

# SEAT TOOLBOX

Socio-Economic Assessment Toolbox  
Version 3

# SEAT TOOLBOX

Anglo American would like to thank the following organisations for their advice and assistance in producing this third version of SEAT:

- CARE International
- Fauna and Flora International
- International Alert

Anglo American remains responsible for any errors and omissions.


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**“SEAT ... is a unique attempt by  
a major company to incorporate  
impact assessment into the ongoing  
management of major operations.”**

The bottom left corner of the slide features abstract white line art on the dark blue background. The lines are thin and irregular, creating a sense of movement and depth, resembling a stylized map or a topographical contour.

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## ACKNOWLEDGEMENTS

## GLOSSARY

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# STEP 1 – INTRODUCTION TO PROFILING THE ANGLO AMERICAN OPERATION

## 1.1 OBJECTIVES

*Step 1* contains a suite of tools designed to build an understanding of each operation and the impacts of the operation.

## 1.2 IMPLEMENTING THE STEP 1 TOOLS

*Step 1* provides guidance on gathering key information about an operation, its economic impacts and the impacts associated with Corporate Social Investment (CSI). The tools in *Step 1* are:

- *1A – Profiling the Anglo American Operation;*
- *1B – Evaluating Economic Impacts;* and
- *1C – Evaluating Existing Corporate Social Investment Initiatives.*

By the end of *Step 1* the issues and information requirements criteria in *Box 1.1* should be established.

### BOX 1.1 INFORMATION REQUIREMENTS FOR STEP 1

- Basic information about the operation
- Location of the operation
- Future capital investments and expansion plans
- Existing closure plans
- Existing management plans (e.g. social management plans, environmental management plans, etc.)
- Existing economic impacts
- The effectiveness, appropriateness and sustainability of existing and associated CSI initiatives



# Tool 1A: Profiling the Anglo American Operation

## 1A.1 OBJECTIVES

The objective of this tool is to provide a standard format in which key information about the operation can be reported.

Profiling the Anglo American operation is intended as a desk-based exercise to identify already-known socio-economic issues and impacts, including human rights impacts. The understanding of these issues and impacts will be further developed and enhanced through engagement with external stakeholders (see *Tool 2B – Developing a Stakeholder Engagement Plan*).

The information collected will be used in the assessment of the operation's issues and impacts alongside the data gathered in *Tool 1B – Evaluating Economic Impacts* and *Tool 1C – Evaluating Existing Corporate Social Investment Initiatives*. This information will also be useful in the preparation of the Social Management Plan (SMP) (see *Tool 6A – Developing a Social Management Plan*) and the preparation of the SEAT report (see *Tool 7A – SEAT Reporting*).

## 1A.2 HUMAN RIGHTS CONSIDERATIONS

In profiling the Anglo American operation it is important to identify any potential human rights issues and impacts. The United Nations (UN) Guiding Principles on Business and Human Rights (also referred to as the “*Protect, Respect and Remedy*” Framework) recommends that human rights due diligence should be carried out in order to proactively identify, monitor and mitigate any potential human rights issues and impacts.

Specific questions designed to identify and assess human rights impacts are detailed below. This analysis of operational human rights impacts is supplemented with stakeholder engagement (see *Tool 2A – Profiling the Local Area* and *Tool 2B – Developing a Stakeholder Engagement Plan*). **Inclusion of human rights issues in the SEAT process is intended to meet the requirements for ongoing human rights due diligence as recommended in the UN Guiding Principles.**

### 1. COMPANY DETAILS

Anglo American business unit:		
Name of site / operation:		
Location:		
Name and position of author:		
Contact details:	Tel:	Email:
Related Anglo American facilities (e.g. those that process the operation's outputs or supply inputs):		

### 2. SEAT IMPLEMENTATION TEAM

SEAT champion:		Position:
SEAT assessment leader:		Position:
Name of site / operation:		
Other key internal SEAT study participants:		
• Accounts / Finance:		
• Supply Chain:		
• Human Resources:		
• Community Relations:		
• Safety and Sustainable Development:		
• Major project teams:		
• Security:		
• Communications / External Affairs:		
• Other (specify):		
External advisors assisting with implementation of the SEAT process:		
• NGOs / academics / consultants:		



### 3. BASIC INFORMATION ABOUT THE COMPANY'S OPERATIONS

What is produced by the operation?	Output (e.g. tonnes or ounces / year):
1.	
2.	
3.	
Turnover at the operation (US\$ / year):	
Number of Anglo American employees (see <i>Tool 1B – Evaluating Economic Impacts</i> for guidance on calculating non-Anglo American employees):	
Total wages paid (US\$ / year):	
Numbers resident in company accommodation (employees and their families):	
Numbers provided with basic healthcare by the operation:	
Total pension payments (to public or private schemes, US\$ / year):	
Budget for CSI (US\$ / year):	

### 4. BRIEFLY OUTLINE THE HISTORY OF THE OPERATION

Date the operation started production:		
Date the operation joined the Group (if acquired):		
Date(s) of any significant expansion or downsizing activity:		
Description of any significant expansion or downsizing activity:		
Dates and details of any environmental or social impact assessments (EIAs and SIAs) and relevant action plans (e.g. Resettlement Action Plan, Biodiversity Action Plan, etc.) associated with expansion projects:		
	Yes / No	Date
Has the operation ever won awards or commendations for social, economic, environmental or health impacts or initiatives?		
Has the operation ever experienced:		
• Stakeholder objections to permit applications, EIAs or SIAs?		
• Rejected permit applications, EIAs or SIAs?		
• Adverse media reports on alleged environmental and health impacts?		
• Adverse media reports on social and economic impacts?		
• Criticism from non-governmental organisations (NGOs or CBOs)?		
• Criticism from local governments, politicians or other authorities?		
• Demonstrations against aspects of the operation's activities?		
• Sabotage or persistent vandalism?		
• Conflicts (violent or verbal) between groups of workers?		
• Court action relating to environmental, social or economic issues?		
• Other adverse stakeholder reactions that have cost money or time, or damaged the operation's reputation?		
NB: In any SEAT report it is not necessary to report old issues that have been resolved to the satisfaction of stakeholders. However, the SEAT assessment process provides an opportunity to address any outstanding issues that have a social or economic dimension. If you do not believe that issues can be addressed then this should be highlighted as a risk to be managed during the SEAT assessment. You should also notify all members of the SEAT implementation team about such issues, particularly where some team members are new to the operation, or where external assistance is being commissioned.		

### 5. PLEASE PROVIDE DETAILS OF PLANNED CAPITAL EXPENDITURE, INCLUDING ESTIMATED CAPITAL COST


**6. DESCRIBE CURRENT APPROACHES TO SOCIAL PERFORMANCE MANAGEMENT, INCLUDING, BUT NOT LIMITED TO:**

- policies and commitments (over and above Anglo American's requirements, as set out in the Anglo American *Social Way*);
- management systems (e.g. stakeholder engagement, complaints and grievance procedures, resettlement planning, etc.);
- risks and opportunities, as captured through the operation's annual integrated risk assessment, alongside mitigation measures; and
- performance (e.g. results of annual *Social Way* assessments, key performance indicators, outcomes of monitoring and evaluation activities, etc.).

**7. PLEASE NOTE OTHER ISSUES THAT MAY BE OF PARTICULAR RELEVANCE TO SOCIAL, ECONOMIC OR ENVIRONMENTAL IMPACTS. FOR EXAMPLE:**

- high-impact production processes;
- plans for significant change, such as downsizing, out-sourcing or expansion projects;
- environmental impacts (e.g. impacts on natural, community health, etc.); and
- broader socio-political context in which the operation is situated (e.g. governance risks associated with mineral resource dependency).

*NB: Do not describe the resulting impacts – this will be captured later in the SEAT report.*

**8. IDENTIFY ANY POTENTIAL HUMAN RIGHTS IMPACTS**

Provide details regarding the operation's status in relation to the human rights impacts below (i.e. policies, management procedures and controls, performance). Where the screening identifies potential issues operations should:

- examine the issue in more detail using an approved method. The Danish Institute for Human Rights has published a very helpful set of evaluation questions in its "Human Rights Compliance Assessment Quick Check", which can be found at: [www.humanrightsbusiness.org](http://www.humanrightsbusiness.org); and
- alert Group Government and Social Affairs if use of the "Quick Check" indicates that there may be human rights issues to address.

**A. EMPLOYMENT PRACTICES**

**A1 Forced Labour**

A1.1 Take all necessary measures to ensure that the company does not participate in, or benefit from, any form of forced labour (this can include bonded labour, debt bondage, forced prison labour, slavery, servitude, or human trafficking).

A1.2 Refrain from retaining the identity cards, travel documents, and other important personal papers of employees.

**A2 Child Labour and Young Workers**

A2.1 Comply with minimum age standards.

A2.2 If the company becomes aware that it is employing children of school age, it should ensure that the children are enrolled in a remediation education programme, rather than being summarily terminated from employment.

A2.3 Ensure that the company does not hire minors (below 18 years of age) to perform work that is hazardous or harmful to their health, safety, or morals.

**A3 Non-discrimination**

A3.1 Ensure that the company's compensation, benefit plans, and employment-related decisions are based on relevant and objective criteria.

A3.2 Inclusive work environment and cultural respect.

**A4 Freedom of Association**

A4.1 Recognition of elected worker's representatives and collective bargaining, and respect for freedom and privacy of employee voting intentions.

A4.2 Alternative measures in case of state prohibition on unions.

<b>A5 Workplace Health and Safety</b>
A5.1 Ensure that the company's workers and contractors are afforded safe, suitable and sanitary work facilities.
A5.2 Supply employees and contractors with the protective equipment and training necessary to perform their tasks safely.
<b>A6 Conditions of Employment and Work (Hours, Wages, Leave, etc.)</b>
A6.1 Take measures to protect workers from acts of physical, verbal, sexual, or psychological harassment, abuse, or threats in the workplace, including when determining and implementing disciplinary measures.
A6.2 Ensure the company has mechanisms for hearing, processing and settling the grievances of employees.
A6.3 Provide a living wage, which enables workers to meet the basic needs of themselves and their dependents.
A6.4 Grant employees paid holiday and sick leave each year, as well as parental leave for the care of a newborn or newly adopted child.
A6.5 Ensure that the work-week is limited to 48 hours, overtime is voluntary, infrequent, and does not exceed 12 hours per week, and that employees are given reasonable breaks while working, and sufficient rest periods between shifts.
A6.6 Respect the privacy rights of its employees whenever the company gathers private information or implements employee-monitoring practices.
<b>B. COMMUNITY IMPACT</b>
<b>B1 Security</b>
B1.1 Train security guards when to intervene in security-related situations and how to use the minimal authorised force necessary.
<b>B2 Land Management</b>
B2.1 Before purchasing land, the company should consult with all affected parties, including both legal and customary owners, in order to seek their prior informed consent.
B2.2 Ensure that the company does not participate in or benefit from improper forced relocations, and adequately compensates inhabitants in voluntary relocations.
B2.3 Honour the land, passage, and usage rights of local or indigenous peoples on company-controlled land.
B2.4 Consult with the local inhabitants and take measures to address and mitigate any disruptive effects that the company's operations may have on company land, the local community, and the natural resources in the area.
<b>B3 Environmental Health and Safety</b>
B3.1 Have emergency procedures in place to effectively prevent and address all health emergencies and industrial accidents affecting the surrounding community.
B3.2 Have mechanisms for hearing, processing, and settling the grievances of the local community.
<b>B4 Corruption and Bribery</b>
B4.1 Refrain from bribing, or using any other method, to unjustly influence government officials and / or the judiciary.
<b>B5 Company Products</b>
B5.1 Exercise due diligence when designing, manufacturing and marketing products, to protect against product defects which could harm the life, health or safety of the consumer or others likely to be affected by the defective project.
B5.2 Before using the local artistic or copyrightable material or patenting a previously unpatented invention that has already been in use by a local or indigenous people, the company should first obtain the informed consent of the creator or owner of the work.
<b>C. Supply Chain Management</b>
C1.1 Screen and monitor all major suppliers, contractors, sub-suppliers, joint venture partners, and other major business associates for commitment on human rights / social issues.
<i>Source: Adapted from the Human Rights Compliance Assessment (HRCA) developed by the Danish Institute for Human Rights. <a href="http://www.humanrightsbusiness.org">www.humanrightsbusiness.org</a></i>

**9. DESCRIBE ANY EXISTING OR PROPOSED INDUSTRIES AND / OR COMPANIES IN THE VICINITY OF THE OPERATION, INCLUDING OTHER ANGLO AMERICAN OPERATIONS**

*Note: Include those industries / companies that:*

- *have similar social, economic and environmental impacts to your operation, or are significant in some other way;*
- *will contribute towards the cumulative impacts in the area of your operation;*
- *source labour from the same labour-sending area; and / or*
- *are located in the same municipality (or equivalent).*



# Tool 1B: Evaluating Economic Impacts

## 1B.1 OBJECTIVES

This tool is designed to assist in evaluating the overall economic impact of each operation on local, regional and national economies. Economic impacts can be assessed by evaluating the following aspects:

1. payments made to the public sector (*Section 1B.3*);
2. total employment, whether direct, indirect or induced<sup>(1)</sup> (*Section 1B.4*);
3. total procurement generated by the operation (*Section 1B.5*); and
4. contributions to the national or regional economy (*Section 1B.6*).

Assessing an operation's economic contribution also provides a means of understanding the economic impacts associated with its eventual closure.

Unlike most tools in the SEAT process, this tool may need to be used at a national level, as some local operational units are not registered individually for tax purposes. It should also be used with the cooperation of contractors and suppliers.

## 1B.2 WHEN TO USE THIS TOOL

Anglo American's support for the Extractive Industries Transparency Initiative (EITI) process requires the company to report on certain payments (e.g. to governments) on an annual basis for all participating countries<sup>(2)</sup> at a national level. Other information requirements for this tool can be updated each time a SEAT report is prepared.

SEAT teams will probably need to obtain assistance from finance, procurement and HR functions to complete this tool.

## 1B.3 CALCULATING PAYMENTS TO THE PUBLIC SECTOR

This section can be used to report payments and revenue in response to the EITI, the objective of which is to increase transparency in the extractives sector in resource dependent economies<sup>(3)</sup>.

National tax regimes vary so widely that guidance on calculating payments to the public sector is not prescriptive. However, the intention is to identify all net payments to the public sector, except those that are in return for a commercial service (such as water supply or rail transport) where these services are in public ownership.

This section is based on the mining template for EITI reporting, as this is a broadly accepted approach. *Table 1B.1* provides summary definitions for the different categories of payments under the EITI. *Table 1B.2* provides a template for reporting payments. As can be seen, *Table 1B.2* is divided into two parts:

- payments that are included within the scope of the EITI; and
- additional relevant payments that fall outside the scope of EITI, but which may be appropriate in illustrating an operation's total economic contribution.

Note that taxes should generally be presented as they appear in annual accounts. For example, if there is a tax charge that is deferred it should be treated in the same way as it is recorded in the operation's profit and loss account.

## 1B.4 CALCULATING EMPLOYMENT

### Overview

The following sections provide guidance on how to calculate each category of employment.

All employment should be expressed as full-time equivalents (FTE) for a year. A full-time job is one that occupies employees for thirty hours or more per week<sup>(4)</sup>. Therefore, the following employment examples each constitute **one** FTE year of employment:

- a member of staff who works a permanent five-day week contract with a full working day, or those on full-time shift patterns;
- two part-time staff, each of whom works two full days a week throughout the year; and
- four seasonal or casual staff who work for five full days a week, but only for three months of the year.

(1) The calculations should be undertaken at the time the SEAT assessment is undertaken. If there is a major change in employment levels during the period of the SEAT assessment, describe the nature of the change.

(2) [www.eiti.org/countries](http://www.eiti.org/countries).

(3) The EITI sets a global standard for transparency in the oil, mining and gas sectors. This coalition between governments, companies and civil society endeavours to make natural resources benefit everyone by providing a standard for companies to publish what they pay and for governments to disclose what they receive.

(4) NB: Because the focus is on number of people employed (rather than the amount of hours worked), one person working a 45-hour week would only constitute one job. Thirty hours is taken as the minimum number of hours for a full-time job.

All three categories of employment (direct, indirect and induced) are tracked, particularly as contracting-out or outsourcing functions may give the impression that employment generated by Anglo American companies is falling, whereas it may simply have been subcontracted. The emphasis is on employment generated in the host country. Therefore, exclude indirect and induced employment that is created abroad. *Figure 1B.1* summarises the types of employment to be included in graphic form, while a working definition for each employment type is provided below. Where employees are not from the communities near the operation it is important to identify from where they originate.

It is also useful to show trends in employment, so where possible provide estimates for the present, five years ago and ten years ago, and for five and ten years in the future (these estimates can be more approximate).

## Types of Employment

Employment includes the following:

1. **Direct employment** by Anglo American companies (those staff that are on payroll and contractors who are permanently based on-site).
2. **Indirect employment** in the region comprising:
  - off-site contractor employees working for the operation (i.e. those staff on the contractors' payrolls who are employed to fulfil contracts at the operation);
  - employees working at the operation's suppliers, and any contractors' suppliers or sub-contractors whose employment is attributable to business generated by the Anglo American operation; and
  - employment generated in the region by Corporate Social Investment (CSI) activities, including local business development.
3. **Induced employment** is estimated to be generated by the spending of direct and indirect employees, such as those in local services (e.g. shops, transport and public services).
4. Together, these three categories establish the **total number of persons** dependent upon the Anglo American operation for their livelihoods.

### 1. Direct Employment

Direct employees are those employed by Anglo American group companies, plus those contractors who are permanently based on-site, such as security or catering staff. The total is simply the number of individuals permanently on site, expressed as full-time equivalents. This information should be available from personnel / human resource departments, and for contractors from procurement or site security (who may issue passes). It is also important to note from where employees originate, including those from other regions of the host country and expatriates.

## 2. Indirect Employment

As noted above, indirect employees are those who work for the operation's suppliers and off-site contractors, but whose employment is dependent upon custom from the operation. It also includes any jobs created through (CSI) activity. If the supplier works for other Anglo American operations, this will be calculated separately by those operations.

### Indirect Employment in the Supply Chain

Suppliers' or contractors' employees do not have to be permanently engaged in work for the operation for the employment to be counted. For example:

- A construction contractor who provided 100 workers for a fixed six-month period would have had the equivalent of 50 full-time jobs created by custom from the operation in that year.
- A supplier who employs 500 staff and who sells 10 percent of his output in a year to the operation would also have had the equivalent of 50 full-time jobs created by the operation's custom.

This information should be available from suppliers and contractors. If a portion of the work is subcontracted to other companies, similar calculations should be completed for these companies. It is useful to record the proportion of indirect employment retained "locally". See *Tool 2A – Profiling the Local Area* for guidance on assessing a "zone of influence".

*Table 1B.3* summarises how to calculate supplier and contractor employment. If the operation has major contractors or suppliers who themselves source a major part of their work from outside their companies, they should be asked to provide relevant data.

When collecting this information, a sampling approach should be adopted. A representative sample of suppliers that covers a minimum of 20 percent of the operation's spending should be contacted. The sample should be representative in terms of type of supplier, geography, size of purchase and skills required. The information gathered should then be consolidated to reflect total spend. It is not necessary to contact all suppliers, as this would be very labour-intensive. An example of how this can be done is given in *Box 1B.1*.

Table 1B.1 EITI “Scope One” Payments

SCOPE 1 BENEFIT STREAM	REPORTING TEMPLATE REFERENCE	FURTHER DESCRIPTION
Profit taxes	i	Taxes levied on the profits of an integrated mining company.
Royalties	ii	<p>Royalty arrangements will differ between host government regimes.</p> <p>Royalty arrangements can include a company's obligation to dispose of all production and pay over a proportion of the sales proceeds. These “royalty” payments should be included in Section 1(c) of the Reporting Templates.</p> <p>Where the host government has a more direct interest in the underlying production, and makes sales arrangements independently of the concession holder, these “royalties” are more akin to host government production entitlement, and should be reported in the EITI of the Reporting Templates.</p>
Licence fees, rental fees, entry fees and other considerations for licences and / or concessions	iii	<p>Payments to the host government and / or national state-owned company for:</p> <ul style="list-style-type: none"> <li>• receiving and / or commencing exploration and / or for the retention of a licence or concession (licence / concession fees);</li> <li>• performing exploration work and / or collecting data (entry fees). These are likely to be made in the pre-production phase; and</li> <li>• leasing or renting the concession or licence area.</li> </ul>
Host government's production entitlement	iv	<p>This is the host government's share of the total production. This production entitlement can either be transferred directly to the host government or to the national state-owned company. This stream can either be in kind and / or in cash.</p> <p>Where a royalty arrangement means that the host government has a more direct interest in the underlying production and makes sales arrangements independently of the concession holder, these “royalties” are more akin to host government production entitlement, and should be reported in the EITI Reporting Templates.</p>
National state-owned company production entitlement	v	This is the national state-owned company's share of total production. This production entitlement is derived from the national state-owned company's equity interest. This stream can either be in kind and / or in cash.
Bonuses (such as signature, discovery, production)	vi	<p>Payments related to bonuses for and in consideration of:</p> <ul style="list-style-type: none"> <li>• awards, grants and transfers of the extraction rights;</li> <li>• achievement of certain production levels or certain targets; and</li> <li>• discovery of additional mineral reserves / deposits.</li> </ul>
Dividends	vii	Dividends are paid to the host government as a shareholder of the company in respect of shares and any profit distributions in respect of any form of capital other than debt or loan capital.
Other significant benefits to host governments	viii	<p>These benefit streams include:</p> <ul style="list-style-type: none"> <li>• other taxes that are levied on the income, production, capital gains, sales, exports or profits of companies, customs;</li> <li>• other royalty type arrangements;</li> <li>• import duties;</li> <li>• withholding taxes related to dividends, interest / technical service fees;</li> <li>• registration fees;</li> <li>• stamp duties; and</li> <li>• environmental levies.</li> </ul>



Table 1B.2 Reporting Template for Payments to Public Authorities

LINE REF	CATEGORY	TABLE 1B.1 REFERENCE	VOLUME	VALUE			
				TOTAL	NATIONAL	REGION	LOCAL
Payments Covered by E/ITI							
1	Benefit Streams from International and National State-Owned Company						
1a)	Profit taxes	i					
1b)	Royalties	ii					
	• In cash						
	• In kind (specify)						
1c)	Licence fees, rental fees, entry fees and other considerations for licences / concessions	iii					
1d)	Signing bonuses and production bonuses	vi					
1e)	Dividends	vii					
1f)	Other payments to host governments (specified as including payment made through production entitlements and other royalty type arrangements):	iv, v, viii					
	• Import / export duties						
	• Withholding taxes related to dividends						
	• Property taxes						
	• Vehicle excise and fuel duties						
	• Interest paid to host governments						
	• Technical service fees (e.g. inspection fees)						
	• Natural resource charges, such water abstraction charges or emissions permits						
	• Non-recovered sales, value added or consumption taxes						
	• Stamp duties / corporate registration fees						
Non-EITI Payments							
2	Additional Benefit / Payment Streams to Include in SEAT Studies						
2a)	Income taxes paid on behalf of workers						
2b)	Social security contributions to public agencies						
2c)	Any other payments such as training levies (specify)						
Exclude payments to public authorities in return for a commercial service (e.g. rail transport, or power purchases if from state-owned generators)							

