



# QIT Madagascar Minerals, S.A

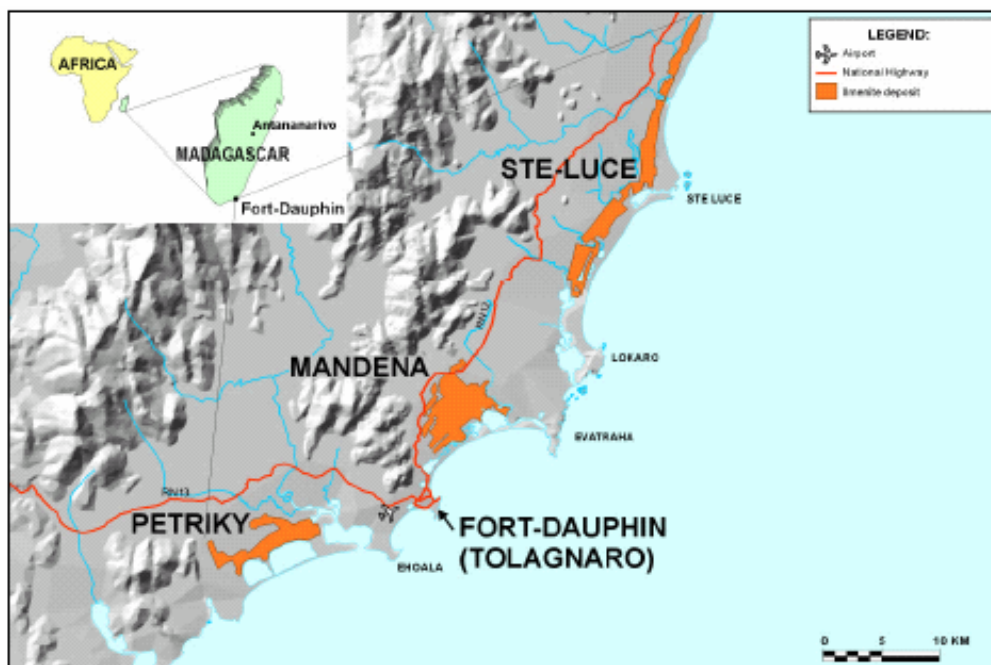
## Community Relations strategy and plan

## Abbreviations

CLLS	Local HIV/AIDS Prevention Committee
CNLS	National HIV/AIDS Prevention Committee
COGE	Management Committee
CRD	Regional Development Committee
EPP	Public Primary School
GDA	Global Development Alliance
GoM	Malagasy Government
PCD	Communal Development Plan
QMM	QIT Madagascar Minerals, S.A.

The Rio Tinto Group, a UK-Australian based mining company, has been studying a mining project near the town of Fort-Dauphin in southeast Madagascar for the past 17 years. The project, called QIT Madagascar Minerals S.A. (QMM), is owned 80 per cent by Rio Tinto and 20 per cent by the Malagasy Government. Over a period of approximately 60 years, the mine will extract grains of ilmenite and small quantities of zircon from a mineral sands deposit near the coast. The ilmenite contains about 60 per cent titanium dioxide and is used principally as a raw material in the manufacture of the white pigment, which in turn is used as an opacifier in paints, paper and plastics. Mining exploration efforts have confirmed the presence of a deposit divided into three mineralised zones near Fort-Dauphin in south-eastern Madagascar. The three zones are referred to as the Petriky sector, the Mandena sector and the Sainte-Luce sector. Together they host reserves which could sustain mining operations at a rate of 750,000 tons of ilmenite per year for more than 60 years. Figure 1.1 shows the location of these three deposit zones.

### Location of ilmenite deposit



The main activities planned for this project are:

- Removing the vegetation cover and storing the humus layer where applicable.
- Extracting the sand by dredging.
- Mechanically separating the heavy minerals (five per cent) using spirals, and returning the silica (95 per cent) to the ground.
- Separating the ilmenite and zircon from the other heavy minerals using magnetic and electrostatic methods.
- Returning the other heavy minerals to the mining zone.
- Shipping the ilmenite and the zircon abroad.
- Restoring the mined areas.

A large scale mining complex will need to be built to accommodate these activities, including:

- A suction dredge
- A concentration unit
- A separation plant
- An electrical power plant
- Water pumping stations and a weir
- Storage areas
- Related services, such as administration buildings and maintenance facilities

A Social and Environmental Impact Assessment (SEIA) was conducted over a two year period (1999-2001) for the Mandena sector, and the Malagasy Government awarded QMM an environmental permit in November 2001. Though to date only the Mandena sector has been the subject of studies fully meeting the characteristics expected of an SEIA, the other sectors will be the subject of detailed studies, using similar methodology, to be conducted a few years before the start of mining operations in each sector.

The mining project has not yet started operations as it is in a Feasibility and financing study phase. Critical to the outcome of this phase are Malagasy Government and World Bank decisions with regard to the physical and social infrastructure, including port construction, that are considered essential to the success of the project.

