental interventions.

References

Site on community empowerment that provides guidance on participatory research techniques, how to do exercises like map making and community inventories and key principles to be kept in mind-
http://www.scn.org/cmp/modules/par-par.htm

A GTZ site on Participatory Needs Assessment - Nutrition and Food Security providing guidelines on how to conduct the needs assessment (although specific to food & nutrition can be adapted to other situations)-
http://www.methodfinder.net/index.php?page=methods&methodID=51

Essential tools and guidance on community resource mapping-
http://ncset.org/publications/essentialtools/mapping/default.asp

Sustainable Livelihoods Fisheries Program Guidance on Community Approaches &
Participatory Methods- http://www.sflp.org/eng/007/pub4/commappr.doc

World Bank guidance on Social analysis and common methods used-
http://www.worldbank.org/socialanalysissourcebook/

9.   *TOOL: COMMUNITY ENVIRONMENTAL MONITORING COMMITTEE*

This tool is designed to build confidence of the community in the company and its operations by actively involving them in the monitoring of environmental impacts and activities of the company. As such, it is a useful tool for establishing a set of relationships that can help avoid conflict. Setting up a Community Environmental Monitoring Committee can increase confidence in and ensure credibility of information on environmental performance that is generated on an ongoing basis. At the same time, it provides valuable capacity building for some community members who may be able to translate those new skills into enhanced job opportunities in the future.

A Community Environmental Monitoring Committee (CEMC) is established to independently monitor the environmental impacts associated with a project, against the goals of the Environmental Impact Assessment (EIA) and associated government permits.

How this is community development: Through monitoring, communities gain a better understanding of their local environment and develop the ability to distinguish between natural changes and those induced by the extractive project. Communities can be empowered to take action to identify what needs to be done and engage in dialogue with the extractive company. Communities build skills which are useful elsewhere in the labor market.

When to use this tool	• If possible, the CEMC should be set up early in the ESHIA scoping phase, with activities incorporated in the baseline research • Monitoring activities should be formalized before any construction or earthworks are initiated • Can be implemented at any stage during the project cycle – particularly useful when there is a level of mistrust between the company and the communities focused on environmental performance • Can also be used when communities do not trust government regulators or perceive them to have limited monitoring and enforcement capacity.
Time required	To set up CEMC: • 2 years are usually necessary to build sufficient experience to obtain monitoring results and to build trust among communities; sometimes impacts on community confidence can be seen much earlier

	<u>Once CEMC is operational:</u> • Strategic planning meetings: 2-day meetings conducted 6 times a year • Communication to communities and other parties: on-going throughout the process, representing a total of 20 days • Training of representatives: 2-day workshops offered 3 times during the first year, and 1-day workshops offered 3 times during the second year • Environmental monitoring: will depend on project footprint and monitoring needs, but should be scheduled and agreed (i.e. 2-day sampling conducted 4 times a year during both years) • Analyzing results: 3 hours after each field sample, 4 times a year during both years
Who should participate	Internal: environmental and community relations professionals External: especially critical for communities whose livelihoods depend on natural resources that might potentially be affected
Resources required	Outside experts: • 2 environmental scientists to train/build capacity of committee members • 1 consultant/university professor to facilitate process and for on-going advising Note: the CEMC should receive skills training but no pay. As soon as money exchanges hands the independence of the committee is compromised and the community development benefits evaporate.
Material required	Equipment: • Meeting space for committee meetings and training • Laboratory for analyzing samples

Process Summary – Community Environmental Monitoring Committee (CEMC) Tool

A CEMC is established to independently monitor the environmental impacts associated with a project compared to the goals of the EIA and associated government permits.

Step 1: Identifying need for community environmental monitoring
- Focus on and consult with affected communities

Step 2: Design & Set-up
- Develop plan for participatory and continuous monitoring
- Establish governance and design program

Step 3: Member Selection & Training
- Select community representatives
- Train CEMC in sampling

Step 4: Sampling & Monitoring
- Set-up a database for results
- Encourage wide local participation in monitoring
- Compare CEMC results with other monitoring data

Step 4: Reporting & Communication
- Report to public, make data available over time
- Respond to CEMC suggestions

Tips for Setting Up an Environmental Monitoring Committee

Setting up a CEMC is a process that requires time and effort over a period of two years. The Committee's work can continue during and beyond the life of the project. The following are the broad steps to follow.

Step 1: Identifying the Need
- Focus on communities directly impacted by a company's activities and potential for mistrust of misunderstanding about environmental risks posed by the project.
- Consult with local stakeholders to examine the possibility of launching a community environmental monitoring committee.

Step 2: Design & Set-up
- Formulate a plan of participatory and continuous monitoring in the area adjacent to a project, seeking the credibility and confidence of the community, including:
    - Agreeing on what data is important
    - Agreeing on data collection process
    - Developing common criteria for assessing data
    - Using third-party expert for outside opinion
- Establish governance and design program (including financing) ensuring that control of the environmental monitoring remains in the hands of the local communities and is independent from the company.

Step 3: Member Selection & Training
- Select community representatives by local traditional methods or through a democratic election process. Including marginalized groups such as women and indigenous peoples will reduce conflicts.
- Train committee to conduct sampling with technical support from an environmental scientist from a local university.

Step 4: Sampling & Monitoring
- Implement a geographical database of all monitoring results.
- Invite committee members to accompany project staff during sampling activities to perform their own measurements and monitoring.
- Encourage active participation of people living in the area where the monitoring is taking place by:
    - Developing a schedule for monitoring that accommodates participants
    - Informing participants about the purpose and procedures for the monitoring
    - Informing participants on where and when they can find out about monitoring results

- Compare monitoring results of committee with other monitoring protocols conducted by the project to evaluate data validity and quality on a quarterly basis.

Step 5: Reporting & Communication
- Report data to the public and make information available.
- Incorporate graphics to visually display changes in data over time in the presentations of results.
- Listen and respond to the committee's suggestions.

Reference

Atkins, David et al. Evaluation of Water Quality in Cajamarca, Peru: Annual Monitoring Report 2004-2005. December 2005. http://www.cao-ombudsman.org/html-english/documents/MesaTechnicalTeamAnnualMonitoringReport20042005.pdf

DISPUTE RESOLUTION TOOLS

10.   *TOOL: GRIEVANCE MECHANISM*

A grievance mechanism is a procedure established to actively manage and track grievances received from external stakeholders about a project's impacts or company operations. Grievances or complaints can surface in even the most successful community development programs. This tool helps those communities that are affected by a project to present, without fear, their grievances to the company for consideration and correction.

A grievance mechanism assigns roles and responsibilities for who will receive public grievances, how and by whom they will be resolved, how the response will be communicated back to the complainant, and sets out how the resolution will be monitored and tracked. It also defines the time frame for receiving and reviewing grievances, responding to complainants about outcomes, and implementing appropriate corrective actions. The grievance mechanism is applicable to all situations in which the impacts of a project or company operations affect a community. Grievances can vary from specific claims for damages/injury to criticisms or suggestions about the way a project is implemented. A project should have only one grievance mechanism which is applicable for both the project and associated community development.

The log used to track the grievances is also a useful tool for the community relations team to track trends and concerns of the local community over time.

When to use this tool	Set up as soon as company personnel are present in a local community Grievance mechanisms are commonly set up during or as a result of an ESHIA process
Time required	Design of a grievance mechanism takes up to two weeks of one person's time For large projects, during construction, handling the grievance mechanism and ensuring that complaints get dealt with in a timely manner may require full-time attention by at least one person
Personnel Required	• A dedicated member of community relations team, whose job description includes responsibility for timely resolution of grievances • Senior manager, to provide oversight
Resources required	• An electronic Grievance Log, which can be kept, for example, in an Excel spreadsheet *(see attached example)* to track and log incoming grievances and resolutions • Multiple copies of the blank *Grievance Form (see attached sample)*, in both paper and electronic format • A telephone hotline and an email address for registering grievances are also useful in societies where the technology is present in communities • Protocol to describe how anticipated types of grievances will be handled (e.g., direct replacement, repair, monetary compensation, etc.) • Training for all staff and contractors in how to receive and log oral grievances

Grievance mechanisms are designed so that appropriate grievance resolution and corrective actions are taken, and that those communities that are affected by a project can present their grievances to the company for consideration and correction, without fear and at no cost to themselves

Develop Grievance Mechanism

- Design process tailored to operating context of project and company
- Assign all grievances an ID number
- Generate a specific schedule for each process step *(e.g. 1 week for standard complaint to be referred internally to be dealt with)*
- Ensure grievances can be delegated to other staff to resolve *(e.g. construction contractor)*
- Build in maximum time frame for raising complaint *(e.g. one month for injury)*
- Encourage complainants to provide photographic/physical evidence
- Provide reason for denial in writing if complaint is inadmissible
- Provide effective closeout mechanism *(e.g. written result hand delivered within 28 days)*
- Ensure that company management receives regular reports on nature of complaints
- Consider making list of complaints and resolutions public
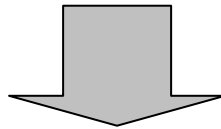
Train Company Personnel

- Include all personnel who come into contact with external stakeholders
- Include role play of grievance receipt and investigation in training
- Ensure that personnel understand that both oral and written grievances should be logged and pursued
- Ensure that they are aware grievance mechanism's importance in building trust with the local community, and in tracking trends and concerns
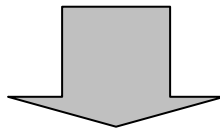
Advertise Mechanism to Stakeholders

- Use community meetings, posters in public places, company website, and/or provision of forms to community leaders
- Ensure that process for grievance consideration and redress is clearly and simply described in each place
- Ensure that it can be used at no cost to the complainant

Tips for Set-up and Operation of a Grievance Mechanism

- Design note: The grievance mechanism should be easily accessible to all segments of the affected community with no cost to them, and without impeding access to other judicial or administrative remedies.
- Design a grievance mechanism or process which is tailored to the operating context of the project and to your company. Example forms and spreadsheets attached will help design the process ensuring that all critical steps are included.
- For tracking, all grievances should be assigned an ID number and a specific schedule should be assigned for each step (e.g. acknowledge grievance is received to complainant (one week), unless urgent (24 hours) and assign grievance for processing (one week), close out (maximum one month).
- Ensure grievances can be assigned to other staff to resolve and are not all left with the community relations officer in charge. In some cases, a technical team will be required to investigate.
  - Grievances against a contractor or sub-contractor should be investigated by a combined team if possible to ensure checks and balances.
  - If a grievance is actually against another entity, such as government, the community relations officer needs to ensure that there is an accepted internal mechanism (i.e. pass to government relations who pass to government) for passing that complaint on and informing the complainant.
- Build in a maximum time frame for raising a complaint – i.e. one year from incident
- Where the issue relates to something physical (injury or infrastructure), encourage complainants to provide photographic or physical evidence.
- If a complaint is inadmissible (e.g. complaint is goat died falling into open trench when actually goat died of natural causes) provide reason to complainant in writing (and hand deliver with oral explanation if illiterate). If necessary, discuss with community chief and local authorities, and refer complainant to civil authorities for further action;
- Provide effective closeout mechanism including signature from complainant on resolution, filed documentation as necessary and, if required follow up public meetings depending on nature of complaint.
- Ensure company management receive regular reports on nature of complaints – weekly during construction, monthly during operations
- Consider making a list of complaints and resolutions public, on website or in the community leaders office.