Figure 1B.1 Boundary of Employment Estimates to Include in SEAT

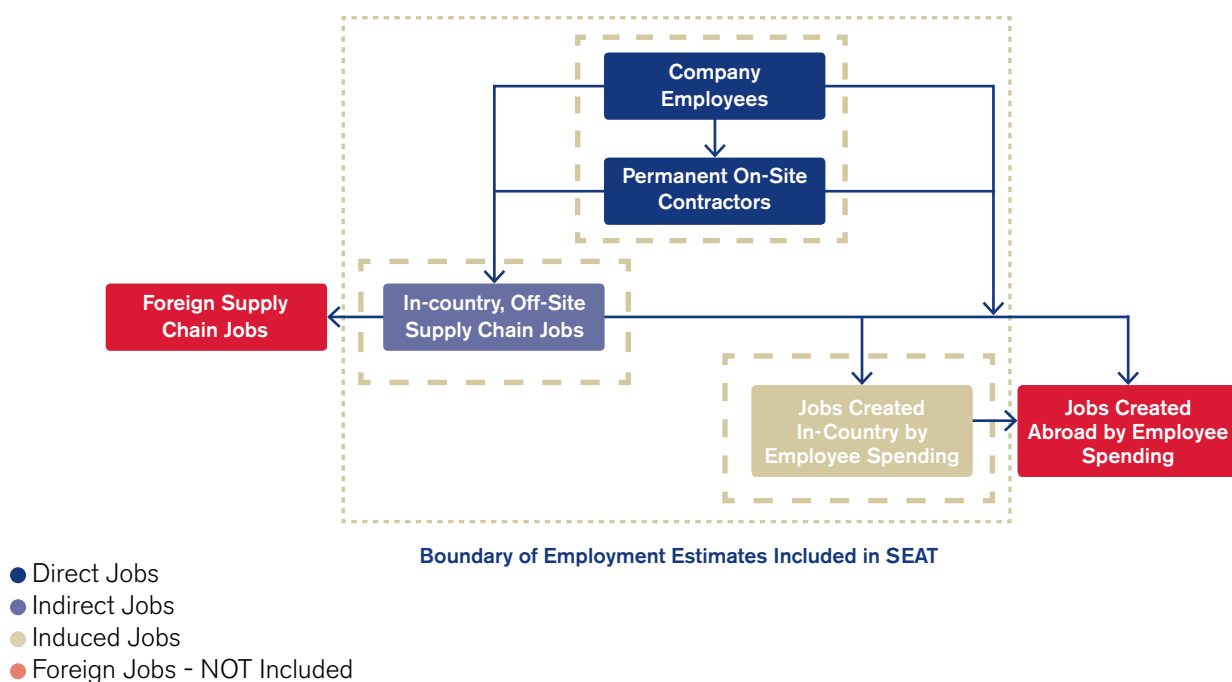


Table 1B.3 How to Calculate Indirect Employment in the Supply Chain

NAME OF CONTRACTOR / SUBCONTRACTOR / SUPPLIER	(A) NUMBER OF NON-PERMANENT ON-SITE STAFF <sup>(1) (2)</sup>	NUMBER OF OFF-SITE STAFF			(E) TOTAL INDIRECT EMPLOYEES (A + D)	(F) PERCENTAGE OF EMPLOYMENT THAT IS LOCAL
		(B) TOTAL NUMBER OF EMPLOYEES IN COMPANY <sup>(1)</sup>	(C) PERCENT OF BUSINESS WITH THE OPERATION	(D) TOTAL OFF-SITE EMPLOYEES (B X C)		

Notes: (1) Staff numbers should be expressed as full-time equivalents.  
(2) Permanent on-site staff should be counted as direct employees.

#### BOX 1B.1 EXAMPLE OF SUPPLIER SAMPLING FOR CALCULATING INDIRECT EMPLOYMENT

Mine X procures \$10 million worth of goods in Year A. In total, the mine purchases from 100 providers, with contracts ranging in value from \$1,000 to \$1 million in Year A. The mine assesses its list of suppliers and selects eight suppliers, with two each falling within the brackets of under \$1,000, \$1,001 – \$10,000, \$10,001 – \$100,000, and \$100,001 – \$1,000,000. The total value of the suppliers selected amounts to \$2 million. The mine then contacts these eight suppliers and completes *Table 1C.1* with the relevant data. The mine finds that 50 people are employed within this sample. As the sample was equal to 20% of the total value, the mine estimates that it creates indirect employment of 250 (50x5) people through procurement.

- Identify the annual turnover of the supplier through published accounts (this should be public information).
- Identify the supplier's total employment from company annual reports, websites, etc.
- Calculate turnover per job by dividing total turnover by total employment.
- Divide the size of the operation's spending with that company by the turnover per job figure to provide an estimate of employment generated by the operation's custom.

In some situations the suppliers may not wish to cooperate for reasons such as commercial confidentiality. If sufficient assurance about treating information in confidence cannot be given, the following alternative approach to estimating indirect employment can be used:

This method should be a last resort, and should only be done with significant suppliers.

In some instances, this information may be hard to find, particularly if the company is not publicly listed. You may need to work through a number of sample suppliers before being able to finalise your sample list.

Indirect Employment in CSI Initiatives

Identifying the number of jobs generated by CSI initiatives is a simple four-step process:

- 1. Identify the number of beneficiaries of the project. These might be project employees, or those who derive their employment or livelihood from the assistance provided by the project.
- 2. Identify the average percentage of employees' or, in the case of income creation projects, beneficiaries' incomes or employment that is derived from the project. Employees / beneficiaries may need to be interviewed to get this information.
- 3. Estimate the operation's contribution to establishing and maintaining the project. This can include in-kind contributions (e.g. land, time, etc.). To ensure that the answer is balanced, the operation should attempt to agree this with other project partners, including beneficiaries.
- 4. Calculate full-time equivalent jobs, using the formula outlined in Table 1B.4 below:

3. Induced Employment

In developed countries, induced employment multipliers would be expected to be well below 100 percent (5 to 20 percent is a more typical range), with values in middle income and transition economies being somewhere in-between. Government, academic economists or trade associations may be able to provide guidance relevant to a country and / or sector.

4. Total Number of Persons Supported by the Operation

In some contexts it will be useful to know the total number of persons supported by an operation. This can be calculated if the following variables are known:

- 1. Total employment created by an operation (the sum of direct, indirect and induced employment, as calculated above).
- 2. Average family size (see Tool 2A – Profiling the Local Area).
- 3. The average percentage of family income derived from Anglo American-created employment. A simple sample survey of workers may need to be undertaken to find this information (the answer may vary across different types of workers).

The calculation in Figure 1B.2 can be used to estimate the number of persons dependent upon your operation.

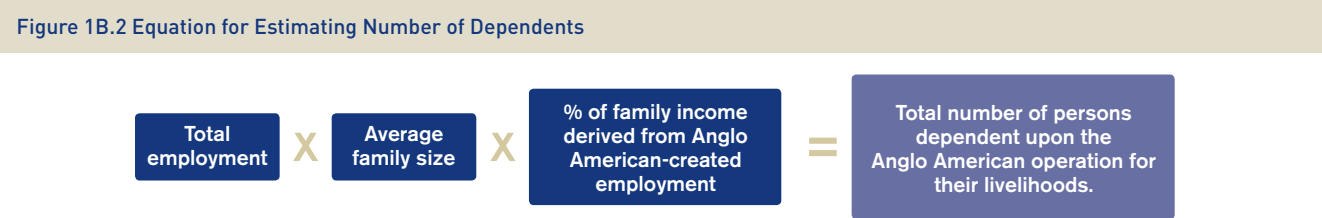


Table 1B.4 How to Calculate Anglo American’s Contribution to Employment from CSI Initiatives

NAME OF CSI PROJECT	(A) NUMBER OF BENEFICIARIES FROM PROJECT	(B) AVERAGE PERCENTAGE OF BENEFICIARIES' INCOMES DERIVED FROM THE PROJECT	(C) ANGLO AMERICAN CONTRIBUTION TO ESTABLISHING PROJECT (PERCENT)	(D) FULL-TIME EQUIVALENT JOBS ATTRIBUTABLE TO ANGLO AMERICAN CSIS (A X B X C)
1.				
2.				
3.				
...				

## 1B.5 CALCULATING LOCAL AND NATIONAL PROCUREMENT

### Overview

Money spent by Anglo American operations on procurement from the domestic economy can be considerable. Therefore, procurement can boost local production and promote the development of supply chains. For guidance on how to boost this endeavour, see *Tool 5B – Local Procurement*.

Examples of the sectors that can benefit from mining operations in this way usually include utilities, construction, manufacturing, food supply, hotels, restaurants, road, rail and air transport, and banking and insurance.

As with employment, it is useful to get a picture of how procurement spend has changed and is expected to continue to evolve. Therefore, try to estimate figures for 10 and five years ago, and for five and 10 years in the future. As with employment, more approximate estimates can be produced for these years than for the current year if data is not available.

### Profile of a Supply Chain

Provide a brief overview of the supply chain, by answering the following questions. This information should be available from the procurement or accounts departments of the operation:

1. How many suppliers are there in total, both domestic and international?
2. How much is spent each year on these external suppliers?
3. How many of these are based domestically (locally / nationally)?
4. Is the supplier owned by disadvantaged or previously disadvantaged owners / shareholders?
5. Does the operation procure from suppliers representing a cross-section of the local community (in terms of gender, ethnicity, religion, etc.)?

### Value of Local and National Procurement

A sample of domestic suppliers should be contacted. The sample should be representative in terms of type of supplier, geography, size of purchase and skills required. Then use the following steps:

1. Calculate the total value of procurement purchased through these suppliers. This information should be available from supply chain or accounts departments.
2. Liaise with each supplier to assess what proportion of this procurement relates to economic activity undertaken in the operation's locality or host country. Refer to the guidance on zone of influence in *Tool 2A – Profiling the Local Area* to define local area. For example, imported fuels will have a very low percentage of local content, whilst locally-grown food will have a very high percentage. Note that invoicing addresses are often a poor indication of where the economic activity has taken place.
3. The value of the sample multiplied by the percentage of local / national content will give you the value of local / national content in the sample.
4. Gross this sample up to estimate the total value of procurement sourced locally / domestically (assuming that the sample is accurately representative of the domestic supply chain).

For instance, if the value of procurement for a third of domestic suppliers was calculated, then multiply the value of the sample by a factor of three to get the total value of domestic procurement.

### Capital Expenditure Projects

Major capital projects involve significant procurement. If there is planned investment, describe the scale of the expenditure, and where construction services and capital equipment will be purchased from. If data are available, use a similar process to that described above. If not, a more qualitative description of the investment should be provided, describing the value of the works, the number of people employed, and the source of the construction and capital equipment suppliers.

Table 1B.5 What Supplies are Purchased and From Where?

NO.	ITEM	APPROXIMATE VALUE (US\$ / YEAR)	WHERE PURCHASED FROM?			
			COMPANY	LOCATION	DISADVANTAGED SUPPLIER?*	LOCAL CONTENT (PERCENT)
1.						
2.						
3.						
4.						
etc.						

\* In the South African context this would include purchases from Black Economic Empowerment (BEE) companies.

## 1B.6 CALCULATING CONTRIBUTIONS TO THE NATIONAL ECONOMY

### Value Added

Value added is defined as:



However, some elements of value added do not remain in the host economy, including:

- repatriated wages of expatriate staff and migrant labourers (your human resources or payroll department may be able to give you a rough estimate of the total wages that are repatriated abroad, or you may need to do a simple survey of a sample of your foreign workers);
- any management fees paid to overseas headquarters;
- interest paid to foreign banks; and
- profits / dividends paid to owners / shareholders based abroad.

Therefore, these payments should be deducted from the total value added calculation, so as to present the proportion of value added retained within your host country – sometimes referred to as *Retained Value Added*.

### Contribution to GDP at Regional or National Level

To calculate the contribution of your operation to GDP follow these two simple steps:

1. Find out the GDP of your host economy for the most recent fiscal year. This can be found in national statistics or from [www.unstats.un.org/unsd/snaama/SelectionQuick.asp](http://www.unstats.un.org/unsd/snaama/SelectionQuick.asp).
  - a) Select the country / region you are in.
  - b) Select “GDP, at current<sup>(1)</sup> prices – national currency”.
  - c) Select the most recent year.
  - d) Click on the “Submit” button.
2. Divide the retained value added (described above) by GDP to give the percentage contribution of the operation to GDP.

In large economies or developed countries it is likely that the contribution of one operation to GDP will be very small. However, in host regions or developing economies the impact of some larger operations may be significant.

### Contribution to Exports

To calculate your operation's net contribution to your host country's exports (or trade balance) undertake the following four tasks. This calculation is, however, not a relevant measure if an operation's output is primarily geared to meeting domestic demand.

#### Task 1: Identify the Value of Your Operation's Exports

Identify the value of output from the operation that was exported in the most recent fiscal year. Your accounts or sales department will have this information.

#### Task 2: Identify and Subtract the Value of Imports Purchased by Your Operation to Get Your Operation's Net Exports

Subtract the value of imports purchased by your operation (using the data calculated when calculating total national procurement in *Section 1B.5*) from the value of exports (as identified in *Task 1* above) to give a net exports figure for your operation.

#### Task 3: Identify Total Exports from Your Host Country

Information on the value of exports of goods and services from your country is typically found by performing a simple internet search using the name of the country and the terms “trade statistics”. This will bring up the relevant data sources for your country. The most reliable data are the information published by government departments.

Alternatively the World Trade Organisation (WTO) reports and statistics database provides details of exports for most countries

[www.wto.org/english/res\\_e/statis\\_e/statis\\_e.htm](http://www.wto.org/english/res_e/statis_e/statis_e.htm).

#### Task 4: Calculate Net Exports from Your Operation as a Percentage of Total Exports from Your Host Country

Finally, divide the value of net exports from the operation (as calculated in *Task 2*) by total national exports (as given by *Task 3*) to give the percentage of the host country's exports accounted for by your operation's exports.

If possible, also present historical data for the last five and 10 years and a rough estimate for five and 10 years in the future.

(1) This is because comparisons will be made to current financial values relating to the operation. Do not use the GDP value labelled as “PPP US\$” or “PPP”.

# Tool 1C: Evaluating Existing Corporate Social Investment Initiatives

## 1C.1 OBJECTIVES

Corporate Social Investment (CSI) initiatives form part of Anglo American's broader socio-economic benefit delivery (SEBD) programme. SEBD interventions are focused on both core and non-core business functions: CSI initiatives form part of Anglo American's non-core functions, and represent a commitment to the upliftment of neighbouring and labour-sending communities. CSI is defined in *Box 1C.1*.

The objective of this tool is to guide operations through a high level assessment of the effectiveness and appropriateness of their CSI initiatives. This assessment will enable Anglo American staff to identify where existing CSIs can be improved, such that they add greater value to both beneficiaries and to the Anglo American operation.

The appropriateness and effectiveness of existing CSI initiatives is assessed against criteria in the following categories<sup>(1)</sup>:

- a) Planning, design and implementation.
- b) Stakeholder engagement and communication.
- c) Implementation, monitoring and evaluation.

These categories and associated criteria are underpinned by a commitment to ensuring sustainable and meaningful CSI initiatives.

Whilst *Tool 1C* guides the assessment of existing CSI initiatives, the *Step 5* tools provide guidance on developing new CSI projects and can also serve as prompts for improving existing CSI initiatives.

## 1C.2 HOW TO USE THE TOOL

This tool can be used early on in the assessment phase. However, understanding the appropriateness and effectiveness of existing CSI initiatives may require a more detailed understanding of community needs before the assessment can be completed. Some of this information may need to be gathered during stakeholder engagement.

### BOX 1C.1 DEFINING CSI

The *Social Way* defines CSI initiatives as contributions (monetary, staff time or gifts in kind) that bring benefits to communities over and above an operation's core activities.

These contributions are typically made to stakeholders associated with business operations, ranging from local stakeholders to national and international ones. These investments are generally aimed at addressing needs within the selected target community. The scope of these activities ranges from philanthropic activities (e.g. donations to charities) to addressing social issues within target communities, to corporate initiatives within the target community that directly support the needs and success of Anglo American (e.g. capacity-building among local residents for employment purposes). However, definitions of what constitutes CSI will vary from country to country, depending on stakeholder perceptions and local operating norms. Thus, a CSI initiative in one country (e.g. worker healthcare provision) may be standard business practice or part of an operation's planning permits (e.g. mitigation measures) in another country.

For further information on definitions of CSI, accounting for management and staff time, and gifts in kind, see the Anglo American *Annual Financial Reporting Pack*.

Traditional approaches to community needs assessments (which can result in long lists of "needs" and "wants") are increasingly being replaced by approaches which encourage communities to take ownership of their needs identification and planning processes. This is done through participatory approaches which guide communities in:

- working in partnership (with companies, civil society, government, etc.) to define a joint vision of the priorities for development; and
- identifying existing community resources and skills which can be harnessed for the implementation of this vision in partnership with key actors as required.

This approach is key to ensuring community buy-in and accountability for the outcomes of CSI. *Table 1C.1* outlines a self-assessment questionnaire which is designed to assess the effectiveness (and quality) of CSI initiatives, regardless of their size or focus area. The self-assessment is divided into two sections:

### 1. Section A: Portfolio of CSI Initiatives

This section includes topics that are applicable for the entire range of CSI initiatives at your operation.

### 2. Section B: Individual CSI Initiatives

In this section, the questions apply to specific CSI initiatives at your operation. This part of the CSI assessment, therefore, has to be completed on a project-by-project basis.

<sup>(1)</sup> These criteria are drawn from the IFC's work on valuing community initiatives (see [www.comdev.org/content/document/detail/2596/](http://www.comdev.org/content/document/detail/2596/)).



For each question, the range of possible answers will be as follows:

- no alignment with requirement (1);
- minimal alignment with requirement (2);
- moderate alignment with requirement (3);
- full alignment with requirement (4); and
- not applicable / do not know (n/a).

The list of questions should be used as a guide for identifying opportunities for improving existing CSI initiatives, or for exiting from those CSI initiatives that are not appropriate. Exiting from an initiative should, however, be done in such a way that the impacts on beneficiaries are minimised by developing a sustainability strategy from the outset.

When assessing existing CSI initiatives, reference should be made to *Business Unit Social Investment Donations and Sponsorship Policies*<sup>(1)</sup>. The purpose of this policy is to ensure that social performance resources are used in an efficient, effective, safe, sustainable and ethical manner. It cannot be assumed that CSI initiatives **will** yield positive outcomes simply because that is their stated intent. Key considerations in this policy include:

- health and safety;
- efficiency and effectiveness;
- sustainability;
- human rights; and
- corruption.

These considerations are incorporated into the assessment criteria in *Table 1C.1*.

Furthermore, Anglo American's *Business Integrity Policy and Performance Standards* set out the standards of conduct required at every level within Anglo American in combating corrupt behaviour of all types. Specifically, Performance Standards E, G, H and I set out the behaviours and principles expected with regard to CSI initiatives, charitable donations and sponsorship. *Box 5A.1* in *Tool 5A – Approaches to Socio-Economic Benefit Delivery* provides a list of corruption risk factors, as they apply to CSI initiatives, and SEBD in general.

### 1C.3 Assessing CSI Initiatives Using Output KPIs

Another method for assessing the effectiveness of CSI initiatives is through an analysis of output Key Performance Indicators (KPIs). Output KPIs provide an indication of quantitative results occurring from specific initiatives. Anglo American has mandatory reporting requirements for CSI projects, and the KPIs listed in *Box 1C.2* should be reported where relevant to the CSI initiative.

#### BOX 1C.2 OUTPUT KPIS

- Number of facilities (or sites) improved / maintained
- Number of facilities built
- Number of permanent jobs supported
- Number of permanent jobs created
- Number of temporary jobs created (annual FTE basis)
- Number of partner staff trained
- Number of community members trained
- Number of beneficiaries of education projects
- Number of beneficiaries of health and welfare projects
- Number of beneficiaries of water and sanitation projects
- Number of beneficiaries of sports, arts, culture and heritage projects
- Number of beneficiaries of capacity development projects
- Number of beneficiaries with improved livelihoods
- Number of beneficiaries of improved housing
- Number of beneficiaries of community development projects
- Number of beneficiaries of energy projects
- Number of beneficiaries of disaster and emergency relief projects
- Number of businesses created
- Number of businesses supported
- Total number of employees in firms currently supported
- Annual turnover of businesses currently supported
- Number of new livelihoods projects created
- Number of existing livelihoods projects supported
- Number of houses built
- Number of houses upgraded or maintained
- Number of community development projects delivered
- Tonnes of CO2 avoided / abated / offset
- Power generated (kWh) per annum
- Power saved (kWh) per annum
- Length of waterways improved / protected
- Area of land / surface waters improved / protected (ha)
- Tonnes of waste avoided / reused / recycled

(1) These BU policies must meet the requirements set out in Anglo American's generic *Business Unit Social Investment, Donations and Sponsorship Policy*.

Table 1C.1 Prompts for Assessing the Appropriateness and Effectiveness of Existing CSI Initiatives<sup>(1)</sup>

SECTION A: ASSESSING THE BROAD PORTFOLIO OF CSI INITIATIVES AT AN OPERATION	NO ALIGNMENT WITH REQUIREMENT (1)	MINIMAL ALIGNMENT WITH REQUIREMENT (2)	MODERATE ALIGNMENT WITH REQUIREMENT (3)	FULL ALIGNMENT WITH REQUIREMENT (4)	NOT APPLICABLE / DO NOT KNOW (N/A)
<b>Assessment and Planning</b>					
1. CSI initiatives demonstrate Anglo American's core values of Safety, Care and Respect, Integrity, Accountability, Collaboration and Innovation.					
2. The operation has identified government priorities at the local and national level.					
3. The operation has identified social, environmental, health and safety issues, risks and opportunities related to CSI projects.					
4. The operation has conducted a stakeholder analysis.					
5. Results from social, health and environmental impact assessments and stakeholders' engagement are used to identify and inform CSI initiatives.					
6. Ethical practices, including anti-corruption measures and human rights considerations, underpin the operation's CSI initiatives.					
<b>Stakeholder Engagement and Communication</b>					
7. Identified vulnerable groups (e.g. women, youth, elderly, disabled, indigenous peoples, the poor) are included in engagement processes and their input incorporated into the design of the operation's CSI initiatives.					
8. The operation informs, engages, negotiates and partners with local stakeholders.					
<b>Implementation, Monitoring and Evaluation</b>					
9. Projects are implemented by reputable and trustworthy organisations which have a track record of delivery in comparable projects and programmes.					
10. The CSI initiatives include monitoring and review processes, including the standard Anglo American input and output KPIs, agreed milestones and post-completion assessments.					
11. The CSI initiatives include a clear strategy for Anglo American's exit, which is understood by all stakeholders.					

(1) This table is drawn from sources including the IFC's work on valuing community initiatives (see [www.commdev.org/content/document/detail/2596/](http://www.commdev.org/content/document/detail/2596/)).