## **1 The national and regional context**

Madagascar is one of the largest islands in the world, about 1500 km long and 500 km wide. The population of about 15 million people is divided into 18 ethnic groups that share a common language, Malagasy. It is among the poorest countries in the world with a per capita income of about \$250 per annum. Approximately 80 per cent of the population are engaged in subsistence agriculture and levels of health care and education are low. Only 54 per cent of the population have access to clean water in urban areas and only four per cent in rural areas. Life expectancy is 52 years and the infant mortality rate is 89 per 1000. Literacy is estimated at 46 per cent. Madagascar also has a unique but rapidly depleting natural environment cleared extensively for agriculture and harvested by the local population for firewood, charcoal and construction wood. Approximately 85 per cent of the plants and animals in Madagascar are endemic, but approximately 85 per cent of the original forest has been destroyed and what remains continues to be cut down or burned at a high rate. Because so many unique species are at risk, Madagascar is considered by environmental organisations to be a global biodiversity “hotspot”.

The ilmenite deposit is located in the Anosy region of south-eastern Madagascar, a region that covers about 16,000 square kilometres and has a population of about

360,000. The challenge of establishing and maintaining good community relations in Anosy is being played out against a backdrop of poverty, isolation, and political and administrative neglect, nearly unprecedented even in Madagascar.

The population of the Anosy region is growing at a greater pace than its economy, with an average annual increase of 2.9 per cent. The regional GDP is estimated at only USD 61 million, which translates into a per capita GDP of USD 182. The percentage of the population living below the poverty line is 82 per cent, significantly higher than the national average of 74 per cent. Not one regional human development indicator (life expectancy, revenue, literacy, etc) meets the national average of 0,5.

The regional economy is largely agricultural and dominated by rice and sisal cultivation. Given the reduced demand for and price of sisal on the world market, production is dwindling and contributes less and less to the regional economy. Rice productivity is extremely weak, and the region imports 12,000 tonnes annually to meet demand.

Ninety per cent of the population do not have access to potable water, and 74 per cent of school age children do not attend school. Health centres are relatively few and far between, and are marginally staffed and equipped. Endemic diseases such as malaria, leprosy, polio, sexually transmitted diseases, respiratory and water borne diseases ravage the population.

Eighty per cent of the road network has become impassable the whole of the year, which reduces the movement of goods and people, and contributes to the absolute economic and social isolation of an ever increasing number of communities. The cost of living in the region is extremely high due to the inflated cost of transporting goods over long stretches of terrible roads. The cost of transport out towards viable markets critically erodes the competitiveness of goods and commodities produced in the region.

High population growth rates and overwhelming poverty have contributed to serious environmental degradation in the region. Of 11 watersheds identified, seven are highly degraded thanks to slash and burn agricultural practices. These watersheds have lost 45 to 60 per cent of their vegetation, despite both the economic and ecological importance of the former forest cover. Another consequence of deforestation is that the principal lakes have become silted and polluted, no longer capable of serving the population either as sources of potable water, nor as a source of revenue from fishing.

The physical, social and administrative infrastructure of the town of Fort Dauphin, on which a population of 50,000 depend, is equally if not more seriously degraded. There has been no investment in roads, hospitals, schools, water and sanitation, or security in over 50 years. Though beautifully situated between the mountains and the sea, Fort Dauphin is the least developed of Madagascar's secondary urban centres.

Both public and private investment is required to achieve the economic growth necessary to reverse this situation. Recognising the need to plan the development of the region, particularly in the potential context of a mining project, the local prefect and other community leaders, with the support of the World Bank, initiated a regional planning process in 1999. The process has gained the support of a wide range of stakeholders, including local village leaders, central government, local officials, donors (World Bank and USAID), local businesses and NGOs. A Regional Development Committee (CRD) was elected to lead the planning process. The committee established a structure and process to prepare the regional development plan. The process covers all key sectors: economic, social, environmental and infrastructure, in consultation with the full range of stakeholders. The process seeks to promote diversified development of the region in a socially and environmentally responsible manner. Based on the region's assets, the CRD has identified the key commercial sectors that are expected to stimulate economic growth should adequate public and private investment be made in the physical and social infrastructure required to promote and support that growth. These sectors include: tourism, mining, fishing and agriculture.

In the interest of integrating itself into a process of regional development, whilst securing and maintaining good community relations and a social license to operate, QMM has been a long time member of the CRD, and an important sponsor of the regional planning process. In addition to working in the villages and communities directly adjacent to the Mandena sector, QMM intends to remain a committed and visible partner in regional development. This recognised commitment has been instrumental in forging collaborations with a number of key development actors in Madagascar including major donors, NGOs, and government. Continued participation in the promotion of regional opportunities and the mitigation of the potential downsides to sudden economic growth will ensure the continuation of that collaboration as QMM executes its Community Relations plan.

## **2 The History of QMM's Community Relations programme**

### **2.1 Social and Environmental Impact Assessment (1990-2001)**

Good community relations have always been a priority of the QMM project. Studies were undertaken very early on to learn as much as possible about the local socio-cultural and socio-economic context, thereby enabling the project to integrate itself as seamlessly as possible in the local society. From the beginning, socio-economic research was deemed as important as technical and environmental studies. The project has developed strategic partnerships with both national and international universities, and has sponsored numerous social science research projects. One of the earliest important studies to be commissioned by the project was an indepth socio-economic/anthropological treatise submitted in 1990 by GRAIGE-UQAM (University of Québec).