I. Grievance Form

ID #
(dd/mm/yy + next # in list)
(to be filled in by Grievance Manager)

Last Name: **First Name:**   **Patronymic:**

Settlement Name: **Community/Town:**

Name and affiliation of individual first receiving grievance:

Description of Grievance:

II. Grievance Follow-Up Action

Claim Not Admissible: **Reason:**

☐ **Grievance Form assigned to:** _____
(Name of Project CLO)

Referred on date:

☐ **Grievance forwarded to Department or Contractor:**

_____
(Name of Department/Contractor)

(dd/mm/yy)

☐ **Grievance forwarded to Government Relations and Public Affairs Manager:**

☐ **Grievance closed out.**

☐ **Complainant refuses to sign complaint closeout; project closed out claim.**

☐ **Brief description of reply to complaint given to complainant.**

☐ **Public consultation to address issue.**

III. Admissible Complaint Investigation:

Date investigated

Names of investigators

Names of Claimants or Representatives Present

Description of Evidence, Measurements, Photos
     (attach additional sheets, photos and documents)

Recommended Follow-Up:
(Add additional sheets, photos and documents as needed)

Date of Follow-Up

Names of investigators

Claimants or Representatives Present

Description of Evidence, Measurements, Photos
     (attach additional sheets, photos and documents)

Complaint   **Valid**   ☐   **or**   **Invalid**   ☐

Reason:

Proposed Rectification/Remedy:

IV. Grievance Close-Out

I/We, _____, who instituted Claim ID # _____, agree that this complaint has been resolved to our satisfaction on this date _____. We renounce all future claims concerning this issue.

Names   **Signatures**

Settlement:

Name of CLO Representative:
Witnessed by: _____   Date: _____
      (Name and Title of Local Official)

We, the CLO Representative and _____
                (Name and Title of Local Official)

state that the claimant(s) _____ who instituted Claim ID # _____ have refused on this date _____ to sign a complaint close-out. The claimant(s) have been informed that the project considers the complaint to have been appropriately addressed according to the project's grievance mechanism. The claimants have also been informed of their right to pursue the complaint in civil court.

Name of CLO Representative: _____
Witnessed by _____   Date: _____
      (Name and Title of Local Official)

Grievance Update Month of   20

PRIOR OUTSTANDING GRIEVANCES			
# Grievance Open > Month	**Name of Grievance**	**Date of Grievance**	**Brief Description**
1			
2			
3			
4			
5			
Number Unresolved Claims:			

GRIEVANCES SUBMITTED or RESOLVED THIS MONTH			
Name of Claimant	**Date Received**	**Brief Description**	**Open/Closed**

Grievance Log

GRIEVANCES									
ID #		Name of Claimant	Address or Settlement	Brief Description	Assigned to	Admissible (Y/N)	Valid/Invalid	Date of Closeout	Closeout Refused to Legal
dd/mm/yy	sequence								

11.   *TOOL: ALTERNATIVE DISPUTE RESOLUTION*

This tool can help companies to consider and implement appropriate Alternative Dispute Resolution (ADR) as a way of resolving conflicts that may come about as a result of extractive sector projects and their community development initiatives. Alternative dispute resolution (ADR) generally refers to dispute resolution processes and techniques that fall outside of the government judicial process. In the context of community conflict ADR is a grass roots tool that can be used to form a parallel system of negotiation and arbitration without resorting to formal legal recourse/judicial process. Such a system can be formed through co-operation, mutual agreement and consensus.

|	
When to use this tool	Early in project development, preferably during the Feasibility Stage *(see Table 3.1)* Ideal time to think about developing an ADR system is when putting an overall community relations program is in place or while designing community development initiative Can be applied to solve disputes whenever they evolve
Time required	Several months to prepare, communicate and implement ADR
Resources required	Expert facilitator: a skilled social scientist who has knowledge of PRA techniques, to help in the development of ADR between the company and communities

Note: What is presented here is a structured step by step approach that could be followed. This approach may not necessarily be the right one for all situations or relevant for all communities, but at least provides a logical approach which can be used as a general guideline.

Process Summary –Alternative Dispute Resolution Tool

As a conflict resolution tool, ADR allows the parties in a dispute to discuss and develop their own resolutions without recourse to a formal judicial process.

Preparation
- Identify whether there is an existing institution that solves community disputes and, if so, open a dialogue with them to understand their processes and systems
- Hold informal discussions and/or focus group discussions with various groups
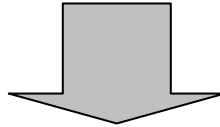
Communication
- Convene community meeting to discuss findings and common dispute resolution mechanisms in community
- Communicate principles of ADR to communities
- Brainstorm potential systems with communities that best suit cultural, social, and economic context
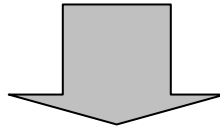
Develop ADR System
- Draft ADR system with community representatives
- Open draft to community comments
- Formalize ADR mechanism and make public

Some principles to be kept in mind before choosing an ADR mechanism

- Any community development project will require a system of grievance management and/or dispute resolution (see *Tool: Grievance Mechanism* above)
- Conflicts are bound to arise and it is better to pre-empt the conflict rather than try to develop an ADR system once the conflict has arisen
- It is best to work with existing institutions/ processes within communities where possible when creating an appropriate ADR system for use locally. For example, tribal communities often have their own system of governance, social law and arbitration techniques. If you can work with their processes, it will make your life easier.
- However existing systems may not be ideal. For example, a decision making process within a community may be dictated by powerful groups leaving the ones without a voice helpless, so this needs to be carefully thought through.
- Thus ADR has to strive to integrate not only existing institutions but to achieve buy in, maximum participation and equal justice for all.
- An effective ADR mechanism has to be based on the principles of transparency, participation and effective communication.

Step 1 - Preparation

- Informal discussions and/or focus group discussions can be held with groups such as women, youth, elderly, lower income households, ethnic /religious groups to get a sense of their position within the community and in relation to the local dispute resolution mechanisms.
- Use the questions in the box below during these discussions and focus groups.

Useful questions to ask during focus group meetings
- Are there interracial or ethnic conflicts in the communities?
- Who are the key actors involved in such conflicts?
- What is the frequency, intensity, and duration of localized conflicts?
- What kinds of mediation have taken place to help the community resolve conflicts? Have these worked? Why? For how long?
- What kinds of retribution are common?
- What forms of justice are generally accepted?
- In the past have there been violent conflicts as a result of differences? How was it solved and how was peace maintained?
- Does the formal legal system work? Is it quick and easy for the communities to get justice?
- Do you think that the existing way of settling disputes work? And is it fair to all groups?
- How do you solve disputes over religious sites or sacred sites?
- How do you solve disputes over land rights and ownership?
- How are disputes between neighbors solved?
- How does the community manage traditional rights like hunting, gathering, fishing?

Step 2 - Communication phase
- Seek input from the community as an equal partner. This should be the first of several meetings held in the development of a common ADR system
- Communicate to the communities that ADR seeks to work through existing practices/institutions to promote the principles of participation, inclusion, transparency and accountability. It may not be self-evident that this is the intent in design and implementation of ADR.

Step 3 – Developing the ADR system
- Design consideration: ADR is more of a process than a tool. It has to be constantly evolved, made responsive to changes and be flexible in operation
- When drafting the ADR system along with community representatives, the principles, composition, systems and procedures should be written up and clearly laid out, with as many diagrams as possible.

Additional Notes on ADR
- Effective ADR should:
  - *Promote dialogue and self generated solutions* – focus on mutually acceptable solutions, not identifying fault or apportioning responsibility. Self-generated solutions are the most likely to be sustainable. The ADR should encourage parties to seek such solutions before considering other more formal approaches to complaint resolution
  - *Conciliation and mediation* - have simple conciliation proceedings mutually acceptable to all.
  - *Settlement agreement* -The major objective of problem-solving approaches will be to reach a settlement on a basis that is acceptable to the parties most likely to be affected. Settlements should usually be in a written form.

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INTRODUCTION

This Annex provides a set of case studies designed to provide practitioners with direct examples of community development programs that have been implemented in conflict situations, with some of the key lessons learned, plus one example of a multi-stakeholder process that was used to resolve a conflict. The case studies are as follows:

- *BTC/SCP Pipelines, Republic of Georgia*
- *Marlin Mine, Guatemala*
- *La Cira Oil Field, Colombia*
- *Niger Delta, Nigeria*
- *Koniambo Nickel Mine, New Caledonia*
- *Ahafo Gold Mine, Ghana*
- *Artisanal Mining, Democratic Republic of Congo*
- *Multi-stakeholder Process for new Mining Law, Michigan, US*

Background – The Extractive Investment

The Baku-Tbilisi-Ceyhan (BTC) pipeline project is a US$2.9 billion investment to bring oil from off-shore Azerbaijan in the Caspian Sea through Georgia, to Ceyhan, Turkey, and onward to international markets. The BTC pipeline became operational in 2005.

The South Caucasus Gas Pipeline (SCP) carries gas from the Shah Deniz field in the Caspian to customers in Georgia and Turkey. It follows the route of the BTC crude oil pipeline to the Turkish border where it links up with the Turkish gas distribution system. The SCP pipeline became operational in late 2006.

Expectations of benefits from the existence of the pipelines were high in Georgia. Local communities without power hoped for oil and gas from the pipelines passing through their communities. Nationally, there were hopes that the presence of the pipelines would boost the economy, through transit fees amongst other ripple effects, and make Georgia a strategic partner for oil companies and western donors.

The Affected Communities

Georgia has a per capita income US$2,588.00 and ranks 100th of 177 countries on the Human Development Index (HDI). The pipeline passes through the south of the country, which is mainly rural and mountainous. The local communities include ethnic Azeris, Armenians and Greeks as well as Georgians – all of whom speak their own languages and practice their own religions.

The 77 communities initially targeted for community investment are those which were considered to be in the zone of potential impact, as defined by an extensive Environmental & Social Impact Assessment (ESIA) carried out in the early stages of the BTC/SCP project. They are within:
- A four-kilometer corridor along the pipeline (two kilometers either side);
- A 5 km radius of the pump stations.

During the course of the development of the investment program, this number was expanded slightly in response to increased understanding of local impact and conflict dynamics.