SECTION B: ASSESSING INDIVIDUAL CSI PROJECTS AND PROGRAMMES	NO ALIGNMENT WITH REQUIREMENT (1)	MINIMAL ALIGNMENT WITH REQUIREMENT (2)	MODERATE ALIGNMENT WITH REQUIREMENT (3)	FULL ALIGNMENT WITH REQUIREMENT (4)	NOT APPLICABLE / DO NOT KNOW (N/A)
<b>Assessment and Planning</b>					
12. The CSI initiative focuses on non-Anglo American beneficiaries (i.e. beyond employees).					
13. A thorough needs-assessment process informs project / programme identification.					
14. The CSI initiative is developed in partnership with local, relevant stakeholders, in order to ensure local ownership and to build local capacity.					
15. Social, environmental, health and safety risks (both direct and indirect) are considered while planning the CSI initiative.					
<b>Stakeholder Engagement and Communication</b>					
16. Directly affected stakeholder groups support and participate in the assessment, planning and implementation of the initiative.					
17. The operation clearly communicates the intended goals and results of the initiative to relevant stakeholders.					
18. Where necessary, project-specific performance indicators for the monitoring and evaluation of the CSI initiative are developed in cooperation with relevant stakeholders.					
<b>Implementation, Monitoring and Evaluation</b>					
19. Roles, responsibilities and accountabilities for the CSI initiative are clearly assigned within the operation.					
20. Necessary human and financial resources are allocated to the initiative, with some contingency.					
21. An effective monitoring and evaluation system is in place in order to measure outcomes and impact of the initiative using Anglo American's key performance indicators for CSI projects.					
22. Benefits arising from the initiative are distributed to relevant stakeholders through fair and transparent mechanisms.					
23. Anglo American's contribution extends beyond simple financial support (e.g. sharing expertise, staff volunteering, etc.).					
24. Local stakeholders' representatives periodically give input and feedback on the CSI initiative, and suggest how it could be improved.					
25. The CSI initiative has a lasting beneficial impact beyond Anglo American's contribution.					

# STEP 2 – INTRODUCTION TO THE PROFILING AND ENGAGEMENT TOOLS

## 2.1 OBJECTIVES

*Step 2* contains tools designed to build an understanding of the local area and provide guidance on stakeholder engagement, including: planning an engagement process; identifying stakeholders; and selecting the right methods of engagement.

Stakeholder engagement allows operations to manage complex relationships. Clear, open communication and two-way engagement are at the core of good relationships. The guidance provided in *Step 2* encapsulates good engagement and communications practice.

## 2.2 IMPLEMENTING THE STEP 2 TOOLS

The tools in *Step 2* are:

- *2A – Profiling the Local Area;* and
- *2B – Developing a Stakeholder Engagement Plan.*

Although *Tool 2A* precedes the stakeholder engagement tool (*Tool 2B*), it is assumed that information regarding the local area will emerge from the engagement process. *Tool 2A* can thus be implemented in parallel with *Tool 2B*.

By the end of *Step 2*, the issues and information outlined in *Box 2.1* should be established.

### BOX 2.1 INFORMATION REQUIREMENTS FOR STEP 2

#### Profile of the Local Area:

- Geographic and historical context
- Demographics
- Socio-political context
- Stakeholder needs, issues and concerns
- Stakeholder relations
- Economy, livelihoods and labour force
- Health
- Education
- Utilities, infrastructure and services
- Natural resources
- Safety and nuisance factors
- Security

#### Stakeholder Engagement:

- A well thought through stakeholder engagement plan, including a selection of appropriate methods for engagement (based on stakeholders' preferences for channels of engagement and communication).
- A stakeholder map indicating key issues and concerns.



# Tool 2A: Profiling the Local Area

## 2A.1 OBJECTIVES

The objective of this tool is to assist in building an understanding of the local area as well as national and or regional issues that influence local conditions. The baseline information gathered should:

- build a socio-economic profile of the local area that can be monitored and updated over time, and be used to benchmark changes and impacts in the local area;
- confirm socio-economic issues and impacts associated with the operation;
- identify risks that need to be managed (to the community and to the operation); and
- identify the main development issues and opportunities in the local area.

The data gathered in the tool will be used to inform the annual Social Management Plan (SMP) and the socio-economic benefit delivery (SEBD) strategy.

Gathering information to profile and understand the local area can be done by accessing existing information (secondary sources) or by consulting directly with relevant stakeholders or organisations (primary sources).

## 2A.2 WHEN TO USE THE TOOL

Profiling the local area should take place both prior to and during stakeholder engagement. Information that can easily be gathered from secondary sources (e.g. census data) should be collated and analysed prior to engagement, primarily to provide the operation with the necessary information to design an appropriate engagement process. For example, levels of literacy and languages used in affected communities should be reflected in the engagement process.

Where information is not available from secondary sources, it should be gathered through engagement with stakeholders. Engagement should also be used to check secondary data, ensuring that they are up to date, and reflect local conditions.

The local area profile must be completed prior to *Step 3* and *Step 6* in the SEAT process, when issues and impacts are assessed and management measures are developed.

## 2A.3 DEFINING YOUR ZONE OF INFLUENCE

The zone of influence is an area within which direct and indirect impacts attributable to an operation can be expected. Typically the zone of influence is:

1. unique to each operation;
2. larger than the actual footprint of an operation; and
3. encompasses socio-economic issues and impacts, as well as issues and impacts associated with other disciplines (e.g. environment, health and safety).

Defining your zone of influence is important as it should be used to determine an operation's responsibilities. It also provides guidance on the zone within which impacts need to be managed, which stakeholders should be engaged, and where SEBD initiatives will be implemented.

A number of socio-economic and environmental issues and impacts should be considered when determining the overall zone of influence. For each issue and impact, the boundary of the operation's zone of influence should be determined independently and consolidated into an overarching zone of influence. When carrying out this exercise, note that the zone of influence does not have to be a single area – non-adjacent zones making up the overall zone of influence should also be considered (e.g. related port sites or labour-sending areas).

The zone of influence is defined by an operation's impact on its local area. However, it is equally important to understand those external factors that impact the operation and the local area. These external factors can take many forms (e.g. changes in government policies, national elections, active campaigning NGOs, key stakeholder opinions, national debates, etc.), and at many different levels (international, national and regional level influences). These external factors may not be possible to manage, but anticipating and understanding their effect is key to the management of any risks and / or opportunities that these external influences might bring.

Typically, the zone of influence includes the following:

1. **The zone of primary physical impact caused by the operation.** This includes the operation's primary site(s) and associated, mine-managed infrastructure (including suppliers and contractors' infrastructure), and potentially includes items such as power transmission corridors, pipelines, access roads, etc.
2. **The zone of secondary physical impact caused by the operation.** This includes areas that may experience environmental or knock-on developmental impacts (e.g. construction of supplier parks to serve the mine).
3. **Associated facilities that are not managed as a part of the Anglo American operation.** These facilities whose viability and existence depend on the operation, and whose goods or services are essential for the functioning of the operation, but which are not managed by Anglo American (e.g. transport networks, such as roads and rail).

**4. The operation's primary labour-sending and money-spending areas.** This recognises the surrounding towns, settlements and communities that would be most influenced by the development and, potentially, areas further away that may send labour or receive spending.

**5. Stakeholders and the wider socio-political context that influence or impact the operation.** In many instances, external stakeholders (e.g. policy makers, local communities, etc.) and the wider socio-political context can influence or impact on the operation.

*Box 2A.1* provides a list of issues to consider when defining the final boundary for the zone of influence.

Where there is a large overlap between the zones of influence of different Anglo American operations management should consider coordinating or combining the SEAT assessments<sup>(1)</sup>.

## 2A.4 INFORMATION REQUIREMENTS FOR PROFILING THE LOCAL AREA

When collecting data for the local area profile, it is important to distinguish between different groups and sub-groups of stakeholders, so that differences are clearly understood. This is important for understanding which groups within your local area are most vulnerable to change and impact, and equally which groups will be able to make the most of opportunities provided by the operation. Data to collect for the local area profile include:

- Geographic and historical context
- Demographics
- Socio-political context
- Stakeholder needs, issues and concerns
- Stakeholder relations
- Political and governance context
- Economy, livelihoods and labour force
- Health
- Education
- Utilities, infrastructure and services
- Natural resources
- Safety and nuisance factors
- Security

### BOX 2A.1 DEFINING ZONES OF INFLUENCE

- Keep the concept of the zone of influence simple in the beginning, allowing, where necessary, for greater complexity to be included over time. In other words, focus on the area or zone where the operation has direct influence and can make a material difference. Start small – but understand the larger regional context around the zone of influence.
- Since a zone of influence should reflect environmental, health and safety and socio-economic issues and impacts, it is important that representatives from relevant departments (e.g. human resources, environmental, health and safety, finance, procurement, community relations) within the operation are involved in defining the zone of influence.
- The zone of influence does not have to be a single area; non-adjacent zones making up the overall zone of influence can be important.
- The zone of influence may not be geographic and may include external stakeholders at the regional, national or international level that influence or affect the operation.
- Guard against the operation taking on a larger zone of influence than is appropriate or meaningful. In some instances, an issue or impact may fall solely under the responsibility of other actors (e.g. government).
- Refer to any government development plans and objectives for the area, and consider how these could influence the operation's zone of influence.
- Consider other Anglo American initiatives that may affect the zone of influence, (such as biodiversity offset programmes or Anglo American Zimele enterprise development projects in South Africa).
- Consider linkages with other developments / companies in the area which could cause a ripple effect in the zone of influence, particularly where cumulative effects cannot be managed by any one operation.
- Determine the zone of influence based on clear business objectives (e.g. managing negative impacts, meeting obligations, supporting employee welfare, maintaining the social licence to operate, etc.).
- Be prepared to defend the demarcation of the zone of influence – this is particularly important in developing country contexts, where local residents may lobby strongly to be included in an operation's zone of influence and so be considered for SEBD initiatives.
- Consider any government legislation that dictates an operation's area of responsibility.

### Types of Data

Data comprise primary and secondary data, and quantitative and qualitative data, defined as follows:

- Primary data are collected first-hand through fieldwork (e.g. household surveys, participatory workshops or focus group discussions).
- Secondary data are existing information (see *Table 2A.3*) collected for other purposes (e.g. census data, books, research papers).

Secondary data should never be used exclusively in building the profile of the local area. *Tool 2A* provides guidance on: the types of data that should be collected; where this information can be obtained; and who should be consulted to obtain it. Moreover, both Anglo American and external perspectives should be obtained on key issues.

<sup>(1)</sup> Combining SEAT assessments can be considered where (a) the operations are very close and (b) a large proportion of workers from the relevant operations live in the same communities.

Primary and secondary data can be quantitative or qualitative:

- Quantitative data are expressed in numbers or statistics (e.g. population data, availability of services, etc.). Such data are generally derived from reports and structured surveys.
- Qualitative data include information such as perceptions and attitudes, for example, to changes that may have occurred in the community, and which cannot be expressed in numbers.

## 2A.5 PREPARING THE PROFILE OF THE LOCAL AREA

*Tool 2A* provides guidance on where to obtain these different types of data:

1. **Table 2A.1** – Questionnaire to guide primary data gathering;
2. **Table 2A.2** – Guidance on identifying primary sources of information; and
3. **Table 2A.3** – Guidance on identifying secondary sources of information.

### Questionnaire for Undertaking Data Collection

**Table 2A.1** outlines the data required to build up a broad profile of the local area. The questionnaire is designed to be used during primary data-gathering, but can also be used as a prompt for the kinds of information required from secondary sources.

**It is important to note that only relevant data should be collected**, and that the level of detail required for SEAT is less than would be involved in impact assessments required for new projects. Indeed, the purpose of the questionnaire is not to gather statistically valid information; rather, it is to obtain a broad understanding of the local area, based on available information and feedback from different stakeholder groups. As noted, this may include stakeholders at national or even international levels, although engaging with them may require coordination with your Business Unit and / or Group Government and Social Affairs (GSA).

If statistically valid primary data are required, they should only be collected by a qualified social specialist, as expert skills are required (e.g. rigorous sampling and statistical approaches) to ensure that the data are valid. The facilitation of participatory processes (e.g. workshops and focus groups discussions) to obtain qualitative data also requires experienced personnel in order to manage group dynamics and ensure the active participation of all stakeholders.

When using the questionnaire, please note the following:

- The purpose of the SEAT assessment should be communicated clearly to stakeholders.
- The questionnaire is for general guidance only. Operations should tailor it to reflect the needs of their local area and associated stakeholders.

- Establishing the profile of the local area will require a combination of primary and secondary data; however, for some questions it may only be possible to obtain secondary data.
- In some instances, the operation may already have current information on the full list of topics listed in the questionnaire – in which case, the full questionnaire does not need to be used.
- Each section in the questionnaire is introduced by an overarching question (in bold) which provides an indication of the information that needs to be gathered. This is followed by more detailed questions for each section.
- Each section of the questionnaire can be extracted and used depending on who is being engaged and which section is relevant to them. For example, if a member of a business association is being questioned, the section on the local economy and livelihoods may be the focus for this stakeholder.
- In some instances it may not be possible to collect the full list of information listed in **Table 2A.1**; a decision will need to be made about the amount of effort required to fill the gap versus the value the information will add to the SEAT process.
- Depending on local cultural sensitivities it may be inappropriate to pursue some lines of questioning and discretion will have to be used.
- The depth and understanding of the issues included in the questionnaire are expected to develop throughout the SEAT process. Whilst engaging with stakeholders, Anglo American staff should inquire whether any existing secondary data or information are available to support the answers provided by stakeholders, the source of the information.

Information must be clearly referenced to demonstrate the information source.

### Guidance on Identifying Sources of Primary and Secondary Data

**Table 2A.2** identifies primary information sources and indicates which sources are likely to be most useful in the SEAT process. **Table 2A.3** identifies data sources for secondary information requirements.

Table 2A.1 Building a Profile of the Local Area, Issues and Impacts

GEOGRAPHIC AND HISTORICAL CONTEXT				
<b>Where are the different towns / settlements located in relation to the operation? When and how did they develop?</b>				
Settlement / town name:				
Name of province:				
Name of municipality / district:				
Distance to Anglo American operation:	Name:	_____ Km		
Direction of settlement / town from operation (N, S, E, W):				
What is the age of this settlement / town?				
Did the settlement develop primarily as a result of the Anglo American operation?	Yes		No	
If yes, please explain this history. If no, explain the reasons why it developed (if known).				
Are the different settlements in the local area well integrated, or do various settlements tend to be home to specific ethnic or socio-cultural groups? Please specify.				
Has there been any resettlement activity in the local area (either from or to the local area)? If so, describe this in terms of groups and numbers of persons affected, why the resettlement occurred, who was responsible for the resettlement and any views as to the success of the resettlement.				
DEMOGRAPHICS				
<b>What are the main characteristics of the population in your local area? Has there been in-migration to the local area? What is the main religion and language spoken?</b>				
<b>Population Totals</b>				
What is the approximate population in the local area?				
a) What is the approximate number of households in the local area?			b) What is the average household size in the local area? (= population divided by number of households)	
Provide a breakdown of population totals, approximate number of households and average household size within the different communities / settlements in the local area.				
Of the total population, approximately how many are female and how many are male? If there are significantly more males than females, or vice versa. If so, what are the reasons?				
What are the characteristics of the population in terms of age (e.g. young / old)? What are the reasons for these characteristics?				
Has the composition of the population changed over the past 5 years (e.g. an increase or decrease in a particular economic, ethnic social or cultural group)? Please differentiate between groups, where possible.				
Increased		Decreased		No Change
What are the reasons for these changes (e.g. migration to urban centres for employment)?				

What are the characteristics of these changes (e.g. young males arriving / leaving the area in search of employment opportunities)?

If migration has taken place, how have the local authorities and / or service providers responded to this, and has it been effective in addressing any problems that have arisen?

Has there been an increased pressure or a decline in the demand for social services and / or natural resources due to changed population numbers or gender / age ratios?

Has this proportion changed over a specified period (construction to present) and, if so, how?

How have the local authorities responded to any changes in demographic patterns and how effective have these responses been?

### **Language, Religion and Ethnicity**

What are the main languages spoken in the local area (from most to least, approximate %)

Language 1:	Language 2:	Language 3:	Other:
%	%	%	%

What are the main religions practised in the local area?

Religion 1:	Religion 2	Religion 3	Other:
%	%	%	%

How do these religions and languages compare to the country as a whole?

Are differing socio-cultural symbols and places of worship respected by all groups and sub-groups within the local area? If not, are any groups specifically targeted for mistreatment, and do law enforcement authorities provide support, when required?

What are the main ethnic / racial groups in the area?

Ethnic / Racial Group 1:	Ethnic / Racial Group 2:	Ethnic / Racial Group 3:	Other:
%	%	%	%

### **Vulnerable Groups**

Please identify vulnerable groups<sup>(1)</sup> and any groups of people in your local area who have been previously discriminated against, or have not received equal opportunities compared with other groups (e.g. women, children, religious / ethnic / race groups). **NB: In order to identify vulnerable groups, it will be important to engage with a broad range of stakeholder groups and sub-groups within the local area.**

Group Description	Why is this group particularly vulnerable?	% of total population

Are there any social or economic problems or benefits experienced in the communities from which the migrants come that are caused by the out-migration of these workers?

1.	
2.	
3.	
etc.	

(1) Vulnerable groups are defined as those that may be more vulnerable to operational impacts by virtue of their position in society and demographic characteristics (e.g. women, the elderly, youth, minority groups, indigenous peoples, etc.).



## Gender

What is the traditional role of men and women in the local area?

Are there any differences, on a national and local level, in the way women are treated?

Is masculinity, when expressed through violence, culturally acceptable / expected?

## SOCIO-POLITICAL AND GOVERNANCE CONTEXT

### Are there any national / regional socio-political issues that may influence local conditions?

Are there any socio-political issues which have an effect on the local area and / or the operation's relations with its stakeholders?

What socio-political issues contribute to stability (e.g. well organised communities, strong social networks) or instability (e.g. leadership disputes, lack of adequate integrated development plan) in the local area?

Are there any socio-political issues that have an influence on your operation's ability to maintain its social licence to operate?

To what extent are these socio-political issues linked to key stakeholders or stakeholder groups (e.g. anti-mining lobbies)? How is Anglo American involved in these issues?

Are there any external factors (e.g. changes in government policies at a national level) that have an influence on your operation's relationship with its local stakeholders or its ability to maintain its social licence to operate?

What level of support does government have locally? How does this affect local area conditions (e.g. government service provision, relations between members of opposition parties)?

What are the common perceptions (issues and concerns) of government in the local area?

Are there tensions related to devolution of powers from central government to regional or local levels, or from campaigns for autonomy / self-determination? If yes, what stance is the government taking on this, and how does it affect the local area?

Has the presence of mineral resources in the local area impacted on national or local governance (compared to other municipalities / districts without these mineral resources, and / or to pre- and post-development of the mineral resource in the local area)? If so, what have been the nature / extent / implications of these changes?

### What is the nature / quality of governance in the local area?

Please describe the administrative structures in the local area and how, and by whom, decisions are made that affect the local area. Include both formal government structures and processes and, if appropriate, structures and processes.

Please describe the administration of justice in the local area. This should include how laws are made and enforced, and how justice is dispensed when breaches of laws occur. Comment on the extent to which the process is transparent, democratic and fair to all stakeholders.

What forms of local governance are most accepted and recognised within the local area (e.g. traditional, formal, etc.)?

Are governance structures perceived to be democratic, representative and legitimate?

How effective are governance structures in providing basic public services?

How do stakeholders articulate demands for changes to basic public services and / or governance?

When were the most recent national and local elections held? What was the turn-out at local polling stations, and how were the results perceived?

#### **What are the perceptions of corruption in the local area?**

Is there corruption (perceived or actual) within the local area?

What types of corrupt activities occur, and what are the effects?

How does the local population view corruption (e.g. is it tolerated / publically challenged)?

#### **What is the quality of the media in the local area (e.g. independence, impartiality, accuracy)?**

Is the local media balanced and accommodating of different views?

How much influence does the media have in opinion-making? Whose opinions do they represent?

Do certain local stakeholders have undue influence over the local media?

#### **Are there any human rights issues or concerns in the local area?**

*Tool 1A – Profiling the Anglo American Operation* outlines key human rights considerations to be assessed by internal stakeholders. These human rights issues and impacts should be assessed by external stakeholders through stakeholder engagement activities and captured here.

### **STAKEHOLDER NEEDS, ISSUES AND CONCERNS**

#### **What are the main issues and concerns identified by stakeholders?**

What are the top three priority concerns / problems that the local area faces? (Explore the root causes of local concerns. For instance, demands for infrastructure may actually mask the need for employment.)

Do stakeholders feel that the standard of living in the local area is better, the same or worse?

Better

Same

Worse

What is the reason for this change?

What are the socio-economic development objectives of the area, and is Anglo American's SEBD activity addressing these objectives?

What changes should be made to increase the effectiveness of community development initiatives? Where resources are lacking, please indicate the type of resources that are required. (Interviewer to encourage discussion on monetary and non-monetary assistance.)

How do other companies invest in the local area? What can Anglo American learn from these companies and is there scope for collaboration?

## STAKEHOLDER RELATIONS

### How do stakeholders perceive the operation and its employees?

What are the perceptions (issues and concerns) amongst stakeholders about mining in the local area?

In general, is Anglo American considered a “good neighbour” in the local area? Please provide reasons.

Are there any safety, environmental or socio-political risks associated with Anglo American’s operations in the local area? What measures have been implemented to address these risks?

Have stakeholders logged any complaints to the Anglo American operation regarding any of the above issues?

Has there been a change in relations between local residents and the Anglo American operation?

Are Anglo American employees accommodated separately from the local community / settlement?

Have there been any incidents of tension between local residents and Anglo American employees, or between employees of different grades / ethnicities, etc.?

What proportion of Anglo American employees is sourced from outside the local area?

Do tensions between different types of employees manifest themselves in the community?

If yes to the above, do these employees have cultural or religious values different to those of the local population (e.g. gender equality, consumption of alcohol)?

To what extent do Anglo American employees enjoy higher wage rates (and associated living standards) than local residents?

To what extent does Anglo American give local residents access to the operation’s services (e.g. school or medical services)?

Any other comments?

## ECONOMY, LIVELIHOODS AND LABOUR FORCE

**Does the community exist within a well-functioning and diversified economy, or a small economy dependent on the operation? Are there sufficient employment opportunities and / or people with appropriate skills to fill those opportunities? What is the range of livelihood activities carried out by different groups within the community?**

What is the most common livelihood activity within the local area and why?

What is the most sought after livelihood activity within the local area and why?

Is there a high level of unemployment in the community? To what extent?

Employment Status	Approximate Percentage of Population	Are Any Groups Over- or Under-Represented (e.g. vulnerable groups in the unemployed)?
Formally employed		
Informally employed		
Unemployed		
Underemployed <sup>(1)</sup>		
Not economically active <sup>(2)</sup>		

Can you comment on income levels in the local area? How does the income earned by employees and contractors to the operation compare to those not employed by the operation?

If possible, please complete the table with regards to the income levels of the population.

Income Bracket (state currency) (Include definitions for low, medium, high income, as per local norms – clarify this prior to the interview, and include definitions in SEAT report)	Approximate Percentage of Population	Are Any Groups Over- or Under-represented (e.g. vulnerable groups in the low income bracket)?
No cash income		
Low		
Medium		
High		

What are the main skills available within the local area?

How are these skills distributed across different groups within the local area (e.g. across or within ethnic / socio-cultural identity groups)?