The knowledge generated by this comprehensive study was key to the successful development of the Terms of Reference for QMM's definitive SEIA, and it permitted QMM to execute a community relations programme in parallel with the SEIA. To undertake both the SEIA and the accompanying community relations activities, in 1997 the company hired a team of five anthropologists and socio-economists native to the Anosy Region. During the course of this SEIA the community relations team:

- Examined the potential impact of the project on material wellbeing (food, health, welfare, economics).
- Examined the potential impact of the project on social wellbeing (cultural impacts, long term social changes).
- Conducted thorough public consultations with all relevant stakeholder groups.



From what it had learned from the 1990 social-cultural baseline, and in response to the continuous dialogue maintained during the SEIA, QMM has been able to identify and execute a range of appropriate community development initiatives in the areas of health, education and sports.

QMM's early community relations strategy was inspired by Rio Tinto's policy as expressed in *The way we work*, ie mutual respect, active and reciprocal partnerships, and a long-term commitment to the communities in which QMM is present. In addition, QMM during this period adopted certain principles with regard to community relations

with the objective of rendering them more productive and sustainable. These criteria were inspired by Moser (1999) and included:

- Consultation and participation: stakeholders are required to actively participate in the identification, conception and execution of activities.
- Partnership: QMM recognises that it cannot unilateral undertake social and economic development activities. Such projects require, at the least, a partner who represents the local population and/or local administrative authorities.
- Capacity building: the projects and the process by which they are conceived and executed must contribute to strengthening of local capacity whether at the level of civil society, the NGO sector, or local communal and governmental structures.
- Strategic coherence: actions taken at the initiative of QMM should be local expressions of more regional strategic priorities. To ensure this, the regional planning work of the CRD has served as a reference, and the CRD has been regularly consulted on new initiatives.
- Coalition building and resource mobilisation: local communities and administrations rarely have the tools or resources to communicate their aspirations to decision makers and funding entities. QMM advocates on behalf of the region and its host communities in order build partnerships and create coalitions that increase the quantity and quality of poverty alleviation resources deployed in the region.

In May of 2001 the SEIA was completed and submitted to Government. In addition to proposing an extensive environmental mitigation and rehabilitation programme, including the establishment of Conservations Zones in all three sectors, the SEIA identified a range of primarily social issues that would need to be addressed. The following responses to these issues were incorporated into QMM's Environmental Permit as obligations within the accompanying Environmental Management Plan (EMP). Naturally these obligations remain essential elements of QMM's Community Relations plans:

- A regional development framework and strategic investment plan.
- An urban plan for the town of Fort Dauphin, and communal development plans for neighboring communes.
- Community health programmes, in particular STD and HIV/AIDS prevention programmes.
- Investment in social infrastructure for health and education.
- A speculative migration management plan.
- A regional strategy and programmes for natural resource management.
- Institutional capacity building at the urban and communal levels.
- Local employment and enterprise development, including technical training and business development programmes to force economic "trickle down".
- Land use agreements and resettlement plans and programmes.

Unlike QMM's environmental obligations in the EMP, the social obligations are largely multi-sectoral and multi-lateral. The responses to social issues identified in the SEIA and

expressed in the EMP require a concerted and collaborative effort at local, regional and national levels. These are not responses or programmes that QMM can undertake on its own, but ones that demand public-private partnerships and coalitions, and significant resource mobilization on behalf of the region.

## **2.2 Financing and feasibility phase (2002-2005)**

The awarding of QMM's environmental permit in November of 2001 very nearly coincided with the onset of an eight month long Malagasy political crisis (January - August 2002) marked by the absence of government services, internal economic barricades, spiking unemployment, and the inability to travel in or out of the capitol or between regions. The crisis temporarily hampered the QMM project in a number of ways, one of which was the ability of the social team to immediately transition from a mandate of impact assessment and dialogue to one of programme conceptualisation and implementation. Nevertheless, in mid-2002 an experienced development professional was hired as social programme co-ordinator and tasked with:

- The translation of SEIA issues and EMP obligations into specific programme objectives and activities.
- The development of a detailed action plan for the balance of 2002 and for 2003.
- The development of a five-year communities plan complete with base line studies, monitoring and evaluation plans, education and information programmes, and partnerships.
- Human resource planning and development for the social team post-environmental permit and in light of the requirements of the EMP.

**Key priorities and achievements during this period include:**

### **2.2.1 Social and environmental integration**

A priority during the transition phase was the integration of social and environmental objectives and activities. Natural resource management, conservation zone establishment, plantation, rehabilitation and restoration trials all involve the population and therefore have significant social implications. Despite highly collaborative approaches to these issues, there remains an interest in more thoroughly uniting QMM's environmental and social programmes to best serve the community.

### **2.2.2 Public-private planning and programming**

#### **World Bank**

This period coincided with QMM's Finance and feasibility phase, critical to which are the Government of Madagascar and World Bank decision to participate not only in the construction of a multi-use port of strategic national interest, but in social and physical infrastructure development through the inclusion of Fort Dauphin in the national

Integrated Growth Poles Project (PIC). The PIC in Fort Dauphin represents a public-private partnership of enormous importance to the success of the QMM project, and to the mutual poverty alleviation objectives of the partners. Planning for an orderly and timely delivery of benefits as well as a determination of the respective roles and responsibilities of each partner in the overall development and financing of those benefits is essential.