Type of conflict present

The level of conflict in Georgia has been ranked by international observers as "frozen" - secessionist conflicts of Abkhazia and South Ossetia – and "high" – in some of the rural areas crossed by the pipelines. Conflicts are generally more political in nature than associated directly with linguistic or ethnic tensions.

Type of Community Development

The BTC/SCP Community Investment Program (CIP) aimed to:
- Provide positive and sustainable benefits to the local community above and beyond mitigation of any negative impacts;
- Establish the Project as a "good neighbor" promoting a harmonious environment for construction and operation of the pipelines, and increasing pipeline security.

BTC/SCP committed to an initial three year program, with the intention to extend according to results. The first phase of the CIP ran March 2003 to July 2006 and was extended to 2009. The total budget of Phase 1, including an education-focused component, the Improved Schools Program, and a major infrastructure component, was approximately US$8 million.

BTC/SCP issued a tender for consortia of local NGOs led by a major international NGO to run the program. Two consortia were appointed, divided on geographical lines. Their role was to mobilize community groups to plan and execute projects in infrastructure, agriculture (extension workers provided inputs and training to improve agricultural production), micro-lending, conflict resolution (training in negotiation skills), health (basic medical equipment, health training and advocacy with government), and education (school-based community groups were mobilized to plan and execute school rehabilitation projects).

While the broad parameters of the program were defined through the ESIA results, the detailed projects of the CIP were developed through a process of extensive consultation with communities, donors, NGOs and government run by the implementing NGOs.

Results

Several aspects of the program have been successful in development terms. Highlights include addressing critical basic infrastructure needs (especially in schools), building the skills and organization of farmers, enhancing the availability of health care and credit, and building institutional capacity in communities.

The program design was critical given the very limited institutional capacity and lack of economic development of the target communities. It was intended to support communities with limited financial resources, various types and levels of

formal and informal governance, and new village level governing structures, suffering from post-Soviet transition.

CIP focused on the creation of Community Based Organizations (CBOs) to act as the local implementers of the program, deciding on the specific investments to be undertaken in their communities, and providing the wherewithal to implement them, in conjunction with the NGO consortium. The creation of these CBOs, which in some cases were able to take on other aspects of community organization, was possibly the most successful and lasting part of the program in many communities. In a few, however, it exacerbated latent or existing community conflict and contributed to increased tensions and inability of the community to develop effective projects.

In some cases, the communities along the pipeline were overwhelmed by their own high expectations of BTC/SCP economic benefits – such as building of roads, access to energy – which were beyond the scope or scale of the CIP to address. This added to community grievances related to actual and perceived unmitigated construction impacts (road traffic, fear of pollution). For the implementing NGOs, the most difficult aspect of the program was gaining the trust of the communities to develop the projects. Initially, CIP implementing NGOs maintained more of a distance from the project sponsor (BTC/SCP). As a result, communities were able to conceive CIP separately from the BTC/SCP project itself, expressing gratitude for the benefits that CIP provided. *At the same time*, communities expressed dissatisfaction with BTC/SCP for negative impacts produced during construction and for not delivering economic benefits to their expectations. This fueled frequent construction blockades and acts of limited sabotage and theft during the construction period. However, project companies generally agreed that the presence of the CIP and the implementing NGOs, who were able to act as mediators, made the blockades far more negotiable.

Lessons learned

Creating new institutions in communities as a part of community development programs can lead to conflict. In some cases the CIP created CBOs that crystallized conflict in communities. Quarrels around the selection of priorities, prejudice against the previous occupants of a village and CBO, or inability to contribute to a project, were fuelled by the creation of the new decision making power structures. The program relied on the CBOs and a "halo" of community leaders (in other words individuals showing drive but not formally in CBOs) as a primary tool of implementation. On occasion this increased the difficulties of the different groups in establishing the necessary level of wider community mobilization and cooperation for their projects.

A well-rounded, successful community investment initiative can include small-scale initial grants and then a larger-scale program. BTC/SCP learned from another project in Georgia that small grants to schools, as an up-front, "get to

know you/good neighbor" investment proved effective for initial relationship building. Small grants of no more than US$3,000 made a big impact. Faced with the opportunity to do community develop again for the BTC/SCP projects, the company may have chosen to combine this small-scale initial approach with a larger NGO-run program like CIP, which goes deeper and has results that are more long term.

If conflict resolution is a formal component of a community development program, direct it to solving real conflicts – including those related to the extractive project. In some cases, the CIP included a conflict resolution component. However, this was not particularly successful, due in part to short lived and abstract nature of trainings when compared to the difficult pre-existing conflict and divisions. The CIP consistently missed opportunities to deal with real conflicts generated by the BTC/SCP project generally and by CIP implementation. By providing assistance for the negotiation and transformation of the conflicts surrounding the building of the pipelines and the management of expectations it might have been possible for CIP to play a more active role in reducing local tensions.

Community development cannot solve community grievances with the project itself or prevent blockages, but it can make them more negotiable. Although CIP could not prevent work stoppages during construction of the pipelines, it was successful in making them more negotiable. The existence of CIP – and the community level of benefits it produced – provided BTC/SCP with an ability to negotiate more effectively with communities by invoking the CIP as evidence that the project is contributing positively and pro-actively to providing benefits in pipeline-affected communities.

Third party partners who implement community development programs can help to cultivate trust between communities and the company. This example of business value was made possible by the NGO's cultivation of trust in communities. NGO mobilizers maintained a distance from BTC/SCP at first. They were thus able to cultivate a third party trust that (a) made CIP implementation possible and (b) positioned the NGO to act as a trusted intermediary between communities and BTC/SCP. The NGO then became a ready partner to BTC/SCP to resolve community/company conflict. Community NGO mobilizers and BTC/SCP staff maintained regular communication and NGO mobilizers often responded to the front lines requests to assist BTC/SCP to understand the grievances in play and to assist in negotiation as an "honest broker" when faced with a block.

If the initial analysis of which communities should be targeted for investment needs to be adjusted, go ahead. The initial set of communities targeted for social investment was based on the definition of potentially impacted communities as defined at the outset of the ESIA. By the time the investment program was implemented, the team ha d a greater understanding of the project impacts in

relation to those communities and also of the local conflict dynamics. As a result, a few villages were added to the program and one or two which were geographically cut off from direct project impacts, were dropped. This helped to resolve some brewing local discontent.

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Background – The Extractive Investment

The Marlin Mine is approximately 90 miles northwest of Guatemala City in a remote, rural mountainous region in the western highlands of Guatemala. The area is traditionally occupied by indigenous Mayans (Mam and Sipacapa). The project area overlaps with the land area of San Miguel Ixtahuacán where the mine is located, and Sipacapa where the ore will be processed, both in the Department of San Marcos, Guatemala.

The Marlin mine is an advanced gold/silver exploration project, owned by Goldcorp (which acquired Glamis Gold, Marlin's initial project proponent). It is operated through its local subsidiary Montana Exploradora de Guatemala S. A. which began commercial production in December 2005. The simultaneous mining of the ore by underground and open pit methods is expected to yield some 217,000 ounces of gold per annum, over 10 years.

Glamis (now Goldcorp) requested IFC's participation ($45 million loan) in 2004 to assist in navigating the political situation in Guatemala, to help mitigate some of the risks of doing business, and to assist in developing partnerships with the local community so as to ensure that the project's benefits outweighed the negative impacts.

Affected Communities and Type of Conflict

Despite Glamis stated efforts to communicate with indigenous communities in the local municipalities, conflict arose as follows:

- The Guatemalan government was criticized for not carrying out a legitimate consultation process with indigenous populations prior to issuing concessions on their lands to Glamis for the Marlin mine as required in the International Labor Organization's Convention No. 169 on Indigenous and Tribal Peoples;
- Although meetings were held between Glamis and the local communities, the spirit and content of the consultations was in dispute. Residents questioned the way in which their concerns about the impacts of the mine were addressed in the consultations. Community members also doubted that the project would provide substantial local economic benefits, despite Glamis' promises of jobs and development projects;
- Indigenous communities expressed concerns over the mine's unregulated water usage and potential water contamination as a result of cyanide leakage. An independent analysis of the environmental impact assessment of the mine raised serious concerns about the quality of the assessment.

In January 2005, the group Colectivo MadreSelva, representing people in the Sipacapa Municipality, lodged a formal complaint with the Compliance Advisor/Ombudsman (CAO) of the International Finance Corporation (IFC). The complaint raised concerns that the project did not adequately consult affected people – exacerbating local conflict – and that the mine would reduce access to community water supplies and result in contamination of local waterways. The CAO investigated the matter and concluded that the people of Sipacapa will not be at a significant risk from contamination to waterways and will not experience increased competition for water as a result of the operation of the mine. The CAO also determined that consultation for the project was adequate, but that the company could have benefited from a better understanding of Mayan cultural views (IFC 2005).

CAO recommendations included: "promote a comprehensive and participatory plan for the public monitoring of environmental performance of the project" and "enhance the transparency and perceived fairness of the current procedures for allocation and response to community solicitations for [community development] support" (IFC 2005).

Type of Community Development

Glamis spent over $2.5 million in community and infrastructure development over the first two years of project development. Due to lack of local government capacity, Glamis partnered with Citizen's Development Corps (CDC) to create Fundación Sierra Madre (FSM). It was created to provide long-term developmental assistance to the municipalities of San Miguel Ixtahuacán and Sipacapa both during and following the closure of the Marlin Mine in five main areas: health care, education and training, sustainable economic development, environmental programs, and community infrastructure and local government capacity building projects.

Glamis provided over $400,000 of funding to FSM, and has planned to provide $4 million in grants over the next ten years to fund the building of roads and bridges, 37 teachers' salaries, adult literacy programs, communal banks, vocational training and rural health initiatives. A community environmental monitoring committee—*Asociación de Monitoreo Ambiental Comunitario*—was established in response to the local community's concerns with the mine's environmental impacts and the desire to have independent monitoring of those impacts.

Results

Residents in San Miguel benefited the most from community developments since 85 percent of the mine falls within the municipality. As a result, tensions arose in Sipacapa (location of ore processing) as a result of both misinformation about the

mine and the greater benefits flowing to San Miguel. This led to anger and feelings of resentment and exclusion among those in Sipacapa.

Establishment of the community environmental monitoring committee helped build the capacity of a diverse and respected group of community leaders to conduct water monitoring every three months. A communication plan was also implemented, which resulted in continuous dialogue between the communities and the company, as well as institutionalized periodic visits to the mine.

Lessons learned

An improved national climate conducive to extractive investments does not necessarily translate into local contexts. The relative political stability of Guatemala seemed to create a conducive environment for investment in mining. However, historical lack of indigenous rights and violence towards indigenous people in the region should not have been overlooked.