What are the main skills gaps within the local area?

What are the main economic sectors in the local community / economy?

How reliant is the local economy on primary commodities?

Are there any major economic development proposals for the local area or region?

What is the economic wealth of the local area compared to the rest of the country?

What are the main sources of income in the local area?

Has there been any change in the characteristics of the local economy? Including:

- prices of local goods and services;
- number of local businesses;
- profitability of local businesses.

Has this been the result of any Anglo American activity? Consider:

- any changes in the use of local suppliers;
- creation of competition with local suppliers.

Are there any local / state / national statistics available that provide an independent assessment of changes to the local economy?

Has there been an increase in the cost of labour for agriculture?

Has there been an increase in food prices?

(1) Underemployed is defined as: (a) employed only part-time when one needs and desires full-time employment; (b) inadequately employed, especially employed at a low-paying job that requires less skill or training than one possesses; and / or (c) not fully or adequately used or employed. ([www.thefreedictionary.com/underemployment](http://www.thefreedictionary.com/underemployment)).

(2) Persons not in the labour force, such as housewives, homemakers, student and scholars, pensioners and retired people, and any others not seeking work.

Has there been an increase in food prices?	
Have traditional livelihoods been abandoned for employment at the mine?	
What is the approximate percentage of community working for the operation, and what is the male / female ratio in the mine workforce?	
Other than Anglo American, what organisations are the other main employers in the local area (see below)?	
	Name of Organisation and Summary Description
Foreign-owned private companies	
Locally-owned private companies	
Public sector	
Other	
Do the majority of the population work for one of these businesses?	
What is the history of labour relations in the local area?	
How else are people employed? For example, do they work in small businesses, agriculture, etc.?	
What economic sectors are the main contributors to employment and the local economy?	
What proportion of local businesses is reliant on Anglo American? Has there been any change in this proportion over time? Please explain.	
To what extent is local-level private and public sector employment awarded on merit? Are certain groups excluded or favoured with regard to private or public sector employment?	
In what ways are the local population differentiated in terms of varying socio-economic characteristics? Are there groups or sub-groups worse off than others? If so what are the reasons? What characteristics indicate that one group [or household] is better / worse off than another?	
Describe the activities that households in the local area use to support their livelihoods (including subsistence activities and both informal and formal employment, salary paying activities, etc.)?	
Which groups are involved in these livelihood activities (e.g. women, men, socio-economic groups, ethnic groups, cultural groups, etc.)?	
When do these activities take place (time of day / month / seasons) and where?	
Are there certain times of year that are more or less difficult (e.g. in relation to workload, food security, income, expenditure, etc.)?	
<ul style="list-style-type: none"> <li>• Who is affected most, why and in what ways?</li> <li>• How do different groups of people respond to these times of stress? What support is available for community livelihoods, including during times of stress (e.g. NGO projects, government initiatives, etc.)?</li> </ul>	
Is there evidence of any labour rights abuses in the local area (e.g. child labour, forced labour, etc.)? Describe this where it occurs.	
Are there any major economic development proposals for the local area or region?	
Give a brief assessment of how Anglo American contributes positively or negatively to the local economy.	

## HEALTH

Health-related issues are often not disclosed due to sensitivities about such topics. However, it is important to ask questions that will highlight any significant health issues. These questions should be discussed with a variety of stakeholders and community members (e.g. local medical practitioners, village leaders, traditional healers). Focus on obtaining information relating to: (a) basic health indicators (e.g. TB as an indicator of HIV / AIDS or water-borne diseases as an indication of poor water and sanitation infrastructure); (b) environmental health indicators (e.g. poor water or air quality); and (c) current health capacity and policies. When inquiring about issues, be aware that illnesses do not always go by the same name. If health issues are very important to stakeholders, refer to *Tool 5J – Supporting Community Health*.

### What is the health status of the local area? Do residents have access to healthcare and health facilities?

What is the profile of health in the local area:

- life expectancy (male, female, total); and
- infant and maternal mortality rates.

What are the three major health issues in the community?

	Health Issue	Cause, e.g. infection, sanitation, nutrition, lifestyle, pollution, operational impacts, such as in-migration, access corridors to new areas, urbanisation, etc.
1.		
2.		
3.		

What are the major or prevalent diseases in the local area? Including:

- poverty-related diseases (e.g. diarrhoea due to poor sanitation and limited water provision, malnutrition); and
- lifestyle-associated diseases (e.g. levels of smoking, alcohol or drug abuse, obesity).

Are these diseases communicable (e.g. HIV / AIDS, gastroenteritis) or non-communicable (pre- and neo-natal, respiratory, cancer)?

Are there any other health issues / causes of health issues that are of concern in the local area (e.g. road traffic accidents, burns, injuries in the home or workplace, drownings, assaults)?

Has there been a change in:

- mortality rates?
- doctor / patient ratios?
- patient / hospital bed ratios?
- numbers of outpatients?
- provision of general health services (mother and child health, general practitioner, dentist, optometrist)?
- provision of emergency health services?

Describe the health facilities, services and programmes in the local area and are these accessible to the majority (e.g. accessibility, funding, infrastructure, facilities, equipment, availability of drugs and medical supplies)?

### What is the service quality (e.g. accident and emergency care; diagnostic and treatment expertise; reproductive health, maternal and child health, mental health, home-based care)?

If possible, please complete the following table with regards to health facilities / infrastructure. Ensure qualified medical staff are involved in this assessment process.

Facility Type	Number of Facilities	Location	Quality on 1 to 5 Scale 1 ( <i>Very good</i> ) – 5 ( <i>Very poor</i> )	Source / Reason for Quality Rating (e.g. number of qualified experts, standard of equipment, availability of medical supplies, etc.)
Clinics / centres / posts, etc.				
Hospitals				
Traditional healers				
Midwives				
General Practitioner				
Other (please specify)				

What obstacles are local health authorities currently facing?

To what extent are living conditions in the local area contributing to health conditions?

Has there been a change in the living conditions within the local area (particularly in terms of sanitary conditions, malnutrition)?

To what extent are traditional healers and medicines used in the local area, and are they used with, or instead of, medical practices?

What are the major reasons for poor health in the local area (over and above those mentioned above)?

Has there been a change in productivity among the workforce as a result of health issues?

- Has there been a change in the number of sick days taken?
- Has there been a change in the numbers of children orphaned?
- Does the operation have a policy of employing single-sex workers only? If so, is this contributing to increased prostitution and associated risk of STIs and HIV / AIDS?

How is Anglo American / the local authority / other businesses responding to the health issues in the local area?

## EDUCATION

**Do local residents have access to education?**

Approximately what proportion of the total population is literate?

% male	% female
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Are levels of literacy differentiated across groups and sub-groups within the local area? If yes, please explain the nature and extent of these differences.

If possible, please complete the following table with regards to educational care facilities / infrastructure in the communities or settlements being described. Are there any data or information sources available to support this information? Please indicate source and where available.

Facility Type	Number of Facilities	Location (e.g. in community / outside of community, etc.)	Quality on 1 to 5 Scale 1 ( <i>Very good</i> ) – 5 ( <i>Very poor</i> )	Reason for Quality Rating
Crèches / kindergarten				
Primary schools				
Secondary schools				
Colleges				
Universities				
Other (please specify)				

How far away is the nearest primary school?	Km	
How far away is the nearest secondary school?	Km	

What percentage of children in the local area, between 6 and 16, attend school or college?	Boys:	percent
	Girls:	percent

What are the main reasons for any low school attendance rates?

If the percentage of boys and girls attending school is not the same, why is this?

Are there particular communities / settlements in the local area where school attendance is lower than elsewhere? If yes, what are the reasons for this?

Have the majority of adults in the local area completed school? Please provide details.

What percentage of people in the local area attained tertiary level education (e.g. technical college, university)?

For those that have not attained tertiary level education, what are their key reasons for this?

Are there particular communities / settlements in the local area where tertiary level education is lower than elsewhere? If yes, what are the reasons for this?

## J. UTILITIES, INFRASTRUCTURE AND SERVICES

### What is the quality of the infrastructure in the local area, and what kinds of services are provided?

#### *General*

What are the primary infrastructure needs in the community?

- Why is this infrastructure not already in place?
- What are the barriers to introducing such infrastructure?
- How do people in the community normally satisfy these infrastructure needs, and who is currently responsible for delivering these services?
- How reliable is the service delivery?
- What is the community's "willingness / ability to pay" for access to these services?
- What are the socio-economic, environmental or health problems caused by current services?
- Are local businesses constrained by inadequate services?

Has the capacity and quality of infrastructure and services changed? If yes, is this due to:

- changes in population numbers as a result of changing employment levels / opportunities or patterns? If so, is Anglo American the only major generator of employment in the local area?
- poor financial planning and inadequate distribution of financial benefits earned by local, provincial or national government from the operation of the Anglo American operation?

Is the Anglo American operation affecting local infrastructure and services. For example:

- Quality of roads due to increased heavy traffic
- Demand for local services in order to meet the needs of the Anglo American operation and / or employees (e.g. waste services, sewerage systems, electricity, water supply)
- Provision of new infrastructure or services by Anglo American
- Subsidising or co-financing of new infrastructure and services by Anglo American
- To what extent does Anglo American give local residents access to operation services (e.g. medical, etc.)?

#### *Housing*

What are the main housing types in the local area (e.g. formal dwellings of sound construction, traditional types of home, informal / illegal dwellings)?

What are the existing housing pressures in the local area? Is there adequate housing supply? What is the quality of the available housing?

Where appropriate, please differentiate access to housing and housing types across different groups within the local area.



Has there been a change (up or down) in property prices in the vicinity of the operation linked to: (a) growing demand for housing; (b) visual impacts associated with the Anglo American operation; (c) noise levels associated with the Anglo American operation; (d) congestion associated with the Anglo American operation; and / or (e) expansion of the operation?

### Water

Describe access to safe drinking **water** within the local area. If there is more than one water source, give rough percentages. Differentiate between communities / settlements in the local area, where necessary.

Yes – Communal (e.g. pumps, wells)		Yes – Private through pipes		Yes – Private not through pipes (e.g. wells, pumps, delivered)		No safe drinking water	
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In the case of limited or no access to safe drinking water, what source of water is used?

### Electricity

What percentage of the local population has access to **electricity** for light, heating and cooking? Differentiate between communities / settlements in the local area, where necessary.

Yes	%	No	%
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In the case of limited or no access to electricity, what source of energy or power is used?

Are there significant power outages within the local area? Are some communities / settlements affected more than others? Please specify.

### Sanitation

Is there a formalised **sewage** system in place?

Yes		No	
-----	--	----	--

What type of system is in place? For example, is it a piped network, and is there treatment of effluents?

Does a large proportion of the local area have access to this service?

Status of Access	Approximate Percentage (%)
Percentage with access to system	
Percentage without access to system	

Does sewerage impact negatively on the environment? If so, to what extent does this compromise the natural resources upon which the local area depends?

### Telecommunications

Is there access to **telecommunications** in the local area?

Yes		No	
-----	--	----	--

Comment on the level of access to the following within the local area:

Percentage of homes with access to *landlines*:

Percentage of homes with access to *mobiles*:

Percentage of homes with access to *public pay phones*:

Other (Please Specify)

### Waste Collection

Is there a formal **waste collection** system in place in the local area? Differentiate between communities / settlements in the local area, where necessary.

Yes		No	
-----	--	----	--

How often does waste removal take place, by whom and to whom is this service accessible?

Number of times per week waste is collected	Who is responsible for collecting waste?	Percentage of the population serviced
---------------------------------------------	------------------------------------------	---------------------------------------

If the waste is not collected, what do local residents do with it?

## Roads

Have any new **roads** been constructed / upgraded in the local area during the last five years? Are there any plans to do this? Differentiate between communities / settlements in the local area, where necessary.

Yes		No	
How would you describe the condition of the roads in the local area?			
Road Types		Approximate % of roads of this type	
High quality asphalt (tarred) roads			
Poor quality asphalt (tarred) roads			
Good quality non-tarred roads (passable all year in ordinary vehicles)			
Poor quality non-tarred roads (not passable all year / four-wheel drive needed)			
Other (please specify)			
Does the Anglo American operation have an impact on roads? Is this impact positive or negative?			

## NATURAL RESOURCES

**What natural resources are available and used within the local area? How important are these resources to residents within the local area?**

What natural resources does the operation currently rely on? To what extent?

What natural resources do local residents currently rely on (i.e. biodiversity, eco-system services)? To what extent? Where appropriate, please differentiate reliance on natural resources across different groups within the local area:

- Which residents or groups within the local area use which resources?
- Do different groups use the same resources in different ways?
- Are there seasonal patterns of resource use?
- Are natural resources used more in times of socio-economic or environmental stress? By which groups of people?
- Is resource-access equal across communities in the local area?
- Who has control (decision-making power) over the most important resources? How does this impact on others?

To what extent is the operation dependent on these resources for daily operational requirements?

What alternatives does the operation currently have access to?

Is there competition for control and / or use of natural resources? If so, is this a source of tension within the local area? If so, how has this affected the operation and other local residents? Examples include:

- Changes in resource access / control
- Levels of conflict over resources
- Purchasing of goods (versus use of resources that are available free of charge)
- Changes to standards of health (due to changes in levels of poverty and standards of living)
- Changes in the level of migration between urban and rural areas

Provide a description of land tenure within the local area and other land issues identified (e.g. land disputes, evictions, land claims). Please note any differences between and within various communities and settlements in the local area.

Has the availability or quality of these resources increased or decreased over time?

Yes		No	
-----	--	----	--

Has access to land or other natural resources (for subsistence and / or commercial purposes) decreased as a result of Anglo American's operations? If yes, please explain the nature of the change(s) and the possible reasons for the change(s). For example, decreased land available for use might occur through land expropriation by the operation. Also, consider the following:

- Are there difficulties in using existing land (e.g. as a result of division of land parcels or construction of roads that prevent easy access, etc.)?
- In what way has this loss of land or loss of access affected the standard of living, and has this loss been compensated for?
- What measures are currently being undertaken by Anglo American and other stakeholders to address the above issues?

Will access to land or other natural resources (for subsistence and / or commercial purposes) decrease at closure? (Note that plans at closure for protecting habitats and ecosystems for conservation purposes may affect access of local residents to previously available land.)

## SAFETY AND NUISANCE FACTORS

Are there any safety issues within the local area?

What safety and nuisance factors are most commonly raised amongst stakeholders in the local area?

Is the Anglo American operation complying with local safety and environmental standards on noise levels, air quality, etc.? If not, please explain why and what steps are being put in place to ensure compliance.

Has there been an increased incidence of accidents since the Anglo American operation first started?

Have there been requests submitted to Anglo American for compensation for damage caused?

If accidents are taking place, where are they most frequently occurring (e.g. along the transport routes used by Anglo American, and is there a particular stretch of road that needs additional attention in terms of signage, dedicated crossings, etc.)? To what extent has there been an increase in traffic along the routes used by the Anglo American operation?

Are community hazards due to poor safety on Anglo American's part, or are there other contributing factors (e.g. growth in car ownership)?

Are there environmental impacts caused by the Anglo American operation (e.g. air, water, noise, vibration)? If so, this could be evidenced by complaints submitted to the local government or municipality and / or the Anglo American operation.

## SECURITY

**To what extent is the local area considered safe? Who within the local area is most often affected by crime or other disorder? What is the nature of the security issues and crime?**

How safe is the local area for the general population (perception and reality)?

What is your experience of security and crime in your community / neighbourhood? What types of security issues or criminal activities are prevalent? How often do they occur? What is your personal experience of them?

Are certain areas / neighbourhoods safer than others? Describe differences.

What type of security issues and criminal activities are most common? Does political, violent or economic crime occur?

Are any social groups or organisations within the area the target for violence or other crimes?

Who perpetrates security threats or crime and for what reasons? Is the trafficking of people for labour or prostitution an issue?

To what extent is security, crime or social disorder associated with Anglo American?

In the local area, is security provided by police, private security companies and / or criminal elements?

How are these security services viewed by the general population and local authorities?

What is the nature and availability of weapons, both legal and illegal (e.g. small arms, explosives, etc.)?

Who has access to illegal weapons? Where do they come from (e.g. cross-border)?

How are these illegal weapons used?

Describe any attacks or acts of sabotage or vandalism at Anglo American operations:

- What was the motivation?
- What main needs / demands exist within the community / individuals that are causing the security threats or criminal activity?
- What do the perpetrators hope to achieve through attacks / vandalism / sabotage (i.e. end objectives)?

Describe any social instability (associated with the Anglo American operation)?

- Is the operation's socio-economic benefit delivery strategy considered to be fair and transparent, and not in favour of one sector of the population?
- Does the operation's employment policy discourage or encourage in-migration of job-seekers?
- Is the change in migration patterns resulting in a breakdown of traditional values, family structures and / or respect for local leaders?

If violence and crime appear to be major issues refer to *Tool 4C – Conflict Assessment and Management*.

With respect to the operation, what are the main security risks?

Which parties are used to provide site security? Are site security personnel private employees, or part of the local police force or local government?

Are local community members employed in providing site security?

What are the perceived levels of trust between the local residents and site security personnel?

Were the records of site security personnel checked prior to their appointment (e.g. in relation to criminal records or possible human rights abuses)?

Have there been stakeholder complaints about site security personnel? If so, what is the nature of these complaints?

Are security personnel briefed on Anglo American's human rights policy and international standards and guidelines. (See *Tool 4H – Voluntary Principles on Security and Human Rights*, and also the UN Universal Declaration of Human Rights, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.)

Are security personnel given appropriate training (including human rights training) and "rules of engagement" to handle high conflict situations, (where relevant)?

Is there a process in place for monitoring the performance of Anglo American's security personnel, including government / local police performance (where relevant)?

Table 2A.2 Identifying Primary Sources of Information

NATIONAL / REGIONAL / LOCAL SOURCES FOR DATA / REPORTS / WEBSITES	EXTERNAL INFLUENCES ON THE LOCAL AREA	ADMINISTRATIVE STRUCTURE	POLITICAL / GOVERNANCE	DEMOGRAPHICS	ECONOMY, LIVELIHOODS AND LABOUR FORCE	HEALTH	EDUCATION	NATURAL ENVIRONMENT	STAKEHOLDER SAFETY AND NUISANCE FACTORS	UTILITIES, INFRASTRUCTURE AND SERVICES	SECURITY	NEEDS AND PRIORITY CONCERNS
Government authorities and departments (regional, provincial, local)	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱
Traditional authorities	-	✓✓✓	✱	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Community leaders	✱	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Local community-based organisations (CBOs), NGOs and interest groups	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✓✓
Welfare and service organisations and groups	-	-	✱	✓✓	✱	✱	✱	✱	✱	✱	✱	✓✓
Environmental NGOs	-	-	-	-	✓✓	-	-	✓✓	✓✓	-	-	✓✓
National / regional / local opinion leaders	✱	-	✱	-	-	-	-	-	-	-	-	-
Local and regional businesses and associations	✱	-	✱	-	✓✓	-	-	✱	-	✱	✱	-
Local households / residents	-	-	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱
Land owners and resource users	-	-	✱	-	✓✓	-	-	✓✓	-	✓✓	-	✱
Public service providers	✱	✓✓	✱	✱	✓✓	✱	✱	-	-	✓✓	-	-
Education facilities	-	-	-	✓✓	-	✓✓	✓✓	-	-	-	-	✱
Trade unions	✱	-	✱	-	✓✓	✓✓	✓✓	-	✓✓	-	✓✓	✓✓
Employee representative groups	-	-	-	-	✓✓	✓✓	✓✓	-	✓✓	✓✓	✓✓	✓✓
Ombudsman offices	✱	-	✓✓	-	-	-	-	-	✓✓	✓✓	✓✓	-
Religious institutions	-	-	✓✓	-	-	✓✓	✓✓	-	-	-	✓✓	✓✓
Law-enforcement (police / army)	-	-	✓✓	-	-	-	-	-	-	-	✓✓	-
Political groups and local / state representatives	✓✓	✓✓✓	✓✓	✓✓	✓✓	-	-	-	✓✓	✓✓	✓✓	✓✓
Anglo American Business Unit and Group GSA department	✓✓✓	✓✓✓	✓✓	-	-	✓✓	-	-	✓✓✓	-	✓✓	✓✓
Key:	✓✓✓	Key source of information										
	✓✓	Good source of information, but may need to be supplemented by additional sources of information										
	✓	May be a source of information										
	✱	May be a key / good source of information, but depends on what the focus area is of this particular source in your local / regional area										

Table 2A.3 Identifying Secondary Data Sources

NATIONAL / REGIONAL / LOCAL SOURCES FOR DATA / REPORTS / WEBSITES	EXTERNAL INFLUENCES ON THE LOCAL AREA	ADMINISTRATIVE STRUCTURE	POLITICAL / GOVERNANCE	DEMOGRAPHICS	ECONOMY, LIVELIHOODS AND LABOUR FORCE	HEALTH	EDUCATION	NATURAL ENVIRONMENT, INCLUDING SAFETY	UTILITIES, INFRASTRUCTURE AND SERVICES	STAKEHOLDER SAFETY AND NUISANCE FACTORS	SECURITY	STAKEHOLDER NEEDS AND PRIORITY CONCERNS
Census data / National Statistics Office / website	-	-	-	✓✓	-	-	✓	-	✓✓	-	-	-
Government / administrative offices:	-	✓✓	-	-	-	-	-	-	-	-	-	-
• Department for Administration	-	✓✓	-	-	-	-	-	-	-	-	-	-
• Department for Public Works / Planning and Economic Development	-	-	-	-	✓✓	-	-	-	✓✓	-	-	-
• Department for Education	-	-	-	-	-	-	✓✓	-	-	-	-	-
• Department for Health	-	-	-	-	-	✓✓	-	-	-	-	-	-
• Department for Labour	-	-	-	-	✓✓	-	-	-	-	-	-	-
• Department for Agriculture	-	-	-	-	✓✓	-	-	✓✓	✓	-	-	-
• Department for Environment	-	-	-	-	✓✓	-	-	✓✓	✓✓	✓✓	-	-
• Department for Trade and Industry	-	-	-	-	✓✓	-	-	-	✓✓	-	-	-
Local / regional employment agency	-	-	-	-	✓✓	-	✓	-	-	-	-	-
Local clinics / health facilities	-	-	-	-	-	✓✓	-	-	✓	✓	-	-
Local schools and educational institutions	-	-	-	-	✓✓	-	✓✓	-	✓✓	✓	-	-
International environmental NGOs	-	-	-	-	✓	-	-	-	✓	✓✓	-	✓✓
Local NGOs / CBOs	✱	-	✱	✱	✱	✱	✱	✱	✱	✱	✱	✓✓
Development banks	✱	-	✱	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	-	✓✓
Research organisations	✱	-	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱
Local / regional / national universities	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱
International agencies (e.g. UNDP / World Bank / World Health Organisation)	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱	✱
Key:	✓✓✓ Key source of information ✓✓ Good source of information, but may need to be supplemented by additional sources of information ✓ May be a source of information ✱ May be a key / good source of information, but depends on what the focus area is of this particular source in your local / regional area											



# Tool 2B: Developing a Stakeholder Engagement Plan

## 2B.1 OBJECTIVES

A Stakeholder Engagement Plan (SEP) provides a framework for proactively engaging and communicating with stakeholders (i.e. employees, contractors, suppliers, communities, relevant government bodies and other stakeholders), as appropriate.