### **2.2.3 Global Development Alliance**

Signed in 2003, the QMM/USAID Global Development Alliance (GDA) is a multi-year, multi-sectoral collaboration that seeks to capitalize on QMM's investment in research, consultation, and experimentation in order to expand their benefits more broadly. The GDA recognises that USAID and QMM share the goals of addressing some of the root causes of poverty, environmental degradation and poor health in the region, and that they mutually seek to promote private sector investments that are environmentally friendly, socially fair and economically sustainable. Components of the GDA include, but are not limited to:

- Development and finalisation of the Regional Development Plan.
- Development of Communal Development Plans (including an urban plan for Fort Dauphin) for selected communes in the Anosy region.
- The establishment and management of additional conservation zones.
- Sustainable supply of wood and alternative energy sources that may include but not be limited to the following:
  - Creation of a functional and sustainable tree nursery for the Anosy region; and,
  - Reforestation of at least 100 hectares in the Anosy region with trees produced in the nursery.
- Implementation of selected development activities that may include but not be limited to the following
  - the development and implementation of sustainable community based natural resource management and income-generating activities in the area of eco-tourism and aquaculture.
- Local capacity building to plan and manage a regional HIV/AIDS prevention programme.
- Local business and economic development.

The GDA is an important vehicle by which to address SEIA identified social issues that are indirectly induced by the project, and that require a concerted response. The GDA implicates a range of local partners including national and international NGOs, universities, communes and their mayors, local administrative authorities and the local population.

## **2.2.4 HIV/AIDS**

In addition to the very important inclusion of an HIV/AIDS component within the GDA, the following was undertaken prior to QMM's investment decision:

- Best practice review undertaken:
  - Thorough literature review
  - Extensive consultation of HIV/AIDS agencies and programmes operating in Madagascar (UN, USAID, WB, NGOs, research institutions)
  - Southern Africa field visit
    - Konkola Copper, Zambia
    - AngloGold, RSA
    - Harmony Gold, RSA
    - RBM, RSA
    - Palabora Copper
- Workplace programme objectives and components developed
- FTD included as priority zone in national HIV/AIDS strategy
- Situational assessments undertaken
  - Workforce KAP study
  - Fort Dauphin behavioural and risk mapping study
  - GoM prevalence study
- QMM Public Health Specialist hired
- Partnership with Population Services International (PSI) defined:
  - Procurement of condoms and STI treatment kits
  - Physician training
  - Training of QMM peer educators
  - Quality STD case management
- Workforce condom promotion (access and education) programme implemented
- Workplace Peer Education Programme developed
- STD and HIV/AIDS fact sheet and code of conduct developed for QMM foreign visitors/consultants

## **2.2.5 Micro-credit**

Fort Dauphin is one of the few regions in Madagascar not served by either a governmental or nongovernmental micro-finance programme. Previous feasibility studies determined that the low population density, difficult access, low productivity and even lower purchasing power of the region would make it difficult for a micro-credit programme to generate either the number of borrowers or the volume of credit necessary for financial sustainability. The Government, in light of the mine and port projects, is reconsidering this position, and there is every indication that the national

micro-finance network will be extended to Fort Dauphin in the form of a regional micro-finance institution (IFRA) once its business plan has been approved and capitalised.

In advance of this micro-finance facility, and with the objective of promoting rural entrepreneurship and the participation of women, in 2001 QMM initiated a collaboration with two local NGOs wherein QMM agreed to capitalise and participate in the management of a small, pilot micro-credit programme for the women of Mandena. Though financially the programme is neither profitable nor sustainable, it has served an important function in demonstrating the demand of the poorest of the poor for credit, and their ability to repay. It has further demonstrated that solidarity groups do work, and even small amounts of cash can be invested in ways that have significant impact on livelihood security. The Board of the association to which the solidarity groups belong has demonstrated leadership and rigour with regard to the membership. Out of an original 125 members only 81 remain today, due to the scrutiny and discipline of the Board. Since the first loans were disbursed in 2002, there has been a 100 per cent reimbursement rate, and a significant rate of savings.

These pilot programme has been incorporated into IFRA's feasibility study and business plan.

#### **2.2.6 Communal Development Plans (PCD)**

In addition to the urban plan undertaken in collaboration with USAID on behalf of the Urban Commune of Fort Dauphin, QMM has sponsored and participated in the technical development of four rural communal development plans. Two of the communes, Ampasy Nahampoana and Mandromodromotra make up the Mandena sector, and the other two, Sarisambo and Mahatalaky are respectively located in the future mining sectors of Petriky and St. Luce. The Government of Madagascar has adopted PCDs as a key component to their decentralisation strategy. The development of such plans has become a pre-requisite to most public investment. In the Anosy region, the CRD took the lead in identifying sponsors for each of its 38 communes, and made the effort of establishing Communal Development Committees with whom PCD sponsors could collaborate on the planning process. For QMM the sponsorship of these PCPs falls into the category of capacity building, advocacy and resource mobilisation. Once the plans were ratified, our host communes became eligible for public investment in social and physical infrastructure.