For companies, a key objective of consultation should be to understand non-Western viewpoints and concerns. The investigation of the IFC's CAO concluded that that "an analysis of Mayan cultural views of natural resource development, customary perspectives and traditional decision-making norms as they may relate to mining would have significantly enhanced the consultation process" (IFC 2005).

Communities, companies and investors respond differently to risk – and conflicting information can make this worse. In the case of the Marlin Mine, conflicting information about the risk of environmental degradation posed by the mine, both during the life of the mine and well into the future, detracted from the credibility of Glamis and the IFC as entities to promote and enforce environmental performance. Increased transparency by Glamis could have lessened tensions in order to address environmental concerns put forward by Sipacapan residents.

Early consultation, even during exploration, can pay large dividends later if undertaken strategically and at an appropriate level. Increased dissemination of information about the project and increased initial consultations of the local indigenous communities prior to the exploratory work would have increased the levels of trust among many of the affected communities.

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Background – The Extractive Investment

In 2005, Occidental, in partnership with Ecopetrol – Colombia's national oil company – signed an agreement to jointly operate an enhanced oil recovery (EOR) project in the La Cira-Infantas (La Cira) oil field in the Middle Magdalena Valley in central Colombia. La Cira is one of the oldest oil fields in Colombia. EOR methods can prolong the economic life of older fields by as much as 30 years. Oil from La Cira is transported by Ecopetrol's pipeline and sold to an Ecopetrol refinery.

Affected Communities

The region where the La Cira oil field is located has been impacted by years of conflict and violence. Unique factors that describe communities closest to La Cira include limited economic opportunities and lack of access to public services. Given that La Cira is a mature field, communities have a long history of interaction with the national oil company. However, communities tend not to have had experience with participatory processes and consultation. Among the key concerns of local community members near La Cira were lack of employment and access to cooking gas.

Type of Conflict Present

Colombia has experienced violent conflict for decades involving guerrilla and paramilitary forces. This conflict has been characterized by wide spread human rights violations and deaths – reaching 40,000 in 1990s alone. High levels of poverty and inequality, a high number of displaced people (approximately 2 million though this figure is controversial), weak local institutions and an illicit drug trade (accounting for 80 percent of the world's cocaine) coupled with violent conflict continue to affect the country's social fabric.

The conflict is embedded in complex historical legacies such as a lack of national cohesion following independence, a divisive geography, a weak state, class divisions and competition over land. Some of these have been further compounded by the ability of the illegal armed groups to fund their activities through the drug trade. Although Colombia underwent a successful peace process in the early 1990s which saw the demobilization and reintegration of various smaller guerrilla groups and a rewriting of the constitution, more recent attempts have been less successful.

Violence has decreased since 2002 under the leadership of Alvaro Uribe's administration, particularly in urban areas. However, despite formal peace

negotiations with the Ejército de Liberación Nacional (ELN), efforts towards paramilitary demobilization, and some success by public forces in reducing the effectiveness of certain guerrilla and paramilitary groups, continued social and political polarizations continue to cause conflict in some areas.

Conflict in the region where La Cira is located is characteristic of the type of conflict seen in previous years all over Colombia.

Type of Community Development

The work of Occidental and ECOPETROL in La Cira is an example of how diagnostic tools can be used to understand conflict and inform community investment decisions.

Given the region's historical context, Occidental in partnership with ECOPETROL identified that the future viability of the La Cira oil field depended on the effective management of security, human rights and social issues. In order to effectively address these issues, Occidental and ECOPETROL partnered with two nongovernmental organizations – London-based International Alert (IA) and Colombian Fundación Ideas Para la Paz (FIP) – to conduct an innovative Social Risk Assessment, part of the Conflict Sensitive Business Practices (CSBP) tool developed by IA (see *Detailed notes for facilitators*

Step 1. Invite
Identify stakeholders using the results of your stakeholder mapping exercise (see *Tool: Stakeholder Identification* and Mapping).

- Contact stakeholders personally using means appropriate to the context, and seek to convene a group of about ten people. Ideally, you will be able to convene groups of stakeholders who represent various points of view and sides of a conflict so that they can interact with each other and reach agreement on the dynamics of a conflict. Do this if stakeholders are comfortable in this setting and interacting with each other. You may need to convene separately groups of stakeholders who would not be comfortable being in a room together to do such an exercise jointly.
- The idea behind three separate workshops is to hold the exercise more than once with different groups of people for comparison. Schedule the time and location of the different workshops to be convenient for participants.

Step 2. Explain
- Explain the objective of the exercise and how the company plans to use the information (refer to notes above).
- Define terminology used in the exercise:
  - *Conflict* – in a way which is relevant to the exercise;
  - *Events*–defined as something that happened in a short time frame (for example, within a few hours or a day); and

    ○ *Trends*–more long-term processes or sequences of events.

Step 3. Run Exercise

- Ask participants to state the first events that mark a conflict, or the fragility of a situation. This can be in general or specifically in relation to the extractive project/area in question. Facilitators should help participants focus on a recent period of relevance to the analysis where possible. The first half hour will usually generate a flow of events, with some trends beginning to appear.

- The lead facilitator will guide the discussion and help to tease out the events based on the stories and input that participants give by asking follow-up questions. The support facilitator will write one event or trend on each post-it note that the group agrees on. The goal is to get consensus on events. Note that this is just the event, not an explanation or interpretation, just the factual occurrence.

- Stick these onto the sheets of paper on the wall. As the exercise develops, arrange in chronological order from left to right. At some point it becomes useful to mark the years of events and trends at the top or bottom of the sheet.

- Draw arrows between events and/or trends after roughly twenty minutes, once the new ideas are less forthcoming. The participants should specify what those are, and the facilitators will only mark them when there is some degree of consensus. Each link represents the fact that a particular event or trend increases the probability of another event or trend occurring. Focus on which events or trends contribute to or lead to others.

- Ask participants to identify other events and trends that were overlooked at first – write these down on post-it notes and add them to the wall. Different individuals, and the groups by consequence, will tend to focus in more detail on certain things. For example, while one group will have as a trend "escalation of acts of violence" another group will specify the key acts that trigger other events and trends.

- Then, encourage participants to continue by identifying "potential events and trends" that may plausibly occur in the future. In this way, the exercise also consists of some forecasting (not scenario planning).
Lead facilitator: suggest plausible possibilities to get the group to respond.

Step 4. Analyze

- Each "map" represents a unique analysis from a specific viewpoint and helps capture the viewpoint of each group. Maps from different groups may contain the same events or trends but use different language to describe them or present them in a slightly different context.

- Certain trends and events emerge as particularly significant "nodes," indicated by a concentration of linking arrows.

- Rank these nodes on a separate sheet based on the number of links or arrows made to and from them, and using, as far as possible the words chosen by the participants. This helps to identify key issues as identified

by each workshop, and behind them the actors that drive or will drive the dynamics of conflict and peace in the area. Nodes can be trends (e.g. unemployment) or landmark events (e.g. an agreement that is signed, arrival of foreign workers).

- Close out workshop. It is important to leave workshop participants with something tangible. Summarize what the group discussed and agreed. Explain why this is useful for the project and that the company will use this information to make better choices about community development. Take pictures of mapping on the large sheets of paper and then make an electronic version to send around to workshop participants later.

Use Results Post-Workshop
- In total over 30 different nodes can be identified in the workshops. Analyze the patterns emerging from the different "maps" to identify commonalities. Unique perspectives may emerge from the different groups with certain aspects emphasized by one group and not by another. But experience shows that overall narrative will be similar.
- Define the sphere of influence of the project and what can be accomplished by project community investment.
- Only five to ten nodes from this exercise deserve analysis in terms of targeting or relevance to the objectives of any community development program aimed at reducing tension and seeking sustainable development.

Figure A.1 Example Conflict Map

Reference
Channel Research, developers of the tool: www.channelresearch.com

Tool: Conflict Sensitive Business Practice: Guidance for Extractive Industries). This process was designed to identify (a) key local grievances, (b) potential impacts from the project on local communities and (c) the best opportunities to support the livelihoods of those living in the region through corporate community investment.

The CSBP Social Risk Assessment involved field research and consultation with a broad range of internal and external stakeholders to do a two-way risk and impact analysis with a specific, but not exclusive, focus on issues of security and human rights. IA and FIP conducted an independent assessment of this process which yielded valuable information and recommendations regarding the key potential social, security and economic impacts of the La Cira oil field. The following local priorities were chosen as a result: further implementation of the Voluntary Principles on Security and Human Rights in the region; managing land issues with neighbors; and promoting safe utility use among the local population who had installed unsafe connections to oil field pipes.

Results

Using the CSBP tool helped Occidental and ECOPETROL to establish a more systematic procedure for risk assessment and deeper stakeholder engagement, which in turn fed valuable information into community investment decisions regarding priorities and programs.

In particular, CSBP:

- allowed Occidental and EcoPetrol to develop better informed, more strategic and participatory community investment programs around emerging issues;
- improved the project risk assessment process through stakeholder engagement;
- improved the companies' commitment to stakeholder engagement as a continuous process;
- improved the companies' commitment to the Voluntary Principles in Security and Human Rights.

The risk assessment process as carried out using the CSBP tool has been implemented across Occidental's existing and new operations in Colombia , and is under consideration by ECOPETROL for implementation on other projects.

Lessons learned

A systematic process for risk assessment and stakeholder engagement is especially important in conflict regions. Undertaking a Social Risk Assessment allowed Occidental and EcoPetrol to address key community concerns. This avoided tensions that otherwise could have been exploited by groups seeking to undermine stability, transparency and project operations for their own benefit.

A systematic process for risk analysis and engagement allowed greater understanding among key players regarding community investment and respective roles. In Colombia, Occidental, Ecopetrol and community members reached common understandings of the social investment process and the corresponding roles and responsibilities of each participating organization.

The participation of various functions of the company in risk assessment and stakeholder engagement led to greater understanding among personnel as well as with external stakeholders. Integrating representatives from different areas of the company (i.e. supply chain, operations, purchasing, communications, environment etc) in the risk assessment and stakeholder process allows for cross learning within the organization and better awareness of how daily business practices have specific effects on the general population.

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Background – The Extractive Investment

The case of the Niger Delta is familiar and infamous: it is illustrative of the challenges of implementing extractive sector-led community development amidst conflict that now centers squarely on the oil and gas industry.

Nigeria is the largest oil producer in Africa and the eleventh largest producer of crude oil in the world. The Nigerian economy is heavily dependent on the oil sector, which accounts for 95% of the country's total export revenues. In 2006, total Nigerian oil production, including lease condensates, natural gas liquids and refinery gain, averaged 2.45 million bbl/d, of which 2.28 million bbl/d was crude oil. The Nigerian government hopes to increase its oil production capacity to four million bbl/d by 2010.

The Nigerian National Petroleum Company (NNPC) retains controlling equity interests in most Nigerian fields, partnering with foreign oil company operators, most prominently Shell, ExxonMobil, Chevron, Total, Agip and ConocoPhillips. Production historically has been onshore across the riverine areas of the Niger Delta. Exploration and development more recently has moved offshore.

The *Oil and Gas Journal* estimates that Nigeria had an estimated 182 trillion cubic feet (Tcf) of proven natural gas reserves as of January 2007, which makes Nigeria the seventh largest natural gas reserve holder in the world and the largest in Africa. Forty percent of Nigeria's annual natural gas production is flared because of the lack of infrastructure to utilize natural gas, according to the NNPC. Increasingly, more of Nigeria's natural gas is being processed into liquefied natural gas (LNG). Nigeria's most ambitious natural gas project is the $3.8 billion Nigeria Liquefied Natural Gas (NLNG) facility on Bonny Island, which has involved NNPC, Shell, Total and Agip. Additional LNG facilities in Nigeria are being developed by Chevron, Technip, ConocoPhillips and Agip. [1]

Affected Communities

Two characteristics of peoples of the Niger Delta are essential to understanding the conflict between oil and gas companies and communities: (1) ethnicity and (2) poverty. The Niger Delta is diverse ethnically: the population of 20 million people comprises more than 40 ethnic groups, speaking some 250 languages or dialects. In addition, within Nigeria the ethnic groups in the Niger Delta are minorities vis-à-vis the three largest ethnic groups in the country (Yoruba, Igbo, and Hausa-

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(1) Background statistics on production and operators in Nigeria comes from the Energy Intelligence Unit (EIU) of the US Department of Energy: http://www.eia.doe.gov/emeu/cabs/Nigeria/Background.html.

Fulani). The population across the Niger Delta is also, on average, poor. In 2004, the incidence of poverty in the states of the Niger Delta ranged from 19.98% in Bayelsa State to 45.35% in Delta State. [1]

Types of Conflict Present

The case of the Niger Delta become well-known globally largely because of Ogoni leader Ken Saro-Wiwa, who was executed by the military government of Nigeria in 1995. Activism by other leaders and groups, and the rising eruption of insurgency and violent conflict, have persisted despite Nigeria's return to elected civilian rule in 1999.

Recent estimates show that across the Niger Delta there are 120 to 150 conflict hotspots. One scholar [2] describes several types of current conflict:

- Secessionist conflicts: groups seeking to distinguish themselves from other groups, e.g. Bonny;
- Proto-nationalist movements: nation-building activism vis-à-vis the state of Nigeria and other ethnic groups, e.g. Ogoni;
- Oil insurgency: an armed rebellion by any irregular armed force against the state of Nigeria, e.g. the Movement for the Emancipation of the Niger Delta (MEND);
- Oil security incidents: actions by security forces of the state or companies against communities or vice-versa – may be related to or a part of the above conflicts, e.g. human rights abuses by state security forces or recent hostage-taking; and
- Organized criminal activity.

Part of the Niger Delta's conflict is also fuelled by the direct theft and sale of crude oil, known as illegal oil bunkering, which is a highly organized operation and accounts for perhaps 10 percent of Nigeria's daily production.[3]

The self-described identity of citizens in the Niger Delta is often cited by them as an underlying source of tension. Villagers and community activists often explain their grievances through an ethnic lens: that the deprivation of the Niger Delta is directly attributable to discrimination they have suffered vis-à-vis Nigeria's three largest ethnic groups and vis-à-vis- the Federal Government. In addition, villagers claim that their poverty is unjust: that they deserve more because they live above the oil and gas that generates revenue for the Government of Nigeria and profit for oil and gas companies.

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(1) Nigeria National Bureau of Statistics, 2004.
(2) Dr. Michael Watts, speaking at the Niger Delta Social and Conflict Analysis Framing Workshop at the World Bank, Washington DC, 5 April 2007.
(3) Human Rights Watch. 2003. *The Warri Crisis: Fueling Violence.* http://www.hrw.org/reports/2003/nigeria1103

Generally, conflict in the Niger Delta revolves around demands for resource control: a demand made by citizens, communities, ethnic groups and states of the Niger Delta to directly control oil and gas resources and the revenues generated from their development.

Type of Community Development

The Nigerian government, over time, has set up governmental agencies to oversee and implement development in the Niger Delta. These include the Oil and Mineral Producing Areas Development Commission (OMPADEC) and its successor, the Niger Delta Development Commission (NDDC). The NDDC's mandate is to "conceive, plan and implement…projects and programs for the sustainable development of the Niger Delta area in the field of transportation…health, education, employment, industrialization, agriculture and fisheries, housing and urban development, water supply, electricity and telecommunications."

Individual states in the Niger Delta have also mobilized government-led programs for community development, including the Rivers State Sustainable Development Program (RSSDP) and Bayelsa Partnership Initiative (BPI).

Alongside governmental efforts, foreign oil companies have established their own community development programs, which have undergone many evolutions since the 1990s. The Niger Delta has served as a laboratory for oil company-financed community development.

In 2005, Chevron Nigeria adopted a new approach to community engagement to foster participation of communities in the process. Global memoranda of understanding were signed with eight community groups in the Niger Delta as well as with state governments, with the objective of gradually shifting control over the design, planning and execution of community development programs from the company to communities through newly created regional development councils. Chevron's projects in the Niger Delta have focused on infrastructure, health, education and economic development.

Shell maintains a multi-million dollar community development program, similar in approach to Chevron's. Shell's priority areas of community development in Nigeria are health care, education, youth development and sports, and business development.

Total's community development programs are run through partnerships with NGOs, the Nigerian government and the communities. Projects are selected by consensus with the communities, through consultative committees. The primary focus of projects has been to provide basic social infrastructure and education, and foster business development.

Results

Community development initiatives in the Niger Delta on the whole have not been successful. On the government side, OMPADEC is widely regarded as a failure. It was subject to corruption and ineffective management and produced few tangible and lasting results. Since it was set up in 2000, OMPADEC's successor, the NDDC, has established a Master Plan and implemented hundreds of projects. The long term viability of the NDDC and the sustainability of its projects remain to be seen.

On the oil company side, frequent changes in approach and the evolution of programs reflects a continuing struggle to find a model that actually works. Hundreds of millions of dollars have been spent. Evaluations of company programs have concluded that a high percentage of projects have not been implemented well or have not produced long-lasting benefits. The deteriorating security situation in the Niger Delta indicates that community development efforts to date also have not produced a viable social license for companies to operate.

A potential bright spot – which reflects the failings and learnings of the past – is a new approach that combines macro level efforts to tackle the big questions with micro level efforts to deliver local community development. On the macro level, Nigeria's participation in the Extractive Industries Transparency Initiative (EITI) is a fundamental step needed to tackle revenue transparency and productive re-investment of oil revenues. On the micro level, community development initiatives such as those facilitated by NGO Pro-Natura Nigeria have focused not only on participatory processes among intended community beneficiaries, *but also include the financial and administrative participation of local and state governments.*

These new approaches – although to date isolated within the overarching context of deterioration of security and escalation of conflict – stand some chance of success because they:
1. explicitly tackle governance and involve the government at different levels as a partner;
2. empower community-based beneficiaries and non-governmental organizations through participatory processes; and
3. work to shield community investment itself from corruption, which has plagued government- and company-led initiatives.

Lessons learned

The absence of government and unproductive re-investment of oil revenue effectively transferred community demands for public goods and services onto oil companies. Companies assumed the role of government, and this only fueled expectations and put companies in an unsustainable and ineffective role of providing basic services.

Accommodating communities through direct payment outside of community development initiatives added to inequality and ineffectiveness of social investment. When companies engaged in a parallel practice of compensation of communities by making direct payments to elites and others, it undermined participatory community development and rewarded powerful, entrenched interests.

Leaving community development to the government did not work. Government development initiatives and institutions do not work in Nigeria, where the ineffectiveness and corruption of the state simply becomes a feature of new government development agencies such as OMPADEC and the NDDC.

The conventional focus of community development – mainly on building infrastructure – has proven to be more easily "captured" by corrupt contractors. Corruption "invaded" community development because it is a pervasive feature of Nigerian society.

Designating "host communities" as beneficiaries for community investment added to local conflict. Companies designated "host communities" and privileged some beneficiaries over others, based largely on proximity to installations. In the Niger Delta, this has created "winners" and "losers," which added to tensions between groups.

Success is not determined by the amount of money spent. Hundreds of millions of dollars have been spent by companies to date in the Niger Delta, largely on efforts that have not produced lasting development impacts or improved company-community relations.

Ultimately, deep-rooted, fundamental community grievances – for more resource control and direct revenue transfers from the federal government – could not be addressed or wished away by micro-level community development. Indeed, left unattended, these underlying grievances overwhelm and undermine local successes.

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Background – The Extractive Investment

Mount Koniambo is situated on the island of Grande Terre in the Northern Province of New Caledonia, a semi-autonomous French Territory across a group of islands in the South Pacific, which contain 25% of world reserves of nickel. The mine, which is due to come into operation in 2011, will be situated on top of the mountain which straddles three political administrative units or Communes (Voh, Koné, Pouembout). It will have an ore processing metallurgical plant on the edge of a lagoon and access to large tonnage ships achieved through dredging.

The concession was granted in 1998 to a consortium of Société Minière Sud Pacifique (SMSP), a state owned company of New Caledonia, and the Canadian company Falconbridge Limited, acquired by Xstrata in 2006. The project entails an estimated investment of US$3.8 billion, to be mainly funded by Xstrata, in return for a proportionate share of the project's cash flows in the first 25 years of operation. Koniambo will be among the world larger producers of nickel with an initial annual production of 60,000 tons. As a large extractive project, Koniambo risks of impacting the Melanesian tribes in its vicinity, in particular the Oundjo tribe, whose village is located close to the processing plant.

The Koniambo Project's scale gives it considerable political importance on the island.
1. The project will provide direct **revenue** to New Caledonia.
2. The project takes place in an area of **sensitive ecological biodiversity**.
3. The project represents both **threats and opportunities vis-à-vis cultural heritage** of local communities.
4. The public administration plans to **"rebalance" economic development** by using the project as a way to encourage people to remain in their province of origin and return from the capital city Noumea to work in jobs in the North. It is estimated that more than 2000 jobs will be created during the construction phase, with 1000 direct jobs and 2500 indirect jobs during operations.

Affected Communities

Melanesia has unparalleled linguistic and cultural diversity. The region features relatively discrete linguistic and cultural identities contained in small population groups that reside in close geographic proximity. Around the Konianbo project the population is relatively diverse. It includes New Caledonian Melanesians or Kanaks [1] (61%), 29% Europeans [1], 2% Polynesians and 8% other (Indonesian,

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(1) The term "Melanesian" in New Caledonia means primarily the native population, and is a synonym of "Kanak."