The objectives of this tool are to provide guidance on:

- mapping stakeholders and their issues;
- developing an SEP;
- selecting engagement techniques; and
- managing tense situations with stakeholders.

## 2B.2 WHEN TO USE THIS TOOL

Stakeholder engagement is an ongoing activity that commences during exploration and continues through mine closure. The SEP should be updated annually as part of the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*). The ongoing programme of stakeholder engagement will also include specific engagement activities, such as the public consultation required for an Environmental and Social Impact Assessment (ESIA) and the engagement that takes place as part of the SEAT assessment (required for significant operations every three years).

For the SEAT assessment, this tool should be used early in the SEAT process, to plan engagement activities. Guidance on feedback to stakeholders at the end of the SEAT process is also provided in *Tool 7B – Sharing Results of the SEAT Process with Stakeholders*.

## 2B.3 DEFINING STAKEHOLDER ENGAGEMENT

Stakeholder engagement is defined as “a process leading to a joint effort by stakeholders, technical specialists, the authorities and the proponents who work together to produce better decisions than if they had acted independently”<sup>(1)</sup>. *Box 2B.1* provides definitions of different types of stakeholder engagement. The appropriate type of engagement will depend on local circumstances; however, for the purposes of SEAT, stakeholder engagement should include two-way information exchange and dialogue.

BOX 2B.1 LEVELS OF STAKEHOLDER ENGAGEMENT		
Type	Objective	Direction
Inform	To provide balanced and objective information to improve understanding of the issues, alternatives and / or solutions.	ONE WAY
Consult	To obtain feedback from stakeholders on issues, alternatives and / or decisions.	TWO WAY
Involve	To work directly with stakeholders throughout the process to ensure that issues and concerns are consistently understood and considered.	
Collaborate	To partner with stakeholders in each aspect of a decision-making process.	
Empower	To place final decision-making in the hands of the stakeholders.	
Source: International Association for Public Participation, (IAP2), 2004		
NB: Stakeholder engagement will often involve a combination of the approaches outlined above.		

## 2B.4 OBJECTIVES AND BENEFITS OF STAKEHOLDER ENGAGEMENT

Stakeholder engagement should aim to:

- build sustainable and strong relationships with key stakeholders, based on trust and respect;
- assist in the identification of key socio-economic, human rights, health and safety, and environmental issues which need to be managed;
- secure feedback on the effectiveness and suitability of existing impact management measures and Anglo American's socio-economic benefit delivery (SEBD) initiatives;
- increase understanding between the operation and its stakeholders, as well as manage stakeholders' concerns and expectations;
- obtain a balanced perspective on key issues and test internal views against external perceptions;
- identify solutions to problems; and
- inform performance indicators, which have relevance for both stakeholders and the operation.

Stakeholder engagement that meets the above objectives can bring a number of benefits, including:

- securing the support of stakeholders, protecting the licence to operate;

(1) Greyling, 1999



- generating learning and providing an opportunity to improve social performance management;
- improving alignment between the expectations of the operation and stakeholders; and
- building stakeholders' knowledge and understanding of the operation and its objectives in relation to supporting socio-economic development in its zone of influence.

The understanding and insights gained during the engagement process should be used to develop the operation's Social Management Plan (SMP) (see *Tool 6A – Developing a Social Management Plan*). Note that failure to address issues raised through engagement may disillusion stakeholders and undermine relations.

## 2B.5 MAPPING STAKEHOLDERS AND THEIR ISSUES

Mapping stakeholders and their issues involves identifying stakeholders, assessing the legitimacy of stakeholder representatives and building an initial understanding of their key issues / concerns.

### Identifying stakeholders

Stakeholders are individuals, groups or organisations that can be categorised as affected parties, interested parties or authorities. These categories are described in *Box 2B.2* below.

#### BOX 2B.2 CATEGORIES OF STAKEHOLDERS

**Affected parties:** These stakeholders are affected by the operation, either positively or negatively. Within this category, it is possible to distinguish between those that are directly affected and indirectly affected. This category can include Anglo American employees. Among affected parties, take particular care to include groups that may be marginalised or feel excluded from mainstream structures (e.g. women, minority groups, indigenous peoples, etc.).

**Interested parties:** These stakeholders, although not affected by the operation, have an interest in, or influence over, the operation. They include stakeholders that:

- have knowledge about the impacts of the operation;
- are partnering with Anglo American to address the impacts of the operation;
- have instigated their own initiatives to address impacts associated with the operation; and / or
- are part of the broader community (whether local, regional, national or international) and have expressed an interest in or concern with the operation, or have an influence over this.

**Authorities:** Authorities can be divided into a number of categories, such as national, provincial / regional or district / local. In some locations it may be appropriate to distinguish between modern and traditional forms of administration. They include authorities that:

- have knowledge about the impact of the operation;
- are partnering with Anglo American to address the impacts of the operation;
- have instigated their own initiatives to address impacts associated with the operation and / or cumulative impacts;
- control the licence to operate or required permits;
- represent affected stakeholders;
- are responsible for issues relating to social and economic development, infrastructure, service provision, town planning and local finance; and / or
- have an influence over the local area and the operation's requirement and / or ability to address key socio-economic benefit delivery (SEBD) priorities.

Stakeholder engagement should aim to include all relevant stakeholders and sub-groups. In particular, the views of marginalised stakeholders should be captured. For instance, indigenous peoples are often vulnerable to operational impacts due to, high levels of dependence on, and connection with, the land and the broader natural and cultural environments in which they live. It will, therefore, be critical to ensure their views and concerns are **adequately** captured to identify and address any issues or adverse impacts (*Tool 4G – Indigenous Peoples* provides more details regarding engaging with indigenous groups).

In addition to identifying stakeholders, it may be necessary to identify conflict actors where conflicts exist. There is an important distinction in that conflict actors are not stakeholders to the company, but stakeholders to a conflict. *Tool 4C – Conflict Assessment and Management* provides further details on assessing conflicts, as well as developing strategies to prevent and mitigate conflicts.

### Ensuring that Stakeholders are Representative

Speaking to unrepresentative stakeholders on the assumption that they represent broader views can undermine the credibility of stakeholder engagement, and can ultimately derail the engagement process. Disgruntled stakeholders are just as likely to blame an operation for engaging with the wrong people as they are to blame the unrepresentative spokespersons.

It is, therefore, important to check the extent to which a stakeholder is truly representative of the views and interests of the people on whose behalf they claim to speak.

Consulting with a broad range of stakeholders who may be affected differently, or have different views about the operation, can ensure that the issues identified and proposed mitigation measures are truly representative of stakeholders' needs, priorities and concerns. In this way, those who are potentially more vulnerable to changes brought about by the project can be identified and their concerns considered. In many cases it will be necessary to engage separately with women and other disadvantaged groups, to ensure that their perspectives are heard. *Box 2B.3* outlines the importance of engaging with different sub-groups.

### Stakeholder Analysis

The operation can complete the stakeholder mapping and analysis using *Table 2B.1*. Once completed, this table should provide a clear overview of all of the operation's stakeholders, the key characteristics and issues for each group of stakeholders, and an indication of the extent to which Anglo American has engaged with them in the past. Where gaps are identified, these should be addressed by the SEP. This mapping exercise can allow an operation to identify stakeholders with common issues or shared concerns.

Whilst it is important to consult with stakeholders regardless of their influence, understanding dynamics within communities should affect how they are consulted. For example, focus groups or one-on-one meetings may be more appropriate than open, public meetings where proceedings are addressing controversial or emotive issues.

### BOX 2B.3 SUB-CATEGORIES OF STAKEHOLDERS

An incorrect assumption, which is frequently made, is that communities are homogenous groups with shared interests, opinions and concerns. The reality, however, is that there is usually a variety of groupings and sub-groupings within broader communities, each with their own interests and concerns and, sometimes, rivalries. It is important to ensure that the following sub-categories are considered in identifying stakeholders:

- Age
- Gender
- Ethnic, linguistic and religious groups, including indigenous peoples
- Employment status
- Access to land
- Level of education
- Rural and urban locations
- Proximity to operations
- Income levels
- Access to decision-making
- Representation by local organisations
- Company beneficiaries

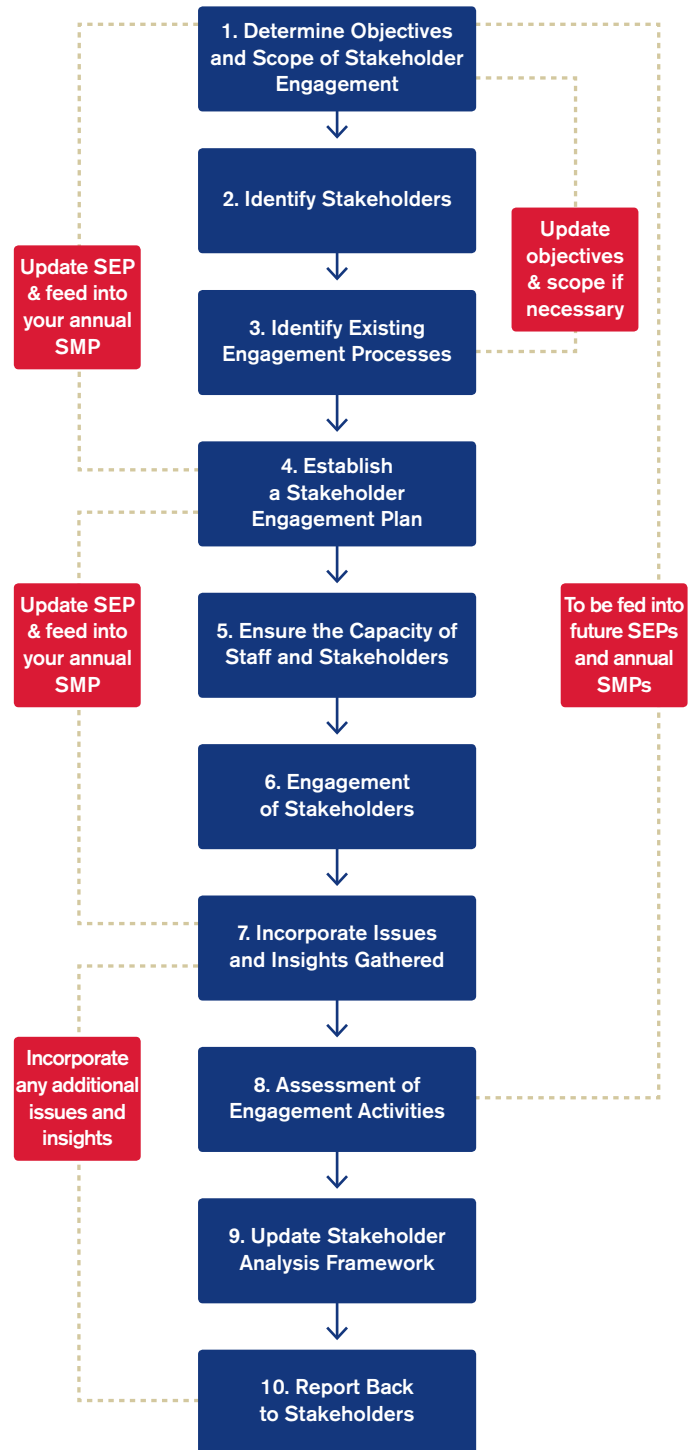
For instance, a proposed river diversion may group wealthy commercial farmers and poor subsistence farmers together as a single stakeholder group due to the diversion's impact – or perceived impact – on access to water. However, in a proposed land acquisition project, these same stakeholders may be on opposing sides. For example, subsistence farmers may not wish to have their livelihoods affected, while commercial farmers might be confident of being able to buy alternative land with the compensation received. When identifying stakeholders it is essential to bear these sub-groups and shifting relationships in mind.

### 2B.6 DEVELOPING AN SEP

This section can be used for developing an SEP. The key tasks (1 to 10) are outlined below; however, it is important to stress that stakeholder engagement is not a linear process. Stakeholder engagement will be a continuous activity and will inevitably evolve over time. The tasks include:

1. determining objectives and scope of engagement;
2. mapping stakeholders and their issues / concerns;
3. identifying existing engagement processes;
4. developing an SEP;
5. ensuring capacity of both staff and stakeholders to participate effectively in the engagement process;
6. implementing the SEP (NB: This will be an ongoing and continuous process);
7. incorporating issues and impacts identified into approaches to SMP (see *Tool 6A – Developing a Social Management Plan*);
8. assessing the effectiveness of engagement activities;
9. updating stakeholder analysis based on engagement findings; and
10. reporting back to stakeholders. Each of these headings is discussed below and illustrated in *Figure 2B.1*.

Figure 2B.1 Planning for Stakeholder Engagement



An example SEP is included in *Table 2B.2* at the end of this tool and integrated in *Table 6A.2* in *Tool 6A – Developing a Social Management Plan*.

If stakeholder engagement is being undertaken in an area where conflict exists, or where there is the potential for conflict, refer to *Tool 4C – Conflict Assessment and Management* before proceeding with stakeholder engagement.

## BOX 2B.4 PRINCIPLES FOR SUCCESSFUL ENGAGEMENT

Effective stakeholder engagement can bring a number of benefits; however, if poorly managed, it has the potential to damage stakeholder relations. A number of key principles should be applied:

- Ensure that Anglo American staff managing the engagement have relevant facilitation, communication and / or conflict resolution skills for the local context.
- Recognise that the strong debating skills with which many senior managers are often equipped are not always productive in a stakeholder engagement exercise. The main objective is to listen and understand stakeholders' perspectives, rather than "win" arguments.
- Establish clear objectives, roles and scope for engagement activities.
- Manage stakeholder expectations; keep a central record of commitments and do not make promises that cannot be delivered.
- Ensure that consistent messages are delivered (e.g. key messages, questions and answers).
- People often need to hear messages a number of times. Make sure that messages are clear and consistent, and repeated on a regular basis.
- Ensure that the engagement process is socially and culturally appropriate.
- Ensure the involvement of a representative cross-section of stakeholders — omitting certain stakeholder groups or sub-groups may create conflict.
- Establish a system to feed back and follow up on issues raised. Failure to do so can undermine trust.
- Ensure stakeholders are provided with a key point of contact and that systems for reporting issues are accessible.
- Where possible, ensure senior management representation to send valuable messages about commitment to the engagement process.
- The media may be present at meetings held in public forums. It is prudent to assume that anything said during stakeholder engagement will appear in local media outlets.

### Task 1: Determine Objectives and Scope of Stakeholder Engagement

Before embarking on the engagement process, it is important to be clear about the objective of engagement (see *Section 2B.4*). It is critical that senior level staff endorse these objectives and give implementing staff the support and time required to focus on the engagement process as well as the authority to address issues raised.

### Task 2: Map Stakeholders, including Issues and Concerns

*Section 2B.5* provides detailed guidance on identifying and mapping stakeholders, including their issues and concerns. Whilst most operations will already have a process in place for identifying stakeholders, it is essential to ensure they are comprehensive and inclusive.

Some operations have experienced attempts by one stakeholder group to exclude another group during the engagement process. Anglo American's commitment to stakeholder engagement means that such pressures cannot be acceded to – engagement must be representative and balanced. Excluding groups is a breach of policies laid out in the Anglo American *Social Way* and could also lead to reputational risks for the company. Managers therefore need to be explicit in the face of such pressure that such exclusions are, therefore, untenable.

### Task 3: Identify Existing Engagement Processes

The operation should identify the engagement processes and activities already in place, and decide whether these can be used during the SEAT process and, if so, how they should be improved. For each engagement activity currently underway, staff need to critically assess the extent to which these are likely to deliver on the SEAT engagement objectives.

### Task 4: Develop an SEP

A comprehensive SEP should be developed, detailing the following:

- **Scope:** Stakeholders to be engaged as well as known issues and impacts that should be addressed during the engagement.
- **Sensitivities:** Any sensitivities between stakeholder groups (e.g. conflicts or power dynamics) that need to be considered in the engagement process.
- **Approach:** The preferred mode of engagement and communication for each stakeholder group. The selection of the preferred approach should reflect both the operation's and the stakeholder's preference (see *Section 2B.7* below for further guidance).
- **Implementation plan:** The activities and schedule for implementing the SEP. The approach and frequency of engagement activities should reflect the nature and severity of any issues and impacts.
- **Information:** The information required by stakeholders to understand and assess the operation's performance in relation to issues and impacts without compromising stakeholders, personnel or commercial confidentiality.
- **Accessibility:** The nature and timing of engagement activities (remembering to provide stakeholders with appropriate notice of meetings), as well as appropriate communications channels relevant for each stakeholder group to ensure accessibility.
- **Resources:** The identification of human and financial resources required to implement the SEP, including roles and responsibilities for the engagement activities.
- **Communications:** Clear communications are essential. When notifying stakeholders about stakeholder engagement, it is important to brief them about their role in the process and what they can expect. A "Stakeholder Fact Sheet", provided at the end of this tool, can be used to brief stakeholders.

#### BOX 2B.5 UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

In accordance with the United Nations (UN) Guiding Principles on Business and Human Rights, stakeholder engagement should seek to understand the concerns of potentially affected stakeholders by engaging with them in a manner that takes into account language and other potential barriers to effective engagement. Sensitivity towards potential barriers to engagement is a critical factor to be included in planning a stakeholder engagement process.

#### Task 5: Ensure the Capacity of Staff and Stakeholders

When assigning roles and responsibilities, it is important to assess internal and external capacity to engage effectively. Key internal capacity issues to consider include:

- adequate time to implement the engagement process;
- availability of required skills (e.g. facilitation skills, conflict resolution skills, appropriate language);
- specialised expertise, credibility and / or authority to be able to answer the questions and issues that are likely to be raised; and
- levels of awareness (e.g. about the principles and objectives of engagement, and SEAT in particular).

Capacity constraints may also extend to external stakeholders and will need to be addressed in the engagement process. These constraints can include language barriers, low levels of literacy, technical knowledge, availability or financial constraints (e.g. transportation to meetings).

Where capacity is lacking, the operation will need to consider building capacity (both internally and among stakeholders), tailoring its approach to engagement (based on these constraints), or seeking external support for the engagement process.

#### Task 6: Engage with Stakeholders

This task involves engaging with stakeholders, as detailed in the SEP. During engagement activities, remember to ensure that adequate notes or minutes are taken. This is best done by a dedicated note-taker (i.e. separate from the meeting facilitator). Reliable notes are a key resource for ensuring that issues have been adequately captured. In some instances, stakeholders may ask for the notes from the meeting, and the operation will need to be in a position to provide them. If the meeting is being recorded on video or audio all those present must agree, and sufficient precautions should be taken to protect the sources of information, where necessary.

#### Task 7: Incorporate Issues and Impacts into the SMP

Issues raised during engagement should be considered carefully and translated into actions, where appropriate. Guidance on analysing and prioritising the issues raised is provided in *Tool 3A – Assessment of Issues and Impacts* and guidance on developing management and monitoring measures is outlined in *Tool 6A – Developing a Social Management Plan*. After the engagement process has been completed, the SEAT implementing team should engage with colleagues who have the responsibility for addressing the issues raised to ensure that adequate responses can be planned.

If complaints have been made during the engagement process then these should be recorded in Anglo American's group-wide complaints and grievance recording and tracking system.

#### Task 8: Assess Engagement Activities

In order to ensure continuous improvement, it is recommended that the operation undertakes an assessment of the engagement activities undertaken. Some of the proposed indicators of success may not be immediately measurable. Key questions to consider are listed below:

- **Engagement and outcomes:** Did stakeholders perceive the engagement in a positive way, and did it result in improved understanding?
- **Trust:** Did the engagement strengthen mutual trust such that stakeholders are willing to engage with the operation, utilise the complaints and grievance procedure and work together to address any issues or concerns?
- **Increased understanding:** Did the engagement process facilitate and enhance the operation's understanding and management of stakeholder concerns (where applicable), as well as enhance stakeholders' understanding of the operation?
- **Awareness of emerging issues:** Did the stakeholder engagement decrease the time lag between the emergence of stakeholder issues and awareness of the issue within the operation?
- **Development of indicators:** Has learning from the engagement resulted in the identification of meaningful indicators to monitor and measure performance within the operation?

Where possible and / or relevant, the results of the above assessment should be used to improve or confirm the appropriateness of subsequent stakeholder engagement activities.



### Task 9: Update the Stakeholder Map

The findings gathered during the engagement process should be fed into the stakeholder map (see *Table 2B.1*), so that the operation has an updated record of each stakeholder's details and key issues raised.

### Task 10: Report Back to Stakeholders

It is essential that the operation provides feedback to stakeholders regarding:

- the key issues identified during the engagement process; and
- the manner in which the operation has or will address these issues, including a timeframe for doing so, using the most appropriate channels for each stakeholder.

Where possible, the SEAT team should aim to provide feedback before the finalisation of responses to issues raised. This will allow the operation to confirm that it has accurately understood stakeholder concerns. Guidance on approaches to providing feedback is given in *Tool 7B – Sharing the Results of the SEAT Process with Stakeholders*.

## 2B.7 APPROACHES TO STAKEHOLDER ENGAGEMENT

*Table 2B.3* presents a matrix of engagement techniques with guidance on the most appropriate use of each technique. When selecting the preferred mode of engagement, the following should be considered:

- **Stakeholder willingness to engage:** Where willingness is low, the operation may need to consider a more personalised approach to engagement (e.g. one-on-one meetings or small group meetings).
- **Stakeholder fatigue:** There may be instances where repeated attempts at engagement, or cynicism regarding the outcomes of engagement processes, can hinder stakeholder involvement in the engagement process. This may require more personalised approaches (e.g. one-on-one meetings, or small focus groups), and / or involvement of senior level staff (e.g. mine managers).
- **Timeframes:** The time available for the completion of SEAT will dictate which approaches are used, since some techniques are more time-consuming.
- **Cultural sensitivities:** An understanding of stakeholders' needs inform the selection of culturally appropriate engagement techniques. For example, in a traditional Muslim area, female participants may prefer women-only meetings, facilitated by a female. Cultural hierarchies may also limit the ability of members lower down the hierarchy to participate in engagement.

- **Historical complexities:** In countries which have a history of repression, a strong culture of engagement may still be in its infancy. In particular, fears regarding the implications of expressing differences of opinions, or demanding a say in the decision-making process, may still exist. This will require modes of engagement that allow people to feel safe.
- **Capacity implications:** Internal resource gaps (staff availability and skills levels) and capacity of stakeholders (language barriers, lack of experience in engagement processes, etc.) will influence the selection of engagement techniques.
- **Nature of issues likely to be raised:** The nature of issues likely to be raised should influence the selected techniques (e.g. smaller focus group meetings are likely to be more suitable than public meetings for highly controversial issues).
- **Stakeholders' preferred mode of engagement:** When selecting the preferred approaches, the stakeholders' preferred mode of engagement should be considered. This will require discussion with stakeholder representatives during planning.
- **Diversity within the stakeholder group:** Stakeholders are not homogenous groups. Within each group, differences of gender and age will overlay differences of wealth, ethnicity, etc. Each of these sub-groups may have different perspectives according to their experiences, interests and needs. It is important to hear a variety of opinions and ensure that more marginalised groups are able to engage.
- **Consideration of indigenous peoples:** If there are indigenous groups within your local area, special consideration should be given towards particular engagement approaches that may be required to enhance their participation in the engagement process. *Tool 4G – Indigenous Peoples* provides more detailed guidance on this topic.

Key questions to consider when selecting appropriate engagement techniques are:

- How many people can be effectively engaged?
- Are issues better suited to small groups?
- What benefits / risks will there be in bringing different stakeholder groups together?
- What expectations might be created through the proposed approach?
- What are the budget constraints?

Communications materials should be developed to reinforce key messages. These materials should be clear, concise and produced to a high-standard and, where necessary, should be prepared in line with the Anglo American brand guidelines. Clear and compelling communication materials will help you tell your story to stakeholders, and reassure them that their input is valued. If there are grounds for believing that legal proceedings may be brought against Anglo American by the stakeholder to be consulted, the requirements of Anglo American's Legal Response Plan should be observed.

## 2B.8 MANAGING TENSE SITUATIONS WITH STAKEHOLDERS

Situations of high tension and distrust between an operation and its stakeholders can be a daunting environment in which to facilitate an engagement process. This section provides brief guidance on how to manage such situations. Where high levels of tension and low-trust exists, your stakeholder engagement should have three key aims:

- to build trust;
- to increase understanding; and
- to establish dialogue.

In terms of actual stakeholder engagement activities, there are a number of key principles to remember:

- Show compassion and empathy – even when the issue raised is not the responsibility of the operation. Be personable and reasonable, show dedication that is backed by a commitment to address stakeholder concerns.
- Be candid about the operation's room for manoeuvre on key issues. Where possible, identify areas where the operation can genuinely show flexibility. Transparency is a critical component in building trust, so be as open as you can, or at least be honest about what you are not able to talk about.
- Where applicable, acknowledge any past errors. Stress actions taken versus defending those that were not taken. Similarly, publicise those actions that will be taken and stress the operation's willingness to be accountable and to respond to the issue raised. This includes ensuring that the appropriate personnel (both technical personnel and management) participate and are available to provide responses.
- Acknowledge and record issues or concerns (using the Anglo American complaints and grievance procedure where necessary). Working together to address the concern will help to build trust and show that you are taking stakeholder concerns seriously. Do not provide excessively technical information in your responses and / or presentations – if people are concerned you first need to address the underlying reason for their concerns.

- Finally, select appropriate forums for stakeholder engagement (e.g. public meetings, focus groups, open days). The choice of engagement forums should be guided by the specific stakeholder group, expected level of the interest in issues, advice and guidance from key stakeholder representatives, estimated levels of tension / concern, and by past experience.

## 2B.9 QUESTIONS TO ASK DURING ENGAGEMENT

Suggested questions to ask during the engagement are outlined in *Table 2A.1 – Building a Profile of the Local Area, Issues and Impacts*. It is anticipated the depth of understanding of this profile will develop through stakeholder engagement as well as the assessment of issues and impacts (*Tool 3A – Assessment of Issues and Impacts*).

## 2B.10 COMPLIANCE WITH MEDIA POLICY

In open, public engagement sessions, local or national media may be present. Any interaction with the media should be undertaken in accordance with Anglo American's *Group Media Policy*. Contact your Business Unit communications representative for further information or support on the development of any external media releases.

Table 2B.1 Stakeholder Mapping and Analysis

STAKEHOLDER PROFILE	
Stakeholder Mapping and Analysis	
Stakeholder category	
Name of stakeholder representative or group	
Location of stakeholder and contact details	
Local / national / international level stakeholder	
Stakeholders represented (who / number)	
Primary concerns / issues	
Sphere / extent of influence <sup>(1)</sup>	
Summary of Engagement	
Overview of engagement (current and previous)	
Frequency of engagement	
Method of engagement <sup>(2)</sup>	
Anglo American key contact point	
Issues and Responses	
Issues raised	
Management response (outline in SMP)	
Effectiveness of response	
Stakeholder satisfaction with response <sup>(3)</sup>	

Table 2B.2 Example Stakeholder Engagement and Communications Plan

STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS PLAN												
Issue	Determine objectives and scope of engagement	Identify stakeholders	Identify method of engagement	Develop implementation schedule (including timelines, milestones and completion dates for activities)	Provide information and communicate with stakeholders	Develop, monitor and evaluate plans (including approach, timing, responsibilities)	Identify required resources (human, financial and in-kind)	Identify responsible parties (organisation, individual)	Ensure staff have capacity to implement SEP	Incorporate issues and impacts into SMP and risk register (where relevant)	Update stakeholder map	Report to stakeholders (internal and external)
Example: Employment and economic development												

(1) The sphere / extent of influence of stakeholder refers to a stakeholder's ability to influence the opinions of other stakeholders and / or decision-making processes.

(2) Method of engagement refers to the type of engagement employed (e.g. workshops, one-on-one meetings, public consultation, etc.).

(3) Assessing and recording stakeholder satisfaction with management responses is critical to effective social performance management.

**Suggestion:** This table will be most easily used in a spreadsheet or database format. The table can easily be copied from Word into Excel, or another spreadsheet format, and resized after completion of the SEAT.

Table 2B.3 Matrix of Engagement Techniques

TECHNIQUE	DESCRIPTION OF TECHNIQUE <sup>(1)</sup>	MOST APPROPRIATE APPLICATION	MAIN ADVANTAGES AND DISADVANTAGES
<b>Personal Interviews</b>	One-on-one meetings with stakeholders to gain information on concerns and perspectives. Generally, semi-structured interviews include open-ended questions, and allow for following up on issues and unexpected information.	When the operation is seeking to: <ul style="list-style-type: none"> <li>• identify issues specific to each stakeholder</li> <li>• provide opportunities for stakeholders to speak confidentially</li> <li>• build relationships with individual stakeholders</li> <li>• develop mitigation / SEBD strategies</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Demonstrates commitment on part of the company</li> <li>• Provides an opportunity to build a relationship</li> <li>• Provides detailed information through two-way communication</li> <li>• Interviews are by invitation only, so it is easier to predict and prepare for the types of issues that are likely to be raised</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Time and resource intensive</li> <li>• No opportunity to test representativeness of the attitudes and assertions made</li> <li>• Individuals may not necessarily be representative of a stakeholder group as a whole</li> </ul>
<b>Complaints and Grievance Mechanisms</b>	Each operation should have a complaints and grievance mechanism in place, in line with the Anglo American Standard Group Complaints and Grievance Procedure. This procedure seeks to provide a framework for the recording and handling of all stakeholder complaints, whether their subject is environmental, health and safety, social or economic.	When the operation is seeking to: <ul style="list-style-type: none"> <li>• facilitate the ongoing submission of complaints regarding an operation's performance</li> <li>• monitor the resolution of the complaint through a defined process, and a predictable timeframe</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Improved credibility, through increased accountability</li> <li>• Development of trust and building of good relations between the operation and stakeholders</li> <li>• Provision of a standardised and streamlined approach for identifying, recording, investigating, resolving and reporting on complaints</li> <li>• Provision of documented actions, serving as a reference for the handling of any similar future complaints, as well as providing evidence of how, when and by whom a complaint was dealt with</li> <li>• Ensures that operational problems are identified</li> <li>• Improved understanding of the impact on communities</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Individuals may not feel empowered to use such a procedure – alternative, parallel mechanisms therefore need to be provided (e.g. regular face-to-face engagement opportunities)</li> <li>• Individuals that use the complaints and grievance procedure may not necessarily be representative of a stakeholder group(s)</li> <li>• Complaints and grievance mechanisms require a clear "chain of command" in order to work (i.e. one person records the complaint, another may be required to investigate it, and a third [someone at senior level] will be required to sign it off, once resolved. An operation therefore needs to have suitable staff, and clear systems in place, in order for this mechanism to be effective</li> </ul>

(1) Sourced primarily from DEAT (2002) Stakeholder Engagement, Integrated Environmental Management, Information Series 3, Stakeholder Engagement, Department of Environmental Affairs and Tourism (DEAT), Pretoria, South Africa.



TECHNIQUE	DESCRIPTION OF TECHNIQUE <sup>(1)</sup>	MOST APPROPRIATE APPLICATION	MAIN ADVANTAGES AND DISADVANTAGES
<b>Workshops</b>	<p>Small group meetings in which representatives from different stakeholder groups come together in an interactive forum to share and provide information about a particular topic and to discuss key issues. The meeting may be preceded by a presentation.</p> <p>For more important issues, an intensive group effort may be required. This may include the presentation of evidence by experts, the delegation of decision-making to stakeholders (who may be selected through a random jury selection-type process to ensure that decisions are not "hijacked" by vocal interest groups), and independent mediation and facilitation.</p>	<p>When the operation is seeking to:</p> <ul style="list-style-type: none"> <li>• form relationships with and between high level stakeholders and experts</li> <li>• involve stakeholders in brainstorming, developing a strategic approach, or to resolve an issue(s)</li> <li>• communicate aspects of the SEAT process or issues management to stakeholders and employees</li> <li>• analyse impacts</li> <li>• prioritise / rank issues and potential solutions</li> <li>• develop mitigation / SEBD strategies</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Demonstrates commitment on the part of the company</li> <li>• Provides an opportunity to build a network of relationships</li> <li>• Allows issues to be verified, tested and solutions developed</li> <li>• Increases ownership by participants</li> <li>• Workshops are by invitation only, so it is easier to predict and prepare for the types of issues that are likely to be raised</li> <li>• Allows for more in-depth discussion and analysis of issues</li> <li>• Allows for better management of discussions on controversial or highly emotive topics</li> <li>• May increase the credibility of decisions, if decisions are delegated and the process is independently mediated / facilitated</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Participation is limited to a relatively small number of stakeholders</li> <li>• Individuals may not necessarily be representative of a stakeholder group as a whole</li> <li>• Need to provide sufficient information such that participants can provide informed views</li> <li>• If experts are invited to present evidence there may be a cost to the sponsoring / convening organisation</li> <li>• Delegation of decision-making may increase the risk of unwelcome outcomes</li> </ul>
<b>Focus Groups / Forums</b>	<p>Small group meetings in which members of a particular / defined group come together in an interactive forum to share and provide in-depth information about a particular topic and to discuss key issues. The meeting may be preceded by a presentation.</p>	<p>When the operation is seeking to:</p> <ul style="list-style-type: none"> <li>• identify stakeholder views on a specific issue</li> <li>• discuss the views of a common interest stakeholder group</li> <li>• gather baseline data</li> <li>• support, pilot, test, or gain feedback on the outputs of other methods (e.g. surveys, interviews)</li> <li>• determine stakeholder responses to proposed mitigation / SEBD strategies</li> <li>• monitor and evaluate the social performance of an operation</li> <li>• develop mitigation / SEBD strategies</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Demonstrates commitment on the part of the company</li> <li>• Provides an opportunity to build a network of relationships</li> <li>• Allows issues to be verified, tested and solutions developed</li> <li>• Increases ownership by participants</li> <li>• Participation is by invitation only, so it is easier to predict and prepare for the types of issues that are likely to be raised</li> <li>• Allows for more in-depth discussion and analysis of issues</li> <li>• Allows for the active participation of specific individuals or groups who may be unable to contribute in more open formats</li> <li>• Allows for better management of discussions on controversial or highly emotive topics</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Participation is limited to a relatively small number of stakeholders</li> <li>• Individuals may not necessarily be representative of a stakeholder group or a community as a whole</li> <li>• Need to provide sufficient information so that participants can provide informed views</li> </ul>

(1) Sourced primarily from DEAT (2002) Stakeholder Engagement, Integrated Environmental Management. Information Series 3, Stakeholder Engagement, Department of Environmental Affairs and tourism (DEAT), Pretoria, South Africa.

TECHNIQUE	DESCRIPTION OF TECHNIQUE <sup>(1)</sup>	MOST APPROPRIATE APPLICATION	MAIN ADVANTAGES AND DISADVANTAGES
<b>Public or "Town Hall" Meetings</b>	Formal meetings where the company meets with a wide range of stakeholders in a public place. These meetings are open to all, although some stakeholders may be specifically invited. There are often presentations by the company, followed by a question and answer session.	When the operation is seeking to: <ul style="list-style-type: none"> <li>reach large audiences, in particular communities, quickly</li> <li>present information and seek feedback from stakeholders</li> <li>ensure that everyone gets a chance to provide comment / criticism / feedback</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Relatively inexpensive and quick</li> <li>Allows you to reach a large number of people simultaneously</li> <li>Demonstrates willingness to be open</li> <li>Provides communities with opportunity to speak to company representatives directly</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>There is a risk that vocal (and sometimes unrepresentative groups or individuals) may "hijack" the meeting</li> <li>Some communities, or groups within them, may not be comfortable speaking in such a public forum</li> <li>Limited opportunity to explore issues in detail</li> <li>Can be difficult to facilitate if the issue(s) under discussion is / are controversial or highly emotive</li> <li>No control over which stakeholders and the number of stakeholders that attend – as a result, you cannot always adequately prepare for the types of issues that are likely to be raised</li> </ul>
<b>Open Days / Open House Meetings</b>	Stakeholders are given an opportunity to tour the site and / or information and displays are set up at an accessible location. Members of the project team can be available to provide additional information and answer / record queries.	When the operation is seeking to: <ul style="list-style-type: none"> <li>gather input based on the stakeholder's observation of the site</li> <li>identify stakeholder issues and assess community needs</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Demonstrates the company's commitment and willingness to be open</li> <li>Relatively inexpensive</li> <li>Provides communities with opportunity to speak to company representatives directly</li> <li>Provides a "safe" environment for stakeholders to ask questions and provide comments</li> <li>Ensures greater transparency and broad access to information, with large numbers of stakeholders receiving the same information</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>There may be health and safety risks associated with having stakeholders on the site</li> <li>It is time-consuming to have members of the project team available for a full day</li> <li>An open day is not very structured, and the turn-out and benefits are not certain</li> </ul>
<b>Comments / Response Sheets</b>	Forms for stakeholders to complete in order to gain information on stakeholder concerns and preferences, and to identify key issues. Most often included with technical reports or at public meetings and open days, or circulated during an engagement activity.	When the operation is seeking to: <ul style="list-style-type: none"> <li>provide an opportunity for input from stakeholders who are unable to attend other information-gathering forums</li> <li>collect input from stakeholders who live / work far away from the site</li> <li>gather complex technical and controversial comments</li> <li>gather comments on publications</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Allows for comment from stakeholders who are unable to participate in meetings that have been arranged</li> <li>Provides an opportunity to comment for stakeholders who do not like speaking in public</li> <li>If time is limited in the information-gathering sessions, comments can still be captured</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Time will need to be set aside for interpreting and capturing these comments</li> <li>Handwriting may not be legible, and therefore the comment may not be captured correctly</li> <li>Is not suitable for communities with low or no levels of literacy</li> <li>Depending on the response method, surveys can yield poor response rates</li> </ul>

(1) Sourced primarily from DEAT (2002) Stakeholder Engagement, Integrated Environmental Management, Information Series 3, Stakeholder Engagement, Department of Environmental Affairs and Tourism (DEAT), Pretoria, South Africa.

TECHNIQUE	DESCRIPTION OF TECHNIQUE <sup>(1)</sup>	MOST APPROPRIATE APPLICATION	MAIN ADVANTAGES AND DISADVANTAGES
<b>Surveys</b>	Standardised survey or questionnaire for collecting qualitative or quantitative information from a sample of a population. These can be implemented as face-to-face, telephone, postal, or email surveys.	When the operation is seeking to: <ul style="list-style-type: none"> <li>• identify stakeholder issues and assess community needs</li> <li>• obtain an objective overview of a group of stakeholders to a particular issue or potential impact</li> <li>• gather data for the evaluation of social performance indicators</li> <li>• monitor social and economic impacts and performance, using repeat surveys</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Provides detailed data on specific issues</li> <li>• Assuming an appropriate sample is gathered, this technique provides good insight into the extent to which an issue is significant within the local area</li> <li>• Widely known and acceptable method, particularly in developed countries</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Surveys need careful design and planning, often with professional support</li> <li>• Written surveys are not appropriate in an environment where literacy levels are low</li> <li>• Can be easily manipulated or designed to yield particular results</li> <li>• Depending on the response method, surveys can yield poor response rates</li> <li>• Surveys take considerable time and resources to prepare, implement and analyse results</li> </ul>
<b>Participatory Tools</b>	Participatory tools are used to facilitate a process that builds the capacity of people to conduct their own analysis and often to plan and take action. A range of creative, low-infrastructure, low-cost techniques are available which can be adapted to suit many situations and contexts.	When the operation is seeking to: <ul style="list-style-type: none"> <li>• identify stakeholder issues and assess community needs</li> <li>• gather baseline data</li> <li>• recognise and identify stakeholder needs / aspirations</li> <li>• involve stakeholders in the development of mitigation and SEBD strategies</li> <li>• monitor and evaluate social impacts and social performance</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Demonstrates commitment on part of the company</li> <li>• Provides the opportunity to build relationships and stakeholder ownership of outcomes</li> <li>• Can gain in-depth understanding of stakeholder cultures, beliefs, assets and interactions</li> <li>• Can increase understanding of issues / impacts affecting local communities</li> <li>• Is not restricted by levels of education or literacy</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Time and resource intensive</li> <li>• Active participation limited to relatively small numbers of stakeholders at any one time</li> <li>• Unless well-facilitated can result in unrealistic stakeholder expectations</li> <li>• Process must be well facilitated to avoid being dominated by articulate and organised stakeholder groups</li> <li>• May require external facilitation by a suitably skilled specialist</li> </ul>

(1) Sourced primarily from DEAT (2002) Stakeholder Engagement, Integrated Environmental Management, Information Series 3, Stakeholder Engagement, Department of Environmental Affairs and Tourism (DEAT), Pretoria, South Africa.

TECHNIQUE	DESCRIPTION OF TECHNIQUE <sup>(1)</sup>	MOST APPROPRIATE APPLICATION	MAIN ADVANTAGES AND DISADVANTAGES
<b>Advisory Committees / Stakeholder Panels</b>	A group of stakeholders assembled to advise the decision-maker, and debate specific issues. These may be standing / regularly convened panels composed of stakeholder leaders, NGOs and scientific experts. Committees and panels are typically long-term or permanent bodies.	<p>When the operation is seeking to:</p> <ul style="list-style-type: none"> <li>• gather specialised / technical / conceptual input</li> <li>• ensure increased accountability from the stakeholders</li> <li>• keep the activities aligned between different departments and stakeholders</li> <li>• maintain engagement over an extended period</li> </ul>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Demonstrates commitment on the part of the company</li> <li>• Allows issues to be debated and solutions to be developed</li> <li>• Allows for more in-depth discussion and analysis of issues</li> <li>• Assists key stakeholders in developing a longer term, more in-depth understanding of your operation</li> <li>• Helps achieve continuity in stakeholder feedback</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Panels may involve a significant time commitment over an extended period, and so tend to attract only motivated stakeholders who understand that there is something to gain from participating (either for their community or even themselves)</li> <li>• Conversely, it may be harder to involve marginalised groups, such as the young, the illiterate or those who do not speak the working language of the panel</li> <li>• Not all panel members may be representative of a stakeholder group or a community as a whole, and so may not be in-touch with issues on-the-ground</li> <li>• The credibility of panel members may be questioned if they are not perceived to be independent or representative, or if membership is not refreshed from time to time</li> <li>• It may be necessary to compensate panel members for their contributions. If this is done it should be done in a way that: (a) does not affect perceptions of the impartiality of panel members and (b) does not make it hard to refresh membership if panel members are primarily motivated by the compensation provided</li> </ul>

(1) Sourced primarily from DEAT (2002) Stakeholder Engagement, Integrated Environmental Management Information Series 3, Stakeholder Engagement, Department of Environmental Affairs and Tourism (DEAT), Pretoria, South Africa.

## Stakeholder Fact Sheet

*Note for user: Depending on the requirements of different stakeholder groups, this can be circulated in its existing format, edited as required to reflect local conditions; alternatively, the contents can be conveyed verbally.*

### 1.1 Introduction

Anglo American plc, of which (*insert name of operation*) is a part, is committed to improving the social performance of its operations. This means ensuring that its operations minimise any negative impacts, and maximise the benefits. The positive and negative impacts which an operation may have, or be seen to have, include economic, cultural, health, safety and human rights issues. As part of fulfilling this commitment, Anglo American has developed a unique process, the Socio-Economic Assessment Toolbox (SEAT), which helps operations fulfil a number of key objectives.

- To identify and manage their social and economic impacts (both positive and negative).
- To understand better the concerns and priorities of local stakeholders and, where possible, to address them.
- To improve the contributions that the operation makes through the management of its core business – through partnerships or through the operation's socio-economic benefit delivery (SEBD) initiatives.
- To improve communication with stakeholder groups.

It is intended, through the SEAT process, that the long-term socio-economic opportunities for the stakeholders around Anglo American's operations will be enhanced, dependency on the operation reduced, and the basis for more sustainable development established.

### 1.2 Key Stages and Steps in the SEAT Process

In order to carry out the above tasks, Anglo American operations implement a process made up of a number of steps including:

- developing a good understanding of the Anglo American operation and affected stakeholders;
- identifying and assessing any significant social, and economic impacts;
- developing initiatives and responses to issues raised; and
- reporting the results of the SEAT process to the community and other stakeholders.

### 1.3 Stakeholder Involvement in the SEAT Process

Meeting and discussing key issues with stakeholders associated with the operation is a vital part of the SEAT process. No SEAT process is complete unless meaningful dialogue and a report-back to its stakeholders has taken place. For this reason, Anglo American operations are required to seek input from stakeholders that are:

- a) directly or indirectly affected by the operation – for example, employees and local residents;
- b) interested in the operation – for example, campaigning or stakeholder groups that have an interest in the area or in mining in general (this may include national and / or regional level stakeholders); and
- c) relevant public authorities, such as local government, the police or local clinics or hospitals.

During the SEAT process, input will be requested on a number of key topics. These are listed in *Box 1*.

#### BOX 1: STAKEHOLDER INPUT DURING THE SEAT PROCESS

During the SEAT process, stakeholder input will be sought on some of the following topics:

- Help in identifying any socio-economic issues or impacts associated with the operation, which need to be managed by the company or other organisations.
- Comment on the effectiveness and suitability of existing impact management measures and an operation's SEBD activities, as well as make suggestions for improvements.
- Help in identifying suitable management measures for any issues or impacts that need to be addressed.
- Provision of open and honest feedback on whether the operation is a responsible member of the local area in which it operates.
- Help in identifying local stakeholders' concerns and expectations, to input into decisions about issues such as training, local purchasing of supplies and support of local development projects.
- Help in identifying effective ways of measuring impacts, such that they can be used to assess and monitor the operation's on-going impacts on and benefits to the local area.

All stakeholders consulted during the SEAT process will be provided with a report on the outcomes and proposed next steps.

# STEP 3 – INTRODUCTION TO THE IMPACT IDENTIFICATION AND ASSESSMENT TOOL

## 3.1 OBJECTIVES

*Step 3* aims to identify and assess the issues and impacts associated with each operation (both positive and negative).

## 3.2 IMPLEMENTING STEP 3

*Step 3* includes one tool **3A – Assessment of Issues and Impacts**. *Tool 3A* guides the user through a logical process for identifying and analysing issues and impacts, including an assessment of their significance. This allows the operation to prioritise issues and impacts that require management attention and detailed action plans within the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*).

At the end of *Step 3* it is useful to feed back the SEAT team's understanding of the assessment of issues and impacts to selected stakeholders. This will allow the team to check that they have understood stakeholder concerns, and that their assessment of the issues and impacts is accurate. Forming this consensus is particularly important where contentious issues have arisen. The feedback to stakeholders should be planned using the guidance in *Tool 7B – Sharing the Results of the SEAT Process with Stakeholders*.

*Step 3* will create an understanding of the issues and information requirements listed in *Box 3.1*.

### BOX 3.1 INFORMATION REQUIREMENTS FOR STEP 3

*Step 3* should result in the identification or understanding of the following:

- Identification of all the positive and negative issues and impacts associated with the operation (direct and indirect)
- The links between environmental, health, safety and socio-economic impacts associated with the operation
- The issues, which although not linked to the operation, are of concern to stakeholders, and have the potential to impact on community relations if not addressed
- The most significant issues and impacts that will require priority management measures and response





# Tool 3A: Assessment of Issues and Impacts

## 3A.1 OBJECTIVES

This tool outlines a process for assessing and prioritising issues and impacts, raised by both internal and external stakeholders.

Please note that SEAT distinguishes **issues** from **impacts**, with issues raised by stakeholders only being recognised as “impacts” once the link between an issue and the operation can be made. Prior to this, they are referred to as “issues” as a way of distinguishing them from impacts for which the operation is directly or indirectly responsible. However, issues that are not directly linked to an operation’s activities may still be regarded as significant and require proactive management. This is due to the fact that stakeholders may perceive them to be caused by the operation or the issues may impact on the operation.

The information gathered in this tool will feed directly into the operation’s annual Social Management Plan (SMP).

## 3A.2 WHEN TO USE THE TOOL

This tool should be used after the engagement process has been completed (*Step 2*) and all issues and impacts have been captured in *Step 1 – Profiling the Anglo American Operation* and *Step 2 – Profiling the Local Area*.

## 3A.3 IDENTIFYING ISSUES AND IMPACTS

For each issue and impact, it will be important to build an understanding of the:

- root causes;
- secondary impacts;
- stakeholders affected;
- effectiveness of existing management measures; and
- risk / opportunity rating.

*Table 3A.1* presents a simple way to analyse and summarise the issues and impacts associated with an operation. In developing this analysis, it will be important to:

- gain perspectives of both internal and external stakeholders on issues and impacts;
- assess positive and negative dimensions of an issue or impact;
- understand implications for other disciplines; and
- consider any human rights impacts.

## Gain Perspectives of Internal and External Stakeholders

Issues and impacts are identified primarily during engagement with internal and external stakeholders. It is important to engage with internal and external stakeholders alike, as the causes and effects of issues and impacts on both the operation and its stakeholders can then be properly assessed and understood.

### BOX 3A.1 IMPORTANCE OF INTERNAL ENGAGEMENT

It is equally important to engage with internal stakeholders during a SEAT assessment to fully understand issues and impacts.

For instance, each Anglo American operation conducts an integrated risk assessment on an annual basis. Senior management from each operation participate in these risk workshops representing a range of disciplines (External Affairs, Community Relations, Human Resources, Procurement, Safety and Sustainable Development, Engineering, Finance, Legal, etc.).

During these workshops, issues and impacts that may affect stakeholder relations (e.g. local procurement, local workforce development, etc.) are identified and captured on a risk register. It is, therefore, important to ensure that: (1) any operational risks affecting stakeholders that are identified during these risk workshops are addressed through the SEAT process; and (2) ensure that any issues and impacts identified during SEAT are captured in operational risk assessments to ensure that management are aware of and responding to them.

Other internal Anglo American processes that will also assist with impact identification, include: Social Impact Assessment (SIAs) (conducted during the project development stage); annual SMPs; complaints and grievance records; and Government Relations Country Plans.

## Assess Positive and Negative Dimensions of an Issue or Impact

Many social issues can have both positive and negative impacts, depending upon the stakeholder group from which an individual is drawn. Even job creation, which is generally regarded as positive, can have negative consequences, as illustrated in *Box 3A.1* and *Box 3A.2*. In prioritising issues and impacts, it is important to assess both the risks as well as the potential opportunities.



Table 3A.1 Summarising Impacts, Impact Causes and Management Responses (Please note that detailed management responses are included in the SMP)

WHAT IS THE ISSUE OR IMPACT?	WHAT IS THE ISSUE OR IMPACT? WHAT IS THE ROOTCAUSE OF THIS ISSUE OR IMPACT?	WHAT ARE THE SECONDARY ISSUES OR IMPACTS?	WHICH SPECIFIC STAKEHOLDER DOES THIS AFFECT? ARE SOME MORE AFFECTED THAN OTHERS?	IS THERE AN EXISTING MANAGEMENT MEASURE? IF YES, PLEASE DESCRIBE IT.	IF A MANAGEMENT MEASURE(S) EXISTS, PLEASE PROVIDE A COMMENT ON ITS EFFECTIVENESS.	WHAT IS THE RISK TO ANGLO AMERICAN OF NOT ADDRESSING THE ISSUE / IMPACT?	RISK / OPPORTUNITY RATING (SEE SECTION 3A.5).	WAS THIS ISSUE / IMPACT RAISED BY STAKE-HOLDERS? (Y/N).
<b>Negative Impacts</b>								
Example: Downsizing the workforce	Operational efficiency programme	Reduction in direct employment in local community Community opposition	Primary: existing workers and their families Secondary: local shopkeepers, restaurant owners, etc.	Yes: Worker retraining	Worker retraining underway, but is still at an early implementation phase Unemployment impacts still affecting relations with the operation	Reputation damage in local community; increased expectations of social assistance	High	Yes
<b>Positive Impacts</b>								
Example: Local procurement	Need for supplies to maintain operations	Business development and increased indirect employment in local community	Local businesses and their employees	Yes: Local supplier development initiative	Local supplier development has been well received by targeted businesses; plans to roll this out more widely	Reputation; cost of having to procure supplies from further away; resentment by local politicians and businesses; if a significant amount of procurement is not placed with local businesses	High	No

### BOX 3A.2 UNDERSTANDING EMPLOYMENT PRACTICES

Anglo American's operations generate employment opportunities. Job creation is generally seen as a positive impact. However, if the operation employs a high proportion of non-local staff in an area where unemployment is high it can generate social conflict.

Addressing these impacts might require an operation to: reassess its employment policies; prioritise or train local residents; and / or to communicate clearly the reasons why non-local residents are being prioritised over locals (e.g. lack of available skills). In the case of the latter, the operation may need to identify steps that it intends to take to balance the situation.

There may also be impacts in the areas from which migrant labour is being recruited. For example, there may be a loss of the most capable residents leading to a loss of capacity in the labour-sending area, or more positively, remittances sent by migrant workers may be an important part of the local economy.

### Understand Implications for other Disciplines

It is also important to recognise that many social impacts cannot be assessed in isolation – for example, environmental impacts can have important social consequences. This is illustrated in *Box 3A.3*.

### BOX 3A.3 AN INTEGRATED APPROACH TO ASSESSMENT

When identifying socio-political or socio-economic impacts it is essential to consider their linkages with other issues. The treatment of them as separate issues may inhibit the full assessment of impacts. For example:

- **Environment:** Environmental issues, such as water and air quality have direct implications for the health of a community, as do issues such as over-crowding and poor sanitation, etc. Even though SEAT is focused on socio-economic issues, relevant environmental issues need to be considered in order to identify the full range of potential social, health, human rights and economic impacts.
- **Procurement:** Local procurement is a key enabler of socio-economic benefit delivery (SEBD) and can contribute towards maintaining a social licence to operate amongst local stakeholders. It is, therefore, important to consider community relations issues in the context of the local procurement strategy.

If you are unsure about the causes of the issues and impacts raised by stakeholders, *Table 3A.4* presents potential causes for consideration.

### Consider any Human Rights Impacts

The UN Guiding Principles on Business and Human Rights recommend that human rights due diligence should be carried out in order to proactively identify, monitor and mitigate any potential human rights issues and impacts. Impacts are assessed by both internal (see *Tool 1A – Profiling the Anglo American Operation*) and external stakeholders (see *Tool 2A – Profiling the Local Area*). Any human rights issues or impacts should be assessed alongside other issues and impacts.

## 3A.4 ASSESSING THE SIGNIFICANCE OF ISSUES AND IMPACTS

### Introduction

The significance of issues and impacts can be assessed using either a risk or opportunity assessment. Once the significance of an issue or impact has been assessed and understood, appropriate management actions can be developed and included in the SMP (see *Tool 6A – Developing a Social Management Plan*).

### Risk Assessment

The annual operational risk assessment requires that each operation builds an understanding of the inherent risks that issues and impacts may present to both the operation and to affected stakeholders. The socio-economic issues and impacts are assessed alongside other discipline risks using Anglo American's *Integrated Risk Management* (IRM matrix) (see *Table 3A.3*). The IRM methodology is summarised below and more detailed support can be sourced from site risk managers.

**Consequence Type:** There is a wide variety of potential risks. Anglo American's IRM matrix divides these risks into seven key 'consequence types' as follows:

1. Financial
2. Safety
3. Occupational health
4. Environment
5. Legal regulatory
6. Social / communities
7. Reputation

The IRM methodology specifies that if additional consequence types exist within your area of operation (i.e. over and above types 1 to 7), they should be identified and assessed accordingly.

**Consequence:** This requires a consideration of the potential consequences of the identified issue or impact (see *Table 3A.2*). The consequence categories are:

- Insignificant
- Minor
- Moderate
- High
- Major

**Likelihood:** Likelihood relates to the certainty of a particular impact or risk occurring. The IRM methodology divides likelihood into five rankings, with 'rare' (e.g. not likely in over 30 years) as the most unlikely to occur, and 'almost certain' (e.g. within one year) as the highest likelihood rating (see *Table 3A.2*).

**Prioritisation:** The IRM methodology also provides guidance on the prioritisation process for developing appropriate management actions (see *Box 3A.4* below). In the context of social performance, prioritisation should consider two main criteria:

- The level of risk associated with the identified issue or impact – as assessed using Anglo American's *Integrated Risk Management* (IRM) matrix – with the most significant risks being prioritised initially.
- The extent to which stakeholders perceive the operation to be responsible (directly or indirectly) for the issues identified (regardless of whether the issue is linked to an Anglo American activity).

#### BOX 3A.4 IRM GUIDELINES FOR RISK MANAGEMENT

Anglo American's IRM matrix provides the following guidelines for how different levels of risk should be managed:

**High risk level** (risk rating 21-25) – an appropriate mitigation strategy should be devised immediately;

**Significant risk level** (risk rating 13-20) – an appropriate mitigation strategy should be devised as soon as possible;

**Medium risk level** (risk rating 6-12) – an appropriate mitigation strategy should be devised as part of the normal management process; and

**Low risk level** (risk rating 1-5) – risk should be monitored, with no further mitigation required.

### Opportunity Assessment

For issues and impacts that deliver benefits to the operation and its stakeholders, an opportunity assessment should be completed. Prioritisation should consider the following issues:

- level of need in the local area;
- extent to which stakeholders perceive the operation to be responsible (directly or indirectly) for the issues and impacts;
- operational priorities (e.g. closure planning may result in prioritisation of activities that support alternative livelihoods);
- human and financial resources available at the site to address issues and impacts;
- reputation benefits for the operation; and
- risks to the operation or Anglo American should an initiative fail.

A simple assessment matrix can help with this prioritisation process. A worked example is presented in *Table 3A.3*. The matrix can be adapted to local needs and can be completed with stakeholder input where appropriate<sup>(1)</sup>.

In some instances, operations may want to address non-priority issues that are quick and easy to address, and represent "quick-wins". This may be sensible if such actions build momentum and help to resolve contentious issues, or build stakeholder confidence before more complex issues are tackled. However, it is important not to give the impression that the extent of management responses will be confined to easy deliverables which are not at the heart of stakeholder concerns.

### 3A.5 DEVELOPING APPROPRIATE MANAGEMENT ACTIONS

Once all issues and impacts have been assessed and prioritised, appropriate management actions should be developed and incorporated into the SMP (see *Tool 6A – Developing a Social Management Plan*).

### 3A.6 SOURCES OF FURTHER ADVICE

For further information contact your Business Unit social performance manager, Group GSA or Integrated Risk Management.

(1) If you involve stakeholders in completing the matrix ensure that they are not biased towards any particular measure. For example, local NGOs or businesses that supply materials for water projects might be biased towards water supply initiatives.

**Table 3A.2 Anglo American Integrated Risk Management Risk Rating Matrix Guideline**

LIKELIHOOD		RISK RATING				
		1 - Insignificant	2 - Minor	3 - Moderate	4 - High	5 - Major
5 - Almost Certain >90%	90% and higher likelihood of occurring	11 (Medium)	16 (Significant)	20 (Significant)	23 (High)	25 (High)
4 - Likely 30%-90%	Between 30% and less than 90% likelihood of occurring	7 (Medium)	12 (Medium)	17 (Significant)	21 (High)	24 (High)
3 - Possible 10%-30%	Between 10% and less than 30% likelihood of occurring	4 (Low)	8 (Medium)	13 (Significant)	18 (Significant)	22 (High)
2 - Unlikely 3%-10%	Between 3% and less than 10% likelihood of occurring	2 (Low)	5 (Low)	9 (Medium)	14 (Significant)	19 (Significant)
1 - Rare <3%	Less than 3% likelihood of occurring	1 (Low)	3 (Low)	6 (Medium)	10 (Medium)	15 (Significant)

RISK RATING	RISK LEVEL	GUIDELINES FOR RISK MATRIX
21 to 25	High	A high risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised immediately.
13 to 20	Significant	A significant risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as soon as possible.
6 to 12	Medium	A moderate risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as part of the normal management process.
1 to 5	Low	A low risk exists that management's objectives may not be achieved. Monitor risk, no further mitigation required.

**Table 3A.3 Prioritisation of Management Responses to Stakeholder Needs – Worked Example<sup>(1)</sup>**

MANAGEMENT MEASURE	LEVEL OF NEED	ANGLO AMERICAN RESPONSIBILITY	COST	TIME BEFORE MEASURE HAS INTENDED EFFECT	RISKS: TO ANGLO AMERICAN OR OF PROJECT FAILURE	SUSTAINABILITY IMPACTS	MATCH FUNDING AND PARTNER AVAILABILITY	TOTAL SCORE	RANK
1. Water Supply from Boreholes	3	1	2	2	1	3	3	15	1
2. Job Creation Projects	3	0	1	1	2	2	2	11	3
3. Road Safety Initiative	2	2	3	2	1	2	1	13	2
etc.									
Priority score:		0 = nil / none; 1 = low; 2 = average; 3 = high. NB: Remember to score on priority and performance. For example, high cost or risk would be low performance, while high level of Anglo American responsibility would be high priority.							

(1) Source: Adapted from ICMM / World Bank Community Development Toolkit. Scoring and categories can be adapted to local circumstances as required.

Table 3A.4 Potential Issues and Impacts (Please note that this table is not intended to be exhaustive)

ISSUE	POTENTIAL IMPACT	DESCRIPTION
<b>Demographic Change</b>	In- and out-migration	<p>The establishment and / or expansion of a large-scale operation often results in the in-migration of job-seekers (often single men) from areas where employment opportunities are low, and unemployment is high. This in-migration (and associated out-migration from the labour-sending areas) typically results in a number of associated negative impacts, particularly when the host community is also relatively impoverished and unemployment is high.</p> <p><b>Impacts on the host community include:</b></p> <ul style="list-style-type: none"> <li>• increased pressure on local infrastructure and services that is often already inadequate;</li> <li>• increased pressure on natural resources, including threats to the integrity of protected areas, access to land and water;</li> <li>• conflict over scarce resources;</li> <li>• increased prostitution and associated incidences of HIV / AIDS and other sexually transmitted infections;</li> <li>• economic, cultural and religious tensions between local residents and the migrant job-seekers / workers;</li> <li>• altered power relationships; and</li> <li>• breakdown in traditional values.</li> </ul> <p><b>Impacts on the labour-sending areas include:</b></p> <ul style="list-style-type: none"> <li>• increase in single-parent households and potential destabilising of the family unit;</li> <li>• loss of skilled workers; and</li> <li>• changes in spending patterns as a result of remittances sent home and / or money spent by employees, with associated changes in purchasing power.</li> </ul> <p>Out-migration also occurs when shift work requires an employee to house his / her family in a location remote from the operation, and to drive-in / drive-out or fly-in / fly-out to work for each shift. This can reduce the population of small and remote communities.</p>
	Breakdown of social networks and community relationships	Communities are tied together by a series of complex social networks and relationships that enable communities to function efficiently. These networks are particularly important amongst underdeveloped communities (e.g. low-income, rural and subsistence-based) as people rely heavily on each other. When these networks are disrupted, the support base of the community may be weakened exposing the population to increased risks and making them more vulnerable. Vulnerability can be linked to a range of characteristics e.g. age, ethnicity, gender, disability, level of education, livelihood activity, minority status.
	Increased vulnerability of disadvantaged groups	<p><b>Typically, large-scale operations can negatively affect these networks and increase vulnerability through:</b></p> <ul style="list-style-type: none"> <li>• resettlement;</li> <li>• in-migration linked to potential employment opportunities;</li> <li>• altered socio-economic status causing conflict between community or family groups;</li> <li>• hiring policies and procedures that trigger conflict and discriminate (consciously or not);</li> <li>• changes in access to or availability of natural resources (e.g. due to land take, closure planning, etc.);</li> <li>• lack of consultation with vulnerable / marginal groups; and</li> <li>• lack of awareness of the barriers to accessing potential benefits.</li> </ul>
	Disruption to existing power relationships and decision-making structures	<p>A range of formal, informal and traditional administrative / power structures govern communities and inform decision-making patterns (explicit and implicit). Power and decision-making is driven by financial and political status, age, gender, ethnicity, caste, etc. These patterns often maintain a status quo that continues to disadvantage and disempower particular groups in the community and benefit a select few. These shifts in power can have both positive and negative implications.</p> <p>Large-scale developments induce changes to power structures through education (e.g. of employees and target beneficiaries), exposure to new ways of thinking, economic opportunities and diluting of traditions (e.g. due to in-migration of job seekers who are not affiliated with existing customs and authority structures, etc.).</p>

ISSUE	POTENTIAL IMPACT	DESCRIPTION
<b>Economic Development and Change</b>	Changed economic and livelihood activities	<p>In many cases, the development / expansion of large-scale operations into areas that are underdeveloped can induce changes to economic and livelihood activities. These changes can be positive for some people (e.g. access to business development and formal employment opportunities) and negative for other people (e.g. loss of agricultural land and loss of traditional livelihood skills and knowledge over time). The nature and extent of this impact is linked to the ability and desire of the affected people to adapt to the changes and the extent to which lost livelihoods can be adequately restored.</p> <p>This impact, if managed poorly, can induce conflict, exacerbate vulnerability, shift power relationships and affect people's health and well-being. Where livelihoods are disrupted by land acquisition or other project-related events, economic resettlement plans should be developed in line with Anglo American standards (see the <i>Social Way</i> and <i>Tool 4D – Resettlement Planning and Implementation</i>).</p>
	Employment (direct, indirect and induced)	<p>The most anticipated positive impacts associated with large-scale operations are employment (direct, indirect and induced), skills development and opportunities for education and training. These are often the main perceived opportunities local people have to facilitate their growth and development; the cost and distance of other opportunities make it difficult for people to access them. As such, stakeholders, and in particular local communities, believe that employment and the related opportunities will facilitate the positive changes and economic growth required in the local area.</p> <p>In reality, these expectations are often unmet, given that the levels of education, skills and experience of the majority of the local communities will not meet the requirements of modern mining operations. This dictates the need and opportunity for education, training and capacity-building initiatives to enable large-scale local recruitment. If the needs and expectations associated with employment are not effectively managed, stakeholder dissatisfaction can become a significant risk to the operation.</p>
	Enhanced local work experience, skills development and employability	
	Local price inflation	<p>Prices of goods and services in the local area often increase when large-scale operations are developed. This is generally as a result of:</p> <ul style="list-style-type: none"> <li>• increased demand for goods and services beyond the ability of local suppliers to provide them;</li> <li>• Anglo American being willing / able to pay higher prices for goods / services;</li> <li>• use of scarce natural resources (e.g. land or water) to sustain the volume of local production; and</li> <li>• higher paid workers (often outsiders) with superior buying power who are willing to pay more for goods / services (e.g. rent, food, public transport).</li> </ul>
<b>Change in Health Status</b>	Improved health awareness and treatment	<p>As a result of strict health and safety policies and procedures, and proactive health programmes (internal and external) there is generally an improved awareness of health-related issues amongst the workforce and local communities. Operations run education campaigns (addressing risk factors, preventative measures and treatment options), train care-givers, build infrastructure and provide treatment (specifically for HIV / AIDS). Where the workforce is local, this information is typically fed back into the local community.</p>
	Deterioration in health status	<p>Often basic healthcare infrastructure and services are inadequate in developing countries. This results in a poor base level of health within the community. The growth / expansion of operations can therefore exacerbate the already low levels of health and create a strain on the existing healthcare services as a result of:</p> <ul style="list-style-type: none"> <li>• in-migration, resulting in increased pressure on health services;</li> <li>• increased incidence of sexually transmitted infections, HIV / AIDS and prostitution (due to higher numbers of single men and increased disposable income);</li> <li>• decreased access to sources of livelihood, resulting in poverty, malnutrition and deterioration in standards of living; and</li> <li>• aggravating factors such as air pollution / dust, and ground or surface water contamination.</li> </ul> <p>Programmes to support local health services, therefore, play an important part in Anglo American social investment programmes (see <i>Tool 5J – Supporting Community Health</i>).</p>
<b>Capacity and Quality of Infrastructure and Services</b>	Provision of infrastructure and services	<p>Often when infrastructure and services are constructed to meet the needs of an operation, they are extended to benefit local residents. This is particularly important as a means of addressing the post-closure planning requirements in the local area. Conversely, pressure on infrastructure and services can increase as a result of direct and indirect factors, such as use by the operation for day-to-day functioning (e.g. water and electricity), increased heavy traffic on local roads, and in-migration of job-seekers and workers. See <i>Tools 5D – Local Infrastructure Development</i>, <i>5H – Supporting Small Scale Water and Sanitation Service Delivery</i> and <i>5I – Supporting Sustainable Energy Delivery</i> for more information on community infrastructure.</p>
	Decreased capacity / performance of infrastructure and services	

ISSUE	POTENTIAL IMPACT	DESCRIPTION
<b>Quality or Availability of Natural Resources</b>	Decreased quality, availability or access to natural resources / ecosystem services	Operations that require land for development / expansion, or natural resources (e.g. water, forest clearance) for operational activities may negatively impact on the economic and livelihood activities of the users of these natural resources (neighbouring and downstream). Similarly, poorly managed operations can potentially affect the quality of natural resources through factors such as poor rehabilitation of land, over-exploitation of soils, water contamination (ground, surface and marine), excessive water use and loss of biodiversity.  Although some of these impacts can be managed or mitigated, it is difficult to restore livelihoods fully and access to ecosystem services that support lives.
	Formalising land titles	In many parts of the world, in particular in developing countries and rural areas, people do not own the land they live on and / or draw a livelihood from. This lack of formal land tenure makes people more vulnerable to livelihood loss. Assistance in securing land tenure will offer increased levels of security to land users as they will be able to use their land as collateral against which they can borrow money or negotiate compensation in the future. Formal tenure will also help to prevent future conflicts over land rights. Such clarification of land titles may be required for land acquisition purposes (e.g. when an operation is expanding).
	Damage to cultural, historical or archaeological resources	It is possible that during construction and operation activities sites of cultural, historical or archaeological importance can be damaged or disturbed as a result of, for example, increased access to previously isolated sites, increased traffic, dust, vibration and land requirements. There is an opportunity for the operations to enable the preservation and restoration of sites if the sites are identified in a timely manner.
<b>Social Nuisance Factors</b>	Impacts on local amenities	Tension may develop between employees, contractors and local residents, as a result of social nuisance factors caused directly or indirectly by the operation. Potential nuisance factors include: <ul style="list-style-type: none"> <li>• disturbances such as rowdy behaviour by employees;</li> <li>• damage to land and property;</li> <li>• the market created for prostitution; and</li> <li>• the spread of communicable diseases.</li> </ul>
<b>Safety and Security</b>	Safety hazards	Employees may potentially be vulnerable to a number of safety hazards within an operation. These are most commonly managed through formalised health and safety procedures. There are also safety risks to neighbouring communities (e.g. increased road traffic and corresponding road traffic accidents).
	Security	Failure by site security to follow good practice can result in negative consequences e.g. human rights violations, reputational damage to the operation. See <i>Tools 4C – Conflict Assessment and Management</i> and <i>4H – Voluntary Principles on Security and Human Rights</i> for more information.
	Increase in crime and disorder	Increased levels of crime and disorder can arise as a result of a range of direct and indirect activities linked to the operation. Examples of activities that may lead to increased levels of crime / disorder are: decreased access to sources of livelihood; in-migration of job seekers into the local area; breakdown of traditional values; and lack of respect for authority; and secondary impacts as a consequence of increased poverty.
<b>Bribery and Corruption</b>	Corrupt public officials	Employees and contractors may be faced with compromising ethical situations / decisions from time to time. This is often more likely where local governance structures are weak and corruption is tolerated as part of daily practice. Anglo American observes an absolute ban on the payment or receipt of any bribes or other improper inducements to or by staff, contractors or public officials. See Anglo American's <i>Business Integrity Policy</i> for further information.



# STEP 4 – INTRODUCTION TO THE SOCIAL PERFORMANCE MANAGEMENT TOOLS

## 4.1 OBJECTIVES

The key objective of *Step 4* is to provide practical guidance on managing social performance during operation and closure. Any management actions or interventions based on these tools should be captured within the operation's Social Management Plan (SMP) (see *Tool 6A – Developing a Social Management Plan*). It is important to note that this guidance can also be used during project development stages.

## 4.2 IMPLEMENTING THE STEP 4 TOOLS

The *Step 4* tools, include:

- *4A – Complaints and Grievance Procedure;*
- *4B – Stakeholder Engagement in Emergency Planning;*
- *4C – Conflict Assessment and Management;*
- *4D – Resettlement Planning and Implementation;*
- *4E – Planning for the Social Dimensions of Mine Closure;*
- *4F – Contractor Management;*
- *4G – Indigenous Peoples; and*
- *4H – Voluntary Principles on Security and Human Rights.*

The tools for resettlement (*Tool 4D*) and indigenous peoples (*Tool 4G*) will only need to be deployed where relevant. However, the other tools provide guidance on topics that must be managed on an ongoing basis. There may already be systems in place to manage these issues at your operation. For example, Anglo American operations must have a closure plan. Therefore, the tools are presented here to: (a) provide guidance where systems are not in place; and / or (b) identify opportunities for improving or supplementing existing systems.

The objectives of each of these tools are outlined below:

- *Managing Complaints and Grievances: Tool 4A* provides guidance on the development and implementation of Anglo American's mandatory complaints and grievance procedure for the recording, handling and resolution of complaints submitted by stakeholders.

- *Stakeholder Engagement in Emergency Planning: Tool 4B* provides practical guidance on how to engage successfully with external stakeholders in planning for, and responding to, emergencies.
- *Conflict Assessment and Management: Tool 4C* is designed to help Anglo American operations identify and understand the causes and effects of conflict within their zone of influence; and to assist in identifying potential options for managing or addressing conflicts.
- *Resettlement Planning and Implementation: Tool 4D* aims to set out the risks and complexities associated with resettlements, and to highlight best practice principles and guidelines. However, the tool is **not** sufficient as stand-alone guidance on resettlement. It is **essential** that it be used in conjunction with the *Social Way* requirements and more detailed guidance documents.
- *Managing the Social Dimensions of Mine Closure: Tool 4E* should be used, in conjunction with Anglo American's *Mine Closure Planning Toolbox*, to help prepare for and address the full range of environmental, social and economic aspects associated with mine closure. The objective of the tool is to support operations in proactively delivering lasting net socio-economic benefits to the host communities, beyond closure.
- *Contractor Management: Tool 4F* assists Anglo American operations in managing the socio-economic impacts associated with using contractors, and provides guidance on integrating social performance into the contracting process.
- *Indigenous Peoples: Tool 4G* aims to enhance understanding of the special rights, interests and potential vulnerabilities of indigenous peoples, and to lay the foundations for respectful, long-term relationships that benefit all parties.
- *Voluntary Principles on Security and Human Rights: Tool 4H* provides guidance on the practical implementation of the Voluntary Principles on Security and Human Rights (VPSHR) based on the Implementation Guidance Tool (IGT).





# Tool 4A: Complaints and Grievance Procedure

## 4A.1 OBJECTIVES

The objective of this tool is to provide guidance on the development and implementation of a complaints and grievance procedure for the recording, handling and resolution of complaints submitted by stakeholders. Within Anglo American, every exploration site, project and operation is required to have a complaints and grievance procedure. This provides a mechanism for addressing stakeholder concerns before they escalate.

It is also a mandatory requirement for each operation to report all complaints and grievances internally. The key reporting requirements required for each complaint and grievance is presented in *Table 4A.1*. In addition, each complaint or grievance should be assessed and classified into Minor, Moderate or Serious, according to the definitions in the *Social Way* (see *Box 4A.4*).

## 4A.2 WHEN TO USE THE TOOL

The tool is designed for use throughout the life cycle of a mine, from exploration to closure.

## 4A.3 BENEFITS OF A COMPLAINTS AND GRIEVANCE PROCEDURE

Potential **benefits** of following “due process” in the handling of complaints and grievances include:

- **Credibility:** Creates greater mutual confidence by making it clear that the operation accepts that it has an obligation to deal fairly and consistently with complaints and grievances from stakeholders.
- **Openness:** Provides a transparent approach for handling complaints and grievances to develop trust and build good relations between the operation and its stakeholders.
- **Accountability:** Provides a defined and consistent process for expressing complaints and grievances, as well as a guarantee that they will be handled in a structured manner.
- **Improved performance:** Ensures that suitable staff (i.e. with required technical expertise) are involved in assessing and responding to the complaints and grievances raised to identify, resolve and facilitate improved performance.
- **Understanding:** Contributes to providing an environment in which a lasting socio-economic benefit to host communities can be fostered through improved understanding of the operation's impact on stakeholders.

The United Nations (UN) Guiding Principles on Business and Human Rights recommend that companies provide individuals with access to effective grievance redress mechanisms. The Anglo American requirement for a complaints and grievance procedure addresses this recommendation.

## 4A.4 HANDLING COMPLAINTS AND GRIEVANCES: KEY PRINCIPLES

The UN Guiding Principles on Business and Human Rights (Foundational Principle 31, ‘Access to Remedy’) provides a list of key principles that should underpin the development of any effective, non-judicial grievance mechanism. These are presented in *Box 4A.1*.

### BOX 4A.1 UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS – ACCESS TO REMEDY

The “access to remedy” principle emphasises that a grievance mechanism can only be effective if intended users are aware of the grievance mechanism, trust the grievance mechanism and have the capacity to use the grievance mechanism. If grievance mechanisms are poorly designed or implemented, this can compound frustrations amongst affected stakeholders. As such, the principles outlined below provide guidance for designing, revising or assessing a non-judicial grievance mechanism to enhance their effectiveness:

- **Legitimate:** The mechanism must be “trustworthy”; if it is not, stakeholders are unlikely to use it.
- **Accessible:** Barriers to access must be identified and removed (e.g. lack of awareness of the mechanism, language, literacy, costs, physical location and fears of reprisal).
- **Predictable:** Stakeholders' trust in the grievance mechanism is enhanced through predictable and reliable processes to handle and respond to grievances.
- **Equitable:** Affected stakeholders usually have less access to information and expert resources than businesses. The grievance mechanism needs to be perceived as a fair and impartial process.
- **Transparent:** Regular communication with affected parties about the progress of individual grievances is essential to retaining confidence in the process. Reports, case studies and more detailed information about the handling of cases can be important to demonstrate legitimacy and retain broad trust. Simultaneously, the mechanism should ensure the confidentiality of individuals' identities, as well as the dialogue between parties.
- **Rights-compatible:** Grievances are frequently not framed in terms of human rights, nor do they initially raise human rights concerns; where outcomes have implications for human rights, they should be aligned with internationally recognised standards.
- **Continuous learning:** Regular analysis of the frequency, patterns and causes of grievances should be conducted, in order to ascertain how policies, procedures or practices may be improved to prevent future concerns.
- **Engagement and dialogue:** Engaging with affected stakeholder groups (potentially through a third party) about the design and performance of the grievance mechanism can help to ensure that it meets their needs, that they will use it in practice, and that there is a shared interest in ensuring its success.

## 4A.5 KEY COMPONENTS

Figure 4A.1 is a visual representation of a complaints and grievance notification process. A complaints and grievance procedure should include the following components:

### A. Transparent and Structured Procedure

The complaints and grievance procedures should be a transparent, clearly structured, simple and locally appropriate process whereby stakeholders can submit their complaints and grievances free of charge and, if necessary, anonymously, or via third parties.

It is critical that the procedure is communicated to stakeholders. As per the ICMM's guidance on Handling and Resolving Local Level Concerns and Grievances (2009), involving external stakeholders and / or respected third parties in the design and implementation of the complaints and grievance mechanism can assist in ensuring that the process is "fit for purpose".

Box 4A.2 describes how Cerrejón Coal (a joint venture between Anglo American, BHP Billiton and Xstrata) piloted the design and implementation of a complaints and grievance procedure in accordance with the recommendations outlined in the UN Guiding Principles on Business and Human Rights.

#### BOX 4A.2 CERREJÓN PILOT PROJECT

##### Pilot Project Background

In March 2009, a pilot project was developed to test the benefits of a grievance mechanism aligned with the UN *"Protect, Respect and Remedy" Framework* (2011). Four companies agreed to pilot the project, including Cerrejón Coal.

Cerrejón is a coal mine located in northern Colombia and is the largest mining operation in-country. The operation had been criticised in the past for violating human rights (including forced removals in 2001) and for negative impacts on local livelihoods. The operation **lacked a formal grievance mechanism**; as a result, unresolved complaints and grievances sometimes escalated into more serious disputes.

Through the pilot project, Cerrejón worked together with local stakeholders to design a grievance procedure that was in line with the principles outlined in Box 4A.2. The grievance mechanism was developed in the following phases:

##### Phase 1:

- Appoint staff to oversee the development and implementation of the grievance procedure.

##### Phase 2:

- Gather baseline data to understand existing systems.
- Conduct a gap analysis against the UN Guiding Principles (2011), and establish the terms of reference for the design team.
- Engage with internal stakeholders to establish initial buy-in.
- Complete first round of engagement with selected external stakeholders.

##### Phase 3:

- Design grievance mechanism, and associated database.

##### Phase 4:

- Train and pilot grievance mechanism for four months.

##### Phase 5:

- Complete second round of external community engagement.
- Develop external resources, where required.

- Present grievance mechanism to the technical departments within Cerrejón.
- Hold workshops with contractors regarding the purpose and implementation of the grievance mechanism.

##### Phase 6:

- Launch grievance mechanism and communications campaign.

At the end of the pilot project in December 2010, Cerrejón had established three grievance procedures:

1. A **community grievance** procedure housed in the Complaints Office (as part of the Social Standards and International Engagement Department).
2. An **employee grievance** procedure (owned by the Human Capital Department).
3. A grievance procedure specifically related to **resettlement issues**.

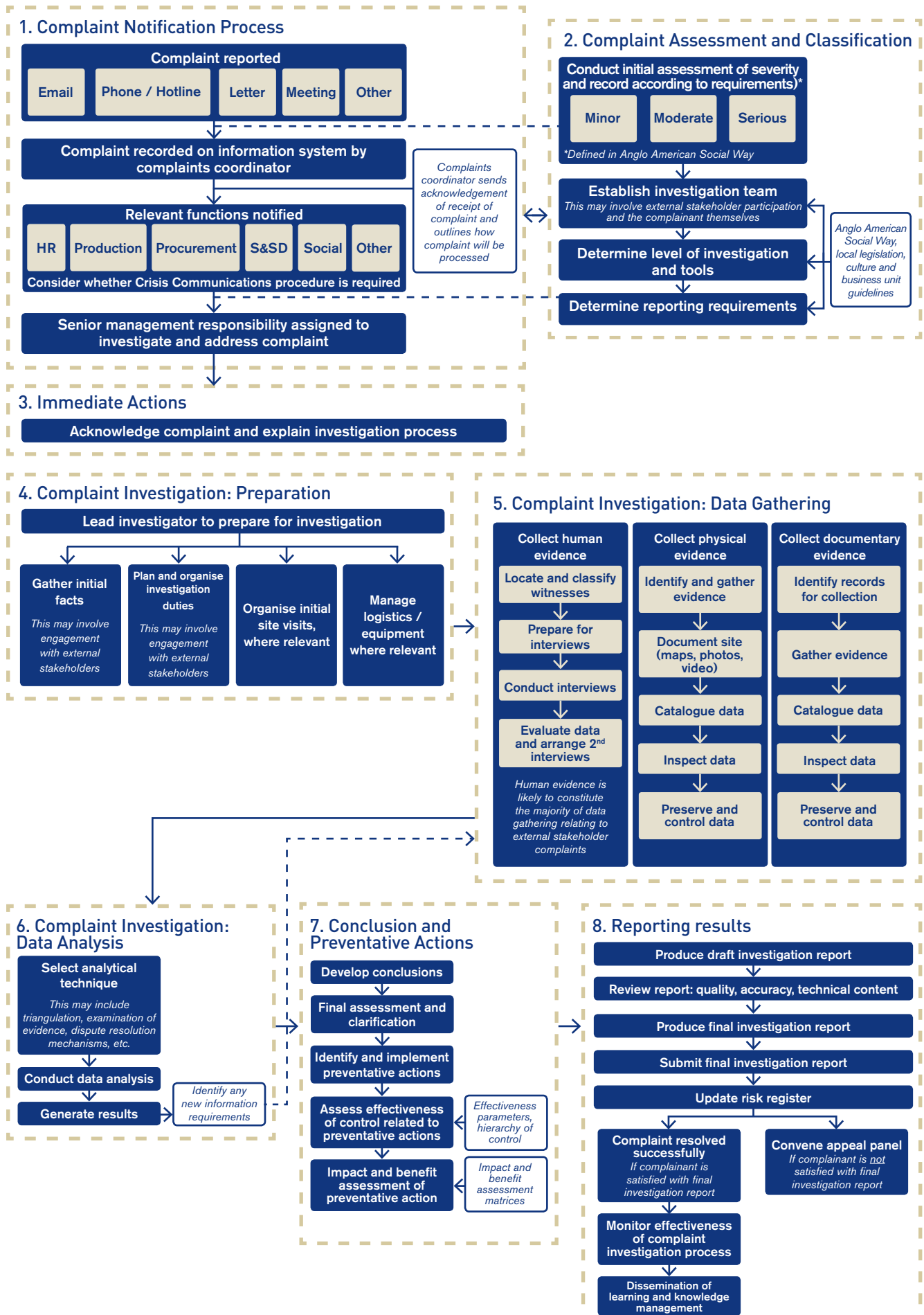
All grievances are first channelled through the Complaints Office, where the grievance is entered into a database and then delegated to the appropriate department.

##### The key lessons learnt through the Cerrejón pilot study were:

- The grievance mechanism can be enhanced through the development of one **centralised database** that can be maintained by an "official" Complaints Office.
- Engagement with **internal and external stakeholders** is equally important for establishing buy-in for the grievance procedure.
- The grievance mechanism provided Cerrejón with an opportunity to **address legacy issues** by identifying a number of issues and complaints that were previously lost in the system and caused frustration among both external stakeholders and employees. This pilot project and the grievance mechanism provided Cerrejón with an opportunity to resolve these issues in a systematic and orderly manner.

The new grievance mechanism at Cerrejón has assisted in the transformation of the operation from a closed and defensive corporate culture towards a more open, engaging and accountable operation.

Figure 4A.1 Example of a Complaints and Grievance Management Process



All procedures should allow for complaints and grievances to be submitted in more than one format, including:

- a 24-hour telephone hotline (preferably toll-free);
- in person to identified staff member(s);
- in writing by hard-copy or via email;
- in person to elected community members and / or non-governmental organisations (NGOs) who will gather and forward stakeholder concerns / complaints / grievances to the operation; or
- informally through employees on behalf of a community in which they live.

Anglo American also requires that complaints and grievances are able to be submitted anonymously or via third parties, and that at least one free means of submitting complaints and grievances is provided for.

The centralised coordination of complaints and grievances is also recommended to ensure that they are managed in a consistent way. The selection of the most appropriate model should be determined by the volume and type of complaints and grievances being received, the nature of the relationship between the operation and its stakeholders (e.g. levels of trust and goodwill) and the wider context in the country of operation (e.g. is the role of the industry highly controversial, or the subject of campaigns?).

In addition to site-based complaints and grievance mechanisms, Anglo American also operates a Group-wide “Speakup” whistle blowing programme. This service allows employees, business partners and external stakeholders to submit complaints and grievances where local employee or stakeholder grievance mechanisms have not been successful, and where the complainant believes there has been a breach of Anglo American’s Business Principles. In all cases, complainants should be reassured that they will not be disadvantaged for identifying areas of non-compliance if they act in good faith. **Box 4A.3** describes Anglo American’s “Speakup” programme.

#### BOX 4A.3 THE “SPEAKUP” WHISTLE BLOWING PROGRAMME

Anglo American’s “Speakup” programme provides a confidential and secure means to enable Anglo American employees, suppliers, business partners and other stakeholders to raise concerns about conduct contrary to Anglo American’s values, as set out in Good Citizenship: *Our Business Principles*.

An external and independent service provider has been appointed to receive and analyse all incoming alerts from whistle-blowers. These alerts are made anonymously, and then forwarded to a Response Team within Anglo American, in order to ensure that the issue is further investigated and resolved. Both the “Speakup” programme and an operation’s complaints and grievances procedure can, therefore, provide a vital element in improving performance and detecting non-conformance with Anglo American Group standards.

### B. Recording, Classifying and Processing

It is a mandatory requirement to report all complaints and grievances in Anglo American’s online system. The key information required for each complaint or grievance is presented in **Table 4A.1**. In addition, each grievance should be assessed and classified into Minor, Moderate or Serious, as per the definitions in the *Social Way* (see **Box 4A.4**).

### C. Internal Notification Procedures

Complaints and grievances may be an indicator of wider stakeholder concerns and may involve reputational risks or be a precursor to (or an opportunity to avoid) legal proceedings. It is therefore important that an operation’s senior management is kept informed of trends (e.g. number and type of complaints or grievances received). They should be involved in signing off on actions taken to resolve moderate and serious complaints and grievances.

All moderate complaints and grievances must be reported within 24 hours to divisional management, while all serious complaints and grievances must be reported immediately to divisional management and within 24 hours to Group Government and Social Affairs (GSA).

#### BOX 4A.4 CLASSIFICATION OF SOCIAL COMPLAINTS AND GRIEVANCES<sup>(1)</sup>

##### A minor social complaint or grievance:

- a) results, or could result in, a stakeholder complaint or grievance that is isolated within an annual reporting period; and / or
- b) produces significant negative publicity that is local or regional in nature and / or
- c) results in a breach of Anglo American policies or standards which is short-term in nature and which is quickly reversible (under one month) with or without significant intervention; and / or
- d) involves no injury or health impacts to any member of the public.

##### A moderate social complaint or grievance:

- a) results in multiple stakeholder complaints and grievances that are widespread or repeated within an annual reporting period; and / or
- b) produces significant negative publicity that is national in nature and / or
- c) results in a breach of Anglo American policies or standards which has medium- to long-term (over a month) impacts which are quickly reversible with or without significant intervention; and / or
- d) results in actions by stakeholders or employees / contractors which break the law, or which lead to a serious disturbance requiring the attention of private or public security forces; and / or
- e) involves minor or moderate injuries or health impacts to members of the public as a result of operational, security or other actions by Anglo American staff or contractors, or as a result of actions by state security forces during an incident which could be perceived to be related to Anglo American; and / or
- f) involves one or more injuries (of any severity) or fatalities to members of the public, but which does not have any direct involvement by Anglo American employees or contractors acting in an official capacity on behalf of the company, and which could be perceived to be related to Anglo American.

##### A serious social complaint or grievance:

- a) produces significant negative publicity that is international in nature; and / or
- b) results in a breach of Anglo American policies or standards which is non-reversible; and / or
- c) involves one or more serious injuries or fatalities to members of the public as a result of operational, security or other actions by Anglo American staff or contractors, or as a result of actions by state security forces during an incident specifically related to Anglo American.

#### D. Definition of Roles and Responsibilities

Clear accountabilities and responsibilities for the implementation of the complaints and grievance procedure are essential:

- One senior staff member should take overall responsibility for the coordination and functioning of the complaints and grievance procedure, although at large operations they may not need to be personally involved with the handling of every complaint or grievance. However, this individual must ensure that complaints and grievances received are logged promptly.
- Complaints and grievances should then be directed to an appropriate staff member for investigation and resolution.

- Even when a formal system has been established, staff not associated with the procedure will receive complaints and grievances from stakeholders. Systems for managing and forwarding these should be established. For example, the switchboard operator and / or secretaries may be the first point of contact. Guidance will need to be provided for these staff on how to recognise a complaint or grievance and how to log / redirect it.
- Whilst it may not be necessary to involve senior management in signing-off on minor social complaints or grievances, they should be involved in periodic reviews of actions taken for such complaints and grievances to ensure their correct handling and classification.
- Operational staff (beyond community relations personnel) should be trained in the key components, commitments and lines of communication for the grievance procedure to ensure that responsibilities are met.
- Finally, an inter-disciplinary panel of senior managers should be established to ensure that the relevant departments investigate the complaint or grievance, and that any knock-on effects for other departments are identified and addressed.

#### E. Communicating with Stakeholders

As noted above, it is critical that the complaints and grievance procedure is clearly communicated to stakeholders. A set of clear timeframes within which the complainant(s) can expect the complaint or grievance to be resolved should also be communicated. It is essential that this mechanism be developed before issues arise and that stakeholders can be assured of the predictability and transparency of the process<sup>(2)</sup>. This timeframe needs to be practically feasible, whilst at the same time respecting the stakeholder's need for a response and resolution of