#### **2.2.7 Public health collaboration**

In the same four host communes of Ampasy Nahampoana, Mandromodromotra, Sarisambo and Mahatalaky, QMM has concluded collaborative agreements that include the District Health Authority (SSD), the Communal Health Centres (CSB), the communes themselves as represented by the mayor, and QMM. The agreements present a menu of potential interventions such as:

- Health centre construction/rehabilitation
- Equipment for health centres
- Construction of housing for the health centre physician in residence

- Construction of guest housing for family members accompanying a patient to the health centre
- Health centre staff training
- Mobilisation of community health agents for outreach programmes
- Stabilising the supply of essential drugs

These agreements ensure both the participation of the commune, and the technical oversight of the SSD in achieving the national goal of improved access to quality health services at the decentralised communal level. QMM's role is that of a catalyst and co-financer of those interventions that are mutually considered to have the best chances of increasing CSB attendance, and of promoting preventative health care programmes at the community level.

### **2.2.8 Public education collaboration**

Similar to the public health collaboration, QMM has negotiated a collaborative agreement with the District Education Authority (CISCO), and a series of rural primary schools (EPPs) and their parent/student associations (FRAM). QMM and the CISCO have jointly visited over 20 eligible EPPs during which a participatory diagnostic of priority projects to improve school attendance, teacher performance and student performance was undertaken. By the end of 2005, QMM had constructed additional classrooms for the following host communities:

- Ste Luce
- Ilafitsinanana
- Amppasy Nahampoana
- Enato
- Mangaiky
- Ampamakiambato
- Mandromondromotra

### **2.2.9 The DINA**

Nowhere have QMM's principles of active and reciprocal partnerships, mutual respect and long term commitment been better expressed than in the Mandena co-management agreement and its DINA. After months of public consultation, and in the presence of regional authorities and the population, the agreement was signed by the Communes, the Water and Forestry Department and QMM on 28 September, 2002. The objective of the current Mandena co-management agreement is to implicate the population of Mandena in the sustainable management of their renewable natural resources.

The agreement is reinforced by a DINA. The DINA is a uniquely Malagasy construct, it is a social contract traditionally entered into in order to manage a potential source of social conflict. A DINA demands the individual adherence of each member of the community. It describes the situation or problem to be addressed, identifies the respective commitments of the various parties, and determines the sanctions to be applied in case of non compliance. DINAs are widely applied in Madagascar and have come to be legally recognised. More importantly, as they are anchored in custom and tradition, they

render legal agreements culturally acceptable. The Mandena DINA ensures the population's comprehension of and compliance with the co-management agreement.

The co-management agreement and the DINA acknowledge and address the concerns of the population with regard to the eventual exploitation of the mineral deposit, and were designed to manage the conservation, restoration and rehabilitation of natural resources found on and off the deposit. As agreed in the environmental management plan, this includes 500 hectares of off deposit plantations, the 230 hectare Mandena Conservation Zone, the some 1500 hectares of fast growing species that will be planted to rehabilitate the mine site, and over 200 hectares of wetlands that will be re-established as part of the environmental rehabilitation programme.

The Mandena co-management agreement and its DINA is an adaptation of the national model for community natural resource management, the GELOSE. Whereas in the GELOSE model management is transferred wholesale from the state to the community, the partners to the Mandena co-management agreement include local communities, the District Water and Forest authorities and QMM. Rather than a transfer of management, the agreement creates a co-management structure in which all parties participate in a management committee (COGE) with clearly defined roles and responsibilities. The Mandena co-management agreement and its DINA represent a long term public-private partnership created to address the concerns and priorities of the local population regarding the quality, quantity and proximity of their natural resources. In subsequent phases of the project the opportunity and challenge will be to extend the DINA to include a wider range of community development issues and responses.

Equivalent co-management agreements and their DINAs will be developed to manage and protect the natural resources on and around the deposits of Ste Luce and Petriky in 2006 and 2007.

### **3 Community Relations strategy and five year plan**

Also during the Finance and feasibility phase just prior to the investment decision taken in August of 2005, QMM took the opportunity of organising its various social and environmental initiatives and achievements into a conceptual framework and an action plan that will allow QMM to express, and stakeholders to understand what kinds of programmes the company will undertake, where, with whom and why. It was critical to the decision investment for QMM to consolidate its identity as a socially responsible mining company with clear core business objectives and competencies that can and will contribute to local livelihood security and regional development.

The conceptual framework for the community relations strategy and plan includes two major components:

- Livelihood protection and promotion
- Local enterprise and economic development

### **3.1 Livelihood protection and promotion**

In this component of the community relations plan QMM recognises that the project's impact on livelihoods can be either direct and local, or indirect and regional. The means of addressing the two are different, and are described in some detail in their respective sub-components below:

#### **3.2 Direct and local**

The most immediate, direct and local impacts of the mine on livelihoods are land use related. The mine requires land for its operation and its infrastructures. Some of that land will remain in the public domain; some will become the private property of the mine. Some of the land will be occupied only temporarily, and some lands will be permanently acquired and transformed. Some of the land is currently privately owned and occupied, some of it is unoccupied and untitled. Regardless of these distinctions, QMM recognises that the acquisition of land can affect the livelihoods of people who live, work, or otherwise depend on the land acquired. Negotiations for land use must be mutually satisfactory, and must involve compensation that protects and promotes the affected population's livelihoods over the long term.

The primary means of achieving livelihood protection and promotion is through the Integrated Compensation Programme (ICP), in return for which rights holders to the land authorise QMM's occupation and exploitation of it. The development and delivery of the programme must respect a variety of regulatory frameworks, including:

- Rio Tinto's *The way we work*
- QMM's Environmental Management Plan (EMP)
- The Government of Madagascar's Mining Code
- The World Bank's Safeguards Policies, OP 4.12 in particular

#### **3.3. Participatory design, monitoring and evaluation**

Whereas certain elements of the ICP have already been determined by the SEIA and expressed in the EMP, additional and more targeted initiatives will be identified by means of Household Livelihood Assessments of the affected population. The population itself will be defined through the participatory and consensus based process of rights holders identification as detailed in the Mining Code. The Mining Code, which is World Bank OP 4.12 compliant, requires that all rights holders to the land, traditional as well as formal, be consulted, negotiated with, and compensated. Regardless of QMM's mining rights to the minerals beneath the soil, natural resources such as forest and water that might exist on the deposit cannot be disturbed by QMM without the written authorisation of the rights holders.

A detailed livelihood assessment baseline study will be undertaken to quantify the level of dependence of the affected population on the land and its natural resources, and the impact any alienation from those resources might have on their livelihood security. The research will enable QMM to identify and target particularly vulnerable groups such as women, ethnic minorities, the very poor and other socially or economically

disadvantaged groups, as these groups are often the most adversely affected, and the least equipped to benefit from the positive impacts of the project.

Together, using participatory methodologies, QMM and the population will select indicators of livelihood security and development, and will identify the integrated social and environmental programmes and interventions that will best achieve the desired outcomes.

The participatory approach to monitoring and evaluation of those programmes will become the primary means of maintaining dialogue with the communities. QMM will maintain a continuous dialogue that is structured in such a way as to permit the measurement of indicators, the identification of objectives and interventions, and the adaptation of the livelihood programme to changing circumstances.

### **3.4 The integrated compensation programme and its DINA**

The ICP will marshal and integrate the numerous environmental and social measures expressed in the EMP. It is essential that these measures be recognised as being compensation and mitigation measures related to land use, so that duplicate or redundant measures are not proposed by the community or other stakeholders. It is important to recognise that these intensive measures are destined primarily, if not exclusively for those communities directly affected by the mining operation through loss of land or perturbed access to natural resources. The ICP offers QMM the opportunity to resolve the sometimes artificial distinction between its Environmental and Social programmes, for within the ICP both social and environmental measures will be united in support of livelihood protection and promotion.

The research required for programme definition will allow QMM to tailor the EMP measures to specific local and even household realities. This customising process will be achieved through dialogue and structured participatory project design, monitoring and evaluation methodologies. The menu of potential interventions might include:

- The development of eco-tourism and other alternative income generating activities
- Improved agriculture
- Sustainable use of biological resources
- Community based natural resource management activities
- Plantations
- Improved fishing practices
- Restoration and conservation zone management
- Enhanced education and health services
- Environmental education

However varied the projects developed by and for each community might be, they will share certain characteristics such as responsiveness to community expressions of

interest; willingness to take a holistic approach to environmental, developmental or population work; and the willingness to pursue partnerships.

The ICP will be accompanied by a DINA, indeed the existing DINA will be transformed into an all inclusive land use agreement fully compliant with the Mining Code policies and procedures for rights holder identification, consultation, and contract negotiation. This process will take prior to the construction phase, ensuring that all land use issues will have been legally and socially resolved, and the ICP will have been developed in detail.

The new integrated DINA will be governed by a management committee (COGE) composed of community representatives, communal authorities and QMM. Together, these entities will implement the ICP, and ensure its pertinence to current and evolving realities. The ICP will not be a one way flow of entitlements, its DINA will describe respective roles and responsibilities of the signatories in the achievement of the mutually agreed upon objectives and interventions. Reciprocity and shared responsibility are hallmarks of the Malagasy DINA.

Over time, QMM will invest in building the COGE's capacity to implement the ICP, to enter into partnerships with technical entities and NGOs, and to negotiate additional public and private financing for its community development projects.

### **3.5 Indirect and regional**

The GoM and the World Bank's interest in co-financing the port, a pre-requisite to QMM's investment in the mine, exists because mining, foreign investment and infrastructure development have all been cited in the GoM's Poverty Reduction Strategy as being essential motors of economic development. The possibility of clustering these three motors in one region under the auspices of the PIC, is felt to be a sure way of generating rapid and sustainable economic growth, the current administration's number one objective. It is acknowledged however, by these same entities and others, that rapid economic growth does not occur without rapid social change. Rapid social change can be both positive and negative, but needs to be managed. The less well managed it is, the more negative the consequences.

QMM seeks multi-stakeholder collaboration to promote regional opportunities and to mitigate against the potential downsides to rapid economic growth such as speculative migration and its consequences, particularly in the areas of HIV/AIDS and environmental degradation. Collaboration and regional capacity building are the hallmarks of this sub-component to livelihood protection and promotion. Examples include but are not limited to:

### **3.6 Support to regional planning and development**

Within the context of its alliance with USAID (GDA), will continue to support the Region and its regional development framework and strategic investment plan.

Towards this end, QMM will continue to participate in planning and institution building processes, and will continue to finance technical assistance and participate in selected regional initiatives. The regional development framework identifies concrete programmes and approaches to which QMM, in collaboration with other regional stakeholders, can contribute.

### **3.7 Support to the urban commune of Fort Dauphin's urban planning process**

In a closely aligned intervention, also within the context of the GDA, QMM has supported the development of the city of Fort Dauphin's urban plan. This is a process and product that is essential to the management of migration, as well as to a host of initiatives critical to urban livelihood security. Given that the port will be constructed in the urban commune of Fort Dauphin and that a road linking the port and the mine will be built by-passing the city centre, yet bisecting the commune, it is essentially that the city develop the capacity to determine land use, initiate zoning laws and construction standards, plan for physical and social infrastructure, collect taxes and revenues, etc. The importance of this capacity in the light of sudden demographic and economic growth is the shared concern of a number of key stakeholders including USAID and the World Bank. The urban plan is an essential tool to state acquisition of the land required for public utility infrastructures. Assisting government to acquire this land in a manner consistent with the pertinent regulatory frameworks of QMM and the World Bank, and in compliance with the government's own judicial frameworks is another area in which QMM has invested in capacity building.

Additional public/private partnerships, very specifically with the PIC, but also with other public and private investors, will need to be developed for the execution of various elements of the urban plan. QMM will already be implicated in both the port and road infrastructure development, but expects to leverage its various investments in partnership with USAID and the PIC to advance priority projects as identified in the urban plan. These might include watershed protection, potable water and sanitation, energy, social infrastructure, and support to public security.

### **3.8 Support to the CLLS and public health**

The GoM has adopted an aggressive HIV/AIDS prevention strategy, managed by a multi-sectoral committee (CNLS) attached to the Presidency. Due in large part to QMM lobbying, Fort Dauphin was selected as one of 20 priority zones within the national strategy. In each of these zones the CNLS has begun to establish regional committees or CLLS. QMM was elected to represent the private sector on the multi-sectoral CLLS for Fort Dauphin, and will devote a great deal of staff time to this role. QMM's full time public health expert sits on the committee and has as his mandate the mobilisation of the private sector in Fort Dauphin with regard to both workplace and community prevention programmes.

In collaboration with USAID under the GDA, additional technical assistance will be provided to the CLLS and to the development and implementation of a regional HIV/AIDS prevention strategy. The success of the CLLS as a platform for multi-sectoral

and collaborative approaches to HIV/AIDS prevention is key to the region's battle against the epidemic. Given the risks that migration and rapid economic growth pose with regard to sexually transmitted diseases, QMM is particularly committed to supporting the efforts of the CLLS and its members in identifying effective interventions and executing them.

QMM's involvement with the CLLS is an offshoot of its implication in a regional public health platform in which government technicians, NGOs, donor and multilateral agencies conjugate their efforts to address the most prevalent community health risks in the region. Towards this end, QMM will continue to participate in collaborative actions to improve community and public health in the city of Fort Dauphin and its immediate environs.

### **3.9 Support to local government**

QMM recognises that government capacity is essential to the protection and development of those livelihoods indirectly affected by the project, and few if any of QMM's initiatives are undertaken independently of local government. Due in large part to this collaborative approach, QMM has been successful in gaining government buy-in and support for the project, and this buy-in has translated into government ownership of the consequences, both positive and negative, of rapid economic growth and social change.

It is an enormous advantage for QMM's social programme to have a willing partner in government, and to have been able to identify mutual concerns and objectives. This strong partnership with government will make community development programmes more sustainable, and ensures that QMM assisted programmes are complementary to ongoing official development strategies. The disadvantage to relying too heavily on government, however, is that local government in Madagascar has very limited financial and administrative capacity. QMM's partnership with government must therefore reinforce that capacity, while at the same time profiting from government's comparative advantages. Towards this end opportunities will be sought by QMM to:

- Contribute to the implementation of existing government projects or programmes.
- Share resources and skills.
- Maintain regular communication with local and national governments concerning development efforts.
- Include government in the design and governance QMM livelihood protection and development initiatives.
- Facilitate coordination and dialogue between different government departments and between local, regional and national levels of government.
- Engage in a broader policy dialogue on local or regional development objectives.
- Train government employees in governance, financial management, development planning, surveillance, or other necessary skills.

- Lend QMM managerial support or technical assistance.
- Collaborate on an excellent public consultation programme.
- Assist with the efficient and transparent management of project generated revenues.

Concrete examples of this approach exist and will be further developed during the five years plan, for example:

- Support to road safety programme.
- Support to government sponsored regional natural resources management programme.
- Support to local Water and Forest department's capacity to undertake reforestation activities (see GDA).
- Support to government's cholera prevention and sanitation efforts.
- Support to government's Roll Back Malaria programme.
- Support to District Health authority initiatives to improve quality of services.
- Support to District Education authority to improve quality of primary education.
- Collaboration with District Education authority to establish a quality secondary school facility.
- Support to local Public Work authority on road repair and maintenance.
- Development of migration surveillance and poverty surveillance systems.

### **3.10 Local enterprise and economic development**

As essential as social protection is to the way QMM works, it is not a core business activity. QMM is not an NGO or a donor, however, with the investment decision taken, QMM becomes a motor for economic development, and wants to be identified as such.

By the end of this first five year plan, QMM's flagship community relations programme will be one of economic empowerment and wealth creation through local recruitment and local business development. Initially, the partnerships and the internal competencies necessary to make this happen need to be developed.

## **4 Maximising local recruitment**

### **4.1 Pre-recruitment testing and training**

QMM has already adopted a strategy to maximise local recruitment. The first step was to undertake a quantitative industrial skills survey. Data was collected to develop an overall statistical model of the probable semi skilled and skilled employment potential of the area. Fortunately the survey concluded that QMM should be able to draw all of its skilled and semi-skilled personnel from the Fort Dauphin area.

This numeric survey was followed by a qualitative analysis using the Dover Test system, which answered the following questions:

- How does this labour compare, in terms of basic qualitative ability, with labour employed by large industry in South Africa, Botswana, Tanzania and other countries?
- How readily trainable is the labour?

The Dover Test system was originally developed from the Vienna Tests that originated in Austria through the Schuhfried assessments. Dover tests have been used in South Africa since 1982. Since 1996 the tests have been extensively developed, and are now used to select the best potential drivers, large equipment operators, welders, trainee artisans and technicians, as well as pilots. From many thousands of test results, a database has been established. There are threshold score levels which give accurate predictions. People who score above the threshold level are readily trainable – they possess the hand/eye co-ordination to be effective operators. Conversely, people who score below the threshold level will take a long time to train, will not be as effective, and most importantly will probably require retraining after relatively short absences due to sickness or leave.

This strategy has permitted QMM, well before the construction phase to understand the trainable potential of local labour, and to pre-select the best candidates for employment. In turn, this led to pre-qualification programmes designed to prepare labour for contractor recruitment. Contractors will be guided to pre-qualified candidates, so that they can recruit effectively and efficiently. Contractors will be required to document the performance of their local recruits, thus enabling QMM to retain the best and brightest as permanent employees on the mine.

In further support of the strategy QMM, in partnership with a local association and the commune of Fort Dauphin, has proposed the development of a regional vocational training facility in Fort Dauphin. An existing physical facility will be rehabilitated, and a protocol has been signed by QMM, the PIC, and UNDP to equip, staff and manage the facility in collaboration with the pertinent technical ministry.

#### **4.2 Employee development programmes**

Post-recruitment training and education will be necessary in order to optimise local workforce performance. To date, training has to concentrate on safety standards, accompanied by appropriate management and supervisory systems. Typical of an isolated and impoverished area, standards of safety and quality are almost non-existent in Fort Dauphin, and require a concerted effort to inculcate.

Once the safety objective has been reached, the employee development programme will be expanded to include a range of programmes from general livelihood skills training, training in basic literacy and numeracy, to training for managerial and other skilled work.

A goal of the programme will be to maximise staff retention and internal promotion opportunities.

Another goal will be to realise the community development potential of the employee training programme, and visa versa. Health education and prevention programmes can reduce sick time, lower death rates and help fight potential epidemics. Public health and sanitation programmes can reduce the spread of contagious diseases, cut company medical costs and also reduce sick time. Literacy, numeracy and skills development programmes make for more qualified employees and communities, and can reduce dependency as employees and family members find better jobs or income generating opportunities in the future.

### **4.3 Affirmative procurement**

Important and positive socio-economic impact will be achieved through sourcing products and services locally through subcontracts with local companies.

Despite the magnitude of QMM's initial investment and subsequent average annual expenditures, maximising local subcontracting will be a challenge. The SME sector in Fort Dauphin is extremely underdeveloped, poorly equipped and marginally skilled.

Given the scarcity of qualified local suppliers, QMM will implement an enterprise promotion strategy to encourage community members and nascent entrepreneurs to start or grow companies that may provide catering services, cleaning services, construction services, or production services for both QMM and other local businesses. Care must be taken to ensure that emerging enterprises have the technical and managerial skills to win contracts with other companies either locally, regionally or even nationally. Overdependence on QMM as the sole source of contracts should be avoided to the greatest extent possible. The development of a pool of dynamic and skilled suppliers will certainly improve the investment climate for future potential investors, particularly those who will be attracted to the region by the new port.

The major elements of this strategy to be developed include:

### **4.4 A comprehensive micro-enterprise development programme involving:**

- Creation of local business advisory services
- Training resources for entrepreneurs and small businesses
- A process of guidance, assessment and accreditation of emerging small businesses, with particular reference to safety and quality
- Their education and alignment with accepted business procedures and quality standards.
- An initiative to encourage other local businesses to purchase locally
- The promotion through banks of accessible and adapted financial products

This programme should ideally be developed and delivered in partnership with other members of Fort Dauphin's business community. Elements of this programme are currently the subject of a collaboration between QMM and its bank, Credit Lyonnais Madagascar. The collaboration is expected to extend to include the Fort Dauphin Chamber of Commerce.

#### **4.5 QMM's internal technical and administrative capacity to:**

- Make information on purchasing policies and upcoming contracts available as early as possible to allow local businesses adequate preparation time.
- Unbundling of main supply contracts into smaller pieces to encourage greater local content.
- Shape contracts to make them compatible with the capabilities of local businesses.
- Offer technical assistance and training to local contractors.
- Encourage outside contractors to partner with local businesses when awarding contracts.
- Assist potential contractors in acquiring credit.
- Promote access of local businesses to sources of management and administrative support services.

The same partners, or different ones with pertinent technical skills, will be sought to assist QMM to develop the criteria, staff skills, and organisational capacity necessary to deliver this element of the strategy.