Tahitian, Vietnamese, ni-Vanuatuan etc.). These percentages show a greater Melanesian presence than is observed elsewhere on the island of Grande Terre.

Demographics are an important political consideration in New Caledonia. Since the Nouméa agreement (which grants a referendum on independence in 2014), the ethnic composition of the islands has become a source of power for one or the other group. The Koniambo mine affects this dynamic because it will require skilled foreign labor during construction and will cause the loss of ownership and control of land.

The Voh region, where the mine is located, is one where cultural identity and organization has been in flux. Successive waves of refugees from nearby regions came, chased prior to and at the beginning of colonization by other linguistic groups. The new emigrants mingled with the former occupants and established a constellation of local groups which even today have a great deal of trouble in constituting a socio-political unit.

In addition, Kanak (native Melanesian) and European cultures possess different cultural views which affect the way in which people relate to a large industrial mine. Kanak tribes have a more global vision of their space, which consists of the space in which they effectively live and a "referential social space," which covers the whole of the area impacted by mining, and indeed the whole island. The very construction of the mine affects fundamental issues of identity and lineage.

Type of Conflict Present

There are two primary sources of conflict the area: existing issues around land rights which will be exacerbated by the mine development, and access to natural resources, particularly traditional fishing areas including the highly valuable mangroves.

The project consortium acquired the formal legal rights to the nickel in January 1998. In 2000, the project reached a direct agreement with the indigenous Kanak communities, which consider themselves the ancestral owners of the Koniambo Massif. This took place through a customary ceremony marked by the exchange of gifts, symbolizing respect and the giving of one's word. This bond is considered much stronger than written and legal frameworks in the traditional society.

Yet some of the clans in the area did not feel they were represented in this ceremony, and hence do not believe that they have granted the rights for the industrial exploitation of the site. The Ounjo tribe, in Voh nearest to the nickel

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(1) This category includes people of European extraction. They are basically "Caldoches", a term that means the white or mixed population that has been for more than a generation in the Territory, and the "Métropolitains", non-natives of the Territory, some of whom have not settled in New Caledonia for the longer term.

mine process plant, is divided by serious internal tensions. The forced establishment of the village during colonization was the source of many land disputes. Resentment, jealousy and disappointment often built up within these artificial communities, increased by the fact that the new community included people who had formerly been enemies.

The recovery of "clan lands" is a permanent source of disputes in New Caledonia, because those who are genuinely entitled to these lands do not necessarily belong to the clans who are claiming them. More problematically, the clan claims were often interpreted as a claim for the restitution of lands to the first people who cleared them, which led to reactions not only from the many groups who entered the area after their own lands were taken away from them and following the colonial wars but also by groups who have been there for a long time but who have always been regarded as outsiders.

The mine will also local access to natural resources. An example is the mangrove used by the Oundjo tribe for traditional fishing activities. The mine proposed that access to the mangrove situated in the Vavouto Bay (Taa area) is restricted, if not altogether barred, for safety reasons during the busiest part of the construction phase. This will affect traditional and professional fishers of the Oundjo tribe. Although professional fishing is no longer the prevailing and exclusive economic activity, Oundjo remains known as a tribe of fishermen. Access to the Vavouto mangrove is both socially and economically important for the Oundjo tribe, in particular the women who generate the main income through crab harvesting.

The Environmental and Social Impact Assessment (ESIA) and the Engineer Independent Report both emphasize that the women fishing in the mangroves will suffer. Mangrove crab harvesting used to be part of their subsistence economy but is now developing into a business. In certain tribes, such as Oundjo, it now accounts for a significant share of the economy and forms the primary source of income for women[1]. Nevertheless, this issue encompasses more than the economic challenge: crab harvesting is perceived by women as a social event and thus triggers identity issues. Conservation of and access to the mangroves[2] therefore involve economic, social and environmental challenges.

Type of Community Development

Under the aegis of the Konianbo Nickel Community Relations department, a taskforce has been set up to review the current situation and potential impacts on the tribe, o come up with viable alternative proposals.

(1) [1] *Rocklin, 2006, p5*

(1) [2] Tropical arborescent vegetal formations essentially comprising mangrove and forming an interface between land and sea (Thollot, 1992, quoted in Rocklin, 2006, p 3). The mangroves are the habitat of mangrove crabs, *Scylla serrata*, a resource exploited in New Caledonia.

A formal consultation process has thus been carried out using external international experts over several months. It involved public information meetings, individual interviews and workshops (focus groups) with local stakeholders (professional and traditional fishers, women, representatives from the Northern Province institutions), applying participatory techniques. Many solutions have been suggested and discussed by both sides (the company and the affected population). One of the conclusions was that this specific mangrove had not only an economic but also social and cultural values. As a result, access to the mangrove will not be forbidden, but specific safety measures implemented instead.

To address the issue of land conflicts more generally, the company has established regular participation in Customary Assemblies, made up of community leaders and company managers, which meet regularly to allow the exchange of information. The intent is to avoid situations of involuntary marginalization of groups, such as what occurred around the customary handing over of the property for Mount Koniambo.

The project has committed itself to working alongside the well resourced government institutions to create a community economic development plan specific to the project. This will be implemented before construction and will carry on through the construction and operations phases. This plan includes:
- Working with North Province and local communities on preferential treatment for "local" job/training seekers and economic development programs;
- Economic diversification funding and support, initially to support mining economy (seed/generator stage) targeted at a later economic role through a participatory process;
- Construction work related to public infrastructure; and
- Working with local communities and North Province to create redistribution of economic development.

Lessons learned

The company's participation in Customary Assemblies has allowed the company to better understand particular cultural views and to avoid some of the cultural misunderstandings that took place early in the project. By being periodic and relatively informal, these have allowed the company to gradually identify issues as they were perceived by the communities.

The work done has allowed access to knowledge which did not exist previously, including on the changing social structure of the Oundjo tribe. For instance, the company has established partnerships with local research institutes in social sciences which will follow up the social impact of the project, through participatory studies and research work involving the local tribes.

It is a systematic stakeholder analysis – as part of the Environmental and Social Impact Assessment (ESIA) – that showed the importance of the impact of restricted access to the mangrove on women. The high level of influence attributed to women – otherwise generally regarded as vulnerable and without any significant decision-making power [1] – was quite surprising to observers. Yet it was fundamental to understanding the conflict over restricted access to mangroves. Not only were women's associations deemed influential, but also the women as individuals (e.g. female crab harvesters).

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(2)   [1] Falconbridge, 2005. *Environmental and Social Impact Assessment (ESIA)*, p 9-33; Pincock, Allen and Holt, *Engineer Independent Report*, 2005, p 7.34.

Background – The Extractive Investment

Newmont Ghana Gold Ltd. (NGGL) is developing gold reserves at the Ahafo Project in the Brong-Ahafo Region of Ghana. The Ahafo Project is located along a mineralized zone (Ahafo Project area) that extends approximately 70 kilometers (km) in the central portion of Ghana.

In December 2003 NGGL signed a foreign investment agreement with the Government of Ghana guaranteeing certain financial rights over a thirty year period, which has subsequently been separated into two components, Ahafo South, and Ahafo North. Newmont is also developing a second project, Akyem, located in Ghana's Eastern Region.

NGGL began project implementation in April 2004. Compensation and resettlement activities were completed to clear a mining area roughly 3,000 hectares in surface. Construction in this area of the mine and plant is complete, and both are currently in operation. First gold was produced in July 2006.

Affected Communities

The farming communities in Asutifi District are the main project affected people: approximately 1,700 households comprising over 9,500 individuals, plus over 4,700 acres of agricultural fields and 1,560 buildings.

Newmont resettled the communities in two resettlement villages with 400 households and compensated the families for the value of crops growing on land taken over for the project. In addition, the company initiated a series of alternative livelihood and other community development programs to help the resettled and relocated people adapt to their new living situation.

Type of conflict present

- The Newmont-led Ghana project took over what was formerly the Normandy Mining area. It thus inherited the legacies of the earlier project.
- The area is remote, new to mining with weak governance. Local communities had high expectations of jobs and other benefits like local contracts and supply opportunities.
- The area was densely populated with 97% subsistence farming and land based dependence. Land acquisition leading to inevitable resettlement was a key challenge because it involved physical as well as economic displacement. The project faced challenges of managing the resettlement

to international standards, meeting stakeholder expectations and managing the developmental aspirations of the communities.

- Stakeholders were concerned that the mining industry in Ghana did not implement sound environmental management practices. They expected Newmont to implement responsible environmental and social practices.
- The complex social system and power of the tribal chiefs in administering land and compensation made it challenging for the company to negotiate community sensitivities. Inter-chief rivalries and struggles for power added to the complexity.
- The resettlement of almost 10,000 people created tensions including jealousy over the new houses and amenities provided to the displaced families.
- Although large scale community development was initiated, the investment created tensions and competition in the communities for limited training space and access to loans.

Type of Community Development

Major community development and investment initiatives include:

- **Local infrastructure improvements:** Newmont Ghana made a number of investments in local infrastructure, including the construction of a bypass road to skirt mining traffic around Kenyase, improvement of other local roads and drainage systems, street lighting, wells, schools, and cellular towers allowing for cellular phone coverage in the project area and in surrounding communities.
- **Livelihood Enhancement and Community Empowerment Program (LEEP):** The LEEP Phase 1 program was designed to address the needs of those who lost houses or farmland to the project. LEEP 1 included training programs designed to improve farm management, crop production, and post harvest storage. Specific classes include pest control, new food processing techniques, and introduction to new business opportunities such as soap-making, beekeeping, batik, fish farming, and oil palm extraction. LEEP also provided training in money management and has established a micro credit program. LEEP staff have worked to build local capacities in community water and sanitation committees and youth groups. The LEEP Phase 2 program is designed to expand small business creation, micro credit and community infrastructure improvement programs and make them available to other community members beyond the resettled and relocated households.
- **Agricultural Improvement and Land Access Program (AILAP):** A key impact of the Ahafo South project on local communities was the loss of farmland for many people. Farming is the primary economic activity for most people in the region. Therefore, regaining access to land is critical to ensuring long-term economic and social stability for the mine-impacted communities. While the company recognized early on in the process that the need for "replacement" farmland would arise, the path to a solution

did not come about until after most people had been resettled. The Agricultural Improvement and Land Access Program seeks to maintain or exceed pre-project levels of crop productivity and ensure compensated farmers have access to land by:

- o Providing agricultural inputs for those people compensated by the company for loss of cropped land, sufficient to farm two acres of land (the average farm size pre-project);
- o For those with less than two acres of land, facilitating access to a minimum of two acres of arable land, making them eligible for the agricultural inputs program.

- **Framework for Agricultural Improvement:** The AILAP is one of three initiatives planned under this suite of programs designed to encourage the Asutifi District to realize agricultural productivity, total production, crop diversity and market access that exceeds pre-Ahafo South Project levels. The other two are the LEEP program, described above, and the Ahafo **Agro-business Growth Initiative (AAGI),** begun in April 2006, which allowed an additional 1,000 farmers to participate in high-impact agriculture and small business management training by stimulating economic opportunity and development for local communities of the Ahafo District. Phase 2 of AAGI includes more than 2600 farmers.

- **Vulnerable program:** The goal of the Vulnerable Program is to provide a safety net for those households directly impacted by the project and to assist people to become self-sufficient. The objectives are to identify, assess, support, remediate and follow-up with project-affected households experiencing severe transitional hardship due to project development. Assistance is provided in the form of cash, store credits, training, health insurance, education, counseling, and nutritional support (food baskets). The assistance is provided in a socially acceptable manner so as not to interfere with traditional community support systems.

- **Ahafo Social Responsibility Forum** was formed following Newmont's commitment that $1 US per ounce of gold sold and one percent of net profit from the Ahafo Mine will be set aside in a Community Development Fund for sustainable community development projects. This was formed also due to the efforts of the communities themselves who sought such investments. The Forum provides a context for representative community-drive development decisions.

Results

The design of the strategy took into account the very limited institutional capacity and lack of economic development of the villages. The measures taken ensured that large scale problems like blockades, community protests or strikes did not happen during the construction period, or were negotiable. The district assembly or local government played a key role. Newmont actively built capacity of local governance (with agencies like United States Agency for International Development [USAID]) and partnered with the local government to implement

the resettlement plan and manage community development initiatives. This also improved the interaction between the communities and the local government itself.

The nature of the interaction between the company and the communities is moving increasingly towards one of communication and partnership. The Social Responsibility Forum is a product of this interaction where the company had sustainable development goals and a similar need was also echoed by the communities for such a forum to make decisions on investments in a sustainable manner.

Lessons learned

Although most community projects were successful, community investment programs could not effectively address some key larger issues. For example, although the company is committed to improving women's empowerment there is limited ability to force contractors to hire women as labor.

As the context changes around an extractive project, community development programs need to be flexible to address new important issues. Newmont changed program emphasis as issues of migration, population influx, HIV/ AIDs, which were earlier seen as periphery issues and later came into focus for developmental interventions.

It is difficult to ensure that the priorities of non-vocal and less powerful stakeholder groups are addressed in community development programs. Typically official or unofficial leaders, opinion-makers and powerful groups are easy to identify and engage but engaging silent minorities/majorities (women, children, People Living With HIV and AIDS, elderly, renters, other individuals or groups with low social status or leverage, etc.) is difficult. Their issues may be just as acute, but less visible to the company.

Community development itself in some cases created conflicts because it prioritized first directly affected people. Because community development projects were targeted towards directly affected people, this created tensions and jealousies amongst the other communities in the district. The company developed a process of negotiation and dialogue that gradually eased the communities into the idea that most projects would eventually cover all sections of the communities over a period of time. The LEEP Phase 2 is an example where the second phase was extended to the entire community and not just directly affected peoples. Other projects like AAGI have limited seats for the farmers. This created problems as there were a large number of applicants. A quota system has thus been established for moving forward and determining eligibility for the program.

Early and aggressive stakeholder engagement was key for identifying stakeholder issues and establishing relationships. Newmont involved

stakeholders in assessment, program design, and implementation in order to achieve stronger programs and more community buy-in.

Experienced staff and top management commitment are critical for successful implementation of community development. A critical mass of experienced and motivated expatriate and local staff was included early in the project lifecycle to design and begin best-practice inspired programs. Genuine management and staff intent and their full commitment helped make up for small budgets and knowledge gaps in the early days of a project.

Partnering with outside experts filled the gaps on local knowledge and technical areas where company managers were unfamiliar with specific details (e.g. community HIV/AIDS programs, small-holder agricultural development, livelihood creation, micro-finance, etc). Newmont realized early on in the Ahafo project that it would need to seek outside partners to help with various aspects of its community development and resettlement activities. Through public-private partnerships, Newmont's partners have brought expertise, ideas, human and financial resources, and third party objectivity and credibility to a number of company initiatives. The exchange of information between the company and these partners has proved to be a positive learning experience for all the parties. The *Ghana Responsible Mining Alliance* is one such partnership that brings the combined resources of Newmont Ghana, Goldfields Ghana, the Ghana Chamber of Mines and USAID to bear on the goal of building prosperous, healthy, lasting communities and a roadmap for responsible mining in Ghana.

Starting small with a model program and scaling up is an effective strategy. For many of its social development activities, Newmont started small, with model programs, and then scaled up, sometimes very quickly, once it felt comfortable with the approach and the provider (as with the livelihood programs and agricultural development programs).

Livelihood surveys generate data and insight on communities that informs more effective community development intervention. Most of the community programs grew out of a series of extensive livelihood surveys that were conducted by a development NGO to determine the Ahafo-area communities' baseline social and economic status. Initial surveys focused on the project-impacted people, and were later extended to cover the broader population in surrounding communities. This approach ensured that NGGL community development projects have been and will be based on needs and priorities identified by the communities themselves.

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Introduction – The Extractive Investment

The Democratic Republic of Congo's (DRC) mineral wealth, as well as improved investment climate after years of conflict, is beginning to attract international mining companies driven by booming demand from new markets such as China and record-high commodity prices. In the latter years of the Mobutu regime, throughout the war and with the collapse of state-owned enterprises, the informal mining sector significantly expanded, resulting in high employment levels in illegal mining activity and significant vested interests in illegal trade. Conflict between the new foreign investors and artisanal miners as well as entrenched illegal/informal traders is increasing and resulting in social tension across the DRC with greatest documentation of events in Katanga and Kasai.

DRC's regulatory environment and capacity are weak, and existing laws such as the Mining Code are not enforced. Local authorities and security forces tend not to be paid, which leads to corruption and undermines trust in the police and army. Authorities and security services are paid off by intermediaries or traders (negociants) to turn a blind eye to, or in some cases even promote and protect, their illegal activity.

The artisanal mining sector in the DRC represents a significant source of livelihood. Roughly 100,000-150,000 people are estimated to be employed in artisanal mining in the Katanga region alone. Women work around the mines, most often as transporters and processors of raw material, as well as providing services to the mine such as catering and, frequently, prostitution. Women are rarely given equal pay, rights or representation. Several thousand women and 4,000 children are directly involved in or indirectly affected by artisanal mining in the town and district of Kolwezi, in Katanga Province.

The level of employment and source of livelihood provided by artisanal mining activity will not be replicated by a formal mining sector. Modern mining is simply not sufficiently labor-intensive to generate the scale of jobs that would be needed. As the mining sector in the DRC is formalized by foreign investment, the necessary approaches and tools need to be developed to assist the integration of artisanal mining within the broader mining sector agenda.

Actors involved

- Artisanal miners, transporters, negociants, illegal traffikers, depots, etc.
- Artisanal mining committees and associations
- Government at national, provincial and territorial / town levels

- Government institutions concerned with artisanal miners
- State-Owned Enterprises
- Public security forces
- Large and small-scale mining companies
- Investors, insurance companies
- NGOs & civil society
- Multilateral agencies, multi- and bi-lateral donors

Types of Conflict Present

- Increasing anger and frustration associated with the perceived and actual loss of national control over the country's natural resources to foreign companies: if artisanal and small-scale mining is not supported, this could result in cultural and national unrest.
- Increasing pressure on artisanal miners to re-locate from sites where they have been operating illegally over the past six to eight years which have now been granted exclusively and legally to companies by the government. This represents a loss of income and livelihood on a vast scale with resulting violence and social unrest.
- Competition, lack of competence, mistrust and exploitation by organizations and structures involved in supporting artisanal miners. These are both Governmental and non-Governmental groups.
- Internal conflicts exist within the artisanal mining and trading communities also, as indebted miners try to leave the sector but are prevented from doing so by the companies, traders, governmental and security actors who have profited from their labor and do not want, in turn, to lose their income.
- Conflicts frequently arise between resident village communities and artisanal mining communities that arrive to exploit resources. These highly migratory miner groups cause competition over resources, local inflation and environmental damage. Artisanal mining 'rushes' also present health risks to the local community (particularly through the spread of HIV/AIDS and other STDs) as well as causing social disruption through family breakup, prostitution, substance abuse and a collapse of traditional values and authority. Efforts by companies to avoid or reduce conflict by engaging with or investing in artisanal mining communities and issues can be very negatively perceived by resident communities.

Fundamental to all of these conflicts is the volatile nature of artisanal mining society and mentality. This highly marginalized group represents some of the poorest and most exploited people in the DRC. There is little hope for the future, which means they feel they have nothing to lose. Conflicts, therefore, can be sudden, manipulated by external actors, and violent.

Type of Community Development

1) **Multi-stakeholder collaboration.** A multi-stakeholder collaboration—with representatives from Anvil Mining Ltd/Société Minière de Kolwezi (SMK), International Finance Corporation (IFC), Katanga Mining Ltd/Kamoto Operating

Limited (KOL), Nikanor/DCP, the NGO Pact Congo, Tenke Fungurume Mining (TFM), and the US Agency for International Development (USAID)—was initiated with the goal of developing an integrated approach to artisanal and small-scale mining, designed to provide a strategic roadmap with a set of practical recommendations on safe legal mining practices, livelihood alternatives and conflict management for implementation in Kolwezi.

The project is intended to contribute to a better understanding of the dynamics of artisanal and small-scale mining, and to rally key players around a set of agreed-upon actions aimed at improving the lives of the artisanal and small-scale miners, and improving their relationships with the larger mining operations in and around Kolwezi, in Katanga Province.

The project involves a participative and diplomatic approach to ensure all stakeholders are represented, and that economic, social, and environmental perspectives are considered. Major activities include baseline data collection; assessment of economic activities, infrastructure needs and commercial opportunities; assessment of legal and judicial capacity, challenges and priorities: capacity building and training; and stakeholder engagement.

2) **Compensation and re-location of artisanal miners from large-scale mine sites.** Through a series of negotiations and economic analysis, Pact has assisted partners in relocating or compensating artisanal miners as part of a peaceful site clearance strategy. In all cases, a committee or representative group must be formed if it does not already exist. Motivating artisanal miners to engage in this process requires the offer of at least some alternatives. In most cases, a portion of jobs are offered to artisanal miners directly with the company in roles such as support to the exploration team or site security. The alternative of a compensation package based on current market earnings, or the alternative of participation in Pact's social development projects, is also negotiated if and where applicable.

3) **Transition of artisanal miners into alternative livelihoods.** Through its social development programs with various mining partners, artisanal miners are recognized as one vulnerable group for support. Pact includes economic activities for artisanal miners in its work. Currently, former artisanal miners are involved in brick, gravel and fence-making businesses, agriculture and other small businesses.

4) **Closure of precarious and dangerous artisanal mining areas.** In order to prevent conflict or social unrest, Pact assists partners, including Government, to effectively and responsibly close dangerous artisanal sites. Previous incidents of artisans dying as a result of land-slides or tunnel collapses has provoked rioting and general social unrest targeted at large-scale mining companies, public infrastructure and the Government.

Results:

- Successful negotiation and re-location of over 120,000 artisans in three areas of Katanga.
- Over 1,000 artisans involved in alternative livelihoods activities with Pact and its mining partners across Katanga.
- Closure of a highly dangerous artisanal mine in Kolwezi with participation of Government and the UN Mission in the DRC (MONUC).
- Successful negotiation and employment strategy to peacefully and legally regain control of an artisanal mine site in Kolwezi which was illegally occupied and using extremely dangerous practices.
- Establishment of a mine closure plan in Ituri.
- Advocacy and technical advice on viable artisanal zones (as permitted under the Mining Code) with government.
- Assessment of capacity and needs, development and implementation of a pilot training program for the government service for artisanal and small-scale mining in Kolwezi.
- Policy engagement with donors for inclusion of artisanal mining in DRC national poverty reduction strategies including advocacy and support for a national platform for collaborative planning and implementation of initiatives.
- Collaborative approach established in Kolwezi to produce a sustainable and peaceful transition plan for artisanal miners.
- One three-year strategy for Kolwezi transition developed and proposed to government, companies, donors and civil society.
- Engagement activities undertaken with several companies to consider hybrid artisanal-large scale activities on their concessions.

Lessons learned

Stakeholder engagement activities need to be broad and inclusive. Companies should engage with, and hire—or otherwise gain—the support of the principal "trouble-makers" or "peace-spoilers."

The power and ruthlessness of vested interests should never be underestimated. Illegal and dangerous artisanal mining produces 90% of the minerals of the DRC today. Transformation of this will result in significant losses for many actors and change will be resisted and undermined in many quarters. Great care must be taken as the best-intended actions can have grave and unforeseen consequences for the diggers at the bottom of the shafts.

For negotiation to be used effectively, it must be based on a thorough and realistic understanding of the constraints, priorities, economics and social dynamics of the artisanal and small-scale mining community. For example, artisanal miners are not free to negotiate as they are under the control of the traders, and may face significant exit barriers.

There are major issues surrounding legitimacy and representation that need to be considered when working with a limited number of key individuals who represent a large constituency.

Engagement with government authorities and traditional leaders is essential. Local government mechanisms and agencies, no matter how under-capacitated, need to be engaged to ensure that the mining company is not perceived to be acting unilaterally or outside the law. It is important that Government is called upon to play its role and the frequent duality of its approach, where it actively or passively supports illegal activity, needs to be understood and measures taken to put pressure for change. Traditional leadership needs to be re-empowered where it has been undermined by the influx of artisanal and small-scale miners, and community security infrastructure, traditional mechanisms for dispute resolution, and information sharing should be employed. Existing community development structures and forums should be used to facilitate the resolution of grievances.

There needs to be information sharing and transparency before and throughout the process.

It is essential to understand complex economies and the implications of change. Economies based on artisanal mining are complex, hierarchical and very broad in their reach. There are both positive and negative economic effects of artisanal mining for the whole community, and the supply chains, beyond the mine. Economic transition and planning needs to be for the long term.

Although compensation is a useful tool, it may be complicated to implement effectively and there are major external implications associated with it.

The *Voluntary Principles on Security and Human Rights* or other relevant protocols need to be implemented to ensure decent interaction and behavior of both public and private security forces.

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Background – The Extractive investment

Michigan's Upper Peninsula, in the United States, has a long history with mining. In 2002, two mineral discoveries sparked strong reactions from several organizations who were concerned with the potential threat that mining could pose to the environment and possible inadequacies within existing State mining statutes.

Since minerals are not usually found in their pure form but as a component of other minerals which are often bonded to sulfide compounds, a sulfide mine was proposed. Sulfide mining and processing extracts nickel, copper and other metallic minerals from sulfide-mineral -bearing ores. It was proposed that one of the mines would be developed beneath the Salmon Trout River, a sensitive habitat for the native coaster brook trout along the south shore of Lake Superior. Mining in Michigan's Upper Peninsula had traditionally been for native metals, metallic oxides, and metallic sulfide ores, and the previous mining statute addressed surface issues only. This led to concerns over the State regulating agencies' ability to effectively manage and regulate potential impacts associated with sub-surface issues.

To address these concerns, the Michigan legislature sponsored a multi-stakeholder work group with input from 30 state and local government agencies, Native American groups, environmental organizations, academia, and industry. The workgroup completed its mission of preparing a draft bill for the statute language in just 6 months during 2004. The bill was signed into law in December 2004.

Affected communities

Two types of communities were affected by the proposed sulfide mines:

- Residents of the nearby small town of Big Bay; and
- Residents of a rural area consisting of few roads and limited infrastructure.

Types of conflict present

Conflict was associated with the potential threat of mining over three types of issues:

- Environmental impacts: The largest concern regarding sulfide mines is possible creation of water contamination through acid mine drainage

(from weathering of sulfide rock stockpiles and mineral processing tailings). This could pose a long-term threat to the environment by directly impacting streams, rivers, waterways drinking water, and groundwater, disrupting wildlife habitat, and destroying the natural landscape.

- Life style impacts: The presence of the mines would result in change as a result of infrastructure needed to support the project, such as the construction of paved roads in previously unpaved areas, power grid expansions, and railroad expansion.
- Distrust of local authority to effectively regulate and govern potential environmental impacts associated with the mines: Inadequacies within existing State mining statutes to adequately manage and regulate impacts associated with the mine.

Type of community intervention undertaken

Michigan legislature decided that it would not ban sulfide mining in the state of Michigan but rather engage a wide range of stakeholders to help define criteria for responsible mining and demonstrate how this can be done with reduced environmental impacts.

The purpose of this multi-stakeholder work group was to provide input into the drafting of a bill to strengthen existing mining laws to extend to underground mining as well as incorporate provisions for reactive rock (i.e., sulfide minerals). The Michigan Department of Environmental Quality was then mandated to draft the bill within a set time frame

The work group consistently met once a month for 2 days in a geographically neutral place, over the course of six months. Meetings were moderated by the environmental agency such that an environment conducive to the free expression of concerns and issues was created. Drafts of the proposed bill were the focal point for input.

Results

As a result of the involvement of the multi-stakeholder group, Michigan's landmark Sulfide Mining Act was crafted and enacted 9 months after the process was initiated, shaping new legislation that provides for responsible metallic mining in Michigan. The Michigan Department of Environmental Quality developed rules and guidance for the new statute, which were promulgated within one year and became effective in 2006.

The multi-stakeholder work group brought together a highly polarized group of people who would not otherwise have interacted with one another, but who were committed to participating in the process and moving forward in a constructive manner.

State agencies plan to use this successful conflict resolution model developed by the workgroup to address other controversial topics in Michigan.

Lessons learned

A shared political desire by participants from the beginning to have multi-stakeholder involvement created a solid foundation. This created a spirit of cooperation, and workgroup members overcame their initial distrust of one another. Representatives of the mining interests demonstrated good faith willingness to realistically negotiate early on in the process. Through a combination of hard work, good faith efforts, and perseverance, the obstacles were overcome and good working relationships and a sense of optimism were developed. The final bill reflected a consensus of those involved and was unanimously passed by both the state House and Senate.

The process succeeded in part because it included ways to put participating stakeholders in a comfort zone. As a result of the two-day meetings being held in a geographically neutral place, there were additional opportunities for workgroup members to get to know one another in a more informal setting outside regular meeting hours.

Defining the terms of dialogue too narrowly can lead to some stakeholder concerns being left out. In drafting the new mining law, the process failed to incorporate considerations of impacts to life style and requirements for socioeconomic analyses, because the implementing agency does not have the authority to address non-environmental issues. As a consequence, a number of stakeholder concerns that were non-environmental were not considered, resulting in disappointment in the process.

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ANNEX IV -   *IFC PERFORMANCE STANDARDS & WORLD BANK SAFEGUARDS:*
   RELEVANCE TO EXTRACTIVE SECTOR AND COMMUNITY
   DEVELOPMENT/CONFLICT

While they do not provide prescriptive guidance on understanding and managing risk related to conflict, both the IFC's revised Policy and Standards on Social and Environmental Sustainability (Performance Standards) and the World Bank Safeguard Policies implicitly acknowledge the importance of addressing and mitigating conflict risk through stakeholder consultation and participation. In both cases, consultation should be initiated as early as possible. Depending on the scale of environmental impacts of a project, consultation with project-affected groups is required throughout project implementation as necessary to address any environmental impacts that might affect them. For meaningful consultations with project-affected groups and local NGOs, relevant material has to be provided in a timely manner prior to consultation and in a form and language that are understandable and accessible to the groups being consulted. Grievance mechanisms are also required for responding to community concerns related to a project.

IFC's Performance Standard 1 (Social & Environmental Assessment and Management System) requires comprehensive and on-going information disclosure and consultation with affected communities for all projects at a level commensurate with the project's risks and impacts. Disclosure should occur early in the assessment process before project construction commences, and on an on-going basis. Effective consultation should provide affected communities with opportunities to express their views on project risks, impacts, and mitigation measures. The consultation process should ensure free, prior and informed consultation and informed participation of affected communities for projects with significant adverse impacts on them. This involves organized and iterative consultation, so that the views of affected communities—on proposed mitigation measures, the sharing of development benefits and opportunities, and implementation measures—are incorporated into project decision-making. A grievance mechanism should be established to receive and facilitate resolution of affected communities' concerns and grievances about a project's environmental and social performance. It should address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution.

The World Bank's Environmental and Social Safeguard Policies require that public consultation be built in to project design to prevent and mitigate undue harm to people in the development process and promote ownership among local populations. Participatory mechanisms include a process of free, prior, and informed consultation (World Bank Operational Policy [OP] 4.20, Indigenous

Peoples) as well as grievance procedures involving third-party settlement of disputes (OP 4.12, Involuntary Resettlement). The Environmental Assessment Policy (OP 4.01) requires public consultation with project-affected groups and local nongovernmental organizations (NGOs) and information disclosure for all projects that are likely to have adverse environmental impacts. In addition to the consultation process, the World Bank requires that the project complies with the Public Consultation and Information Disclosure Policy (OP 17.50), which requires that a Borrower makes all relevant information available in a timely manner and in a form and language understandable to the groups being consulted.

Compliance with the IFC's revised Policy and Standards on Social and Environmental Sustainability (Performance Standards) and the World Bank Safeguard Policies ensures that projects incorporate some mechanisms and procedures for understanding and managing potential conflict risk related to a project. By promoting dialogue with affected communities throughout a project, the contributions of these projects to community development are enhanced.