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Community Development Component

- There is a need for an agreement that is equitable both in appearance and reality
- This is important to investors, not just host countries
- Based on three pillars of sustainable development
 - Economic
 - Social
 - Environmental
- Requires community engagement for ongoing implementation and success
- Compliance promotion model instead of enforcement model



Six Key Issue Areas

Not All Are Necessarily Applicable in Every Contract

1. Managing Revenues for Development
2. Infrastructure Needs
3. Economic Development
4. Social Development
5. Environmental Development
6. Project Governance & Management





Managing Revenues for Development

- Capacity building for national and local institutions to manage revenues – before there are any revenues
- Managing government revenue stability during price fluctuations
- Managing impacts that often begin before and continue after there is a project revenue stream
- Agreement on sharing of mineral revenues between the national government and local region/community
- Transparency and accountability in revenue management



Managing Revenues for Development

- *Blended Fund (Philippines Model Financing Agreement, s. 13.1)*
 - Initially derive monies as a percentage of expenditures shifting to percentage of revenue with time
 - Minimum annual allotment of 1% of direct mining and milling costs by the company; maximum 10%
- *Social Development Credited as an Expenditure*
 - Development of institutional and manpower development (ie: development of indigenous technical skills, job skills training, Philippines model agreement)





Infrastructure Needs

Community engagement in planning and access to infrastructure

- Roads and Rail
- Telecommunications
- Potable water supply
- Electricity
- Other





Infrastructure Needs

Mongolia mining agreement Clause 6:

- “Investor shall make its self-discovered water resources available to be used for household purposes, herder families and agricultural activities of the local soum communities.”
- “Investor shall support the Government in the establishment of safe drinking water for the local soum center directly impacted by the OT Project as identified by the EIA report.”





Economic Development

- Backward (supply-side) linkages into the community
- Forward linkages for value added inputs to some products, use of supplies, small scale equipment
- Assistance with capacity building or with access to products for backward and forward linkages



Economic Development

Zambia mining agreement (art. 4, 5):

- *Required to invite local business to tender on supplies*
- *Implementation/ Compliance with Local Business Development Programme*
 - Promote local business development
 - Supply materials, equipment and services to the mine(Schedule 2: Local Business Development Programme)
 - Property and vehicle maintenance
 - Taxi service, forestry and fish farming



Social Development

- Timely social impact assessment
- Replacement of displaced livelihoods
- Contributing to developing human capital
 - Training people for high skill jobs in industry
 - Education for employees, families, community
 - Scholarships for higher education
 - Improving public health and access to care
- Responsibility of all parties to respect human rights



Social Development

- *Liberia agreement (Art. 11.1- Employment Policy)*
 - “Concessionaire may not employ individuals who are not Liberian citizens for unskilled labour positions.”
 - Progressive implementation of Liberian citizens in management positions; 30% in 5 years; 70% in 10 years
- *Mongolia agreement (8.15)- Education/ Training*
 - Investor shall establish a graduate scholarship program to assist in the education of Mongolian nationals in mining related disciplines
 - 150 scholarships granted to Mongolian students over 6 years; 120 for domestic study/ 30 to students studying at international universities
- *Voluntary Principles on Security and Human Rights*



Environmental Development

- Timely environmental impact assessment
- Managing impacts during development
- Environmental standards and emergency preparedness during operations
- Ongoing mitigation of impacts
- Standards for closure and guarantees for remediation
- Community engagement on environmental issues



Environmental Development

- Multiple examples from Africa, Latin America, Asia
 - Timely environmental impact assessment, standards identified
 - Implementation of environmental and social management plans
 - Environmental management, mitigation of impacts during operation
 - Liability for damages, interferences with others
 - Standards: local law, international standards
 - Reclamation and restoration
- Etc.



Project Governance & Management

- Community Development Agreement
- Community participation in managing resources for local development
- Access to information
- Compliance promotion and review
- Grievance mechanism and dispute resolution
- Provisions for post-mining conditions



Project Governance & Management

- *Philippines model agreement, Art. 12.9 Community Development*
 - Free Prior and Informed Consent
 - Contractor must consider concerns raised by affected community in order to obtain Environmental Compliance Certificate
 - Government to encourage, facilitate and respect agreements that are freely entered into between the Contractor and affected communities
- *Mongolia mining agreement Art. 4.1- “Southern Gobi Regional Development Program”*

Council made up of government, private sector & civil society organizations will:

- 4.4.1. Support local and regional development; encourage transparent & responsible government
- 4.4.2 Coordination of migration influx
- 4.4.3 Urban Planning and Development



Project Governance & Management

Mongolia- Southern Gobi Regional Development Program

4.4 The Council [made up of government, private sector & civil society organizations] will assist the Government in the following areas in terms of preparation, financing, organizing and implementation of the Southern Gobi local and regional development strategy, plans and budget:

- 4.4.1. support to local and regional development and encouraging transparent and responsible governance;
- 4.4.2. coordination of in-migration influx;
- 4.4.3. resolving matters of urban planning and development, including power, roads, water supply, heating and sewage;
- 4.4.4. organization of formal and non-formal education, including English language and vocational training;
- 4.4.5. Focus on human health care, construction of diagnostic centres, cultural facilities, sports facilities, improvement of veterinary services and
- 4.4.6. support to capacity building for local governments and civil society.



Questions and Comments?



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Questions and Comments:



- Luke Danielson, Sri Gupta and Kelli Schulte, Sustainable Development Strategies Group, Gunnison, Colorado
danielson@sdsg.org



- Howard Mann, International Institute for Sustainable Development, Ottawa, Ontario
h.mann@sympatico.ca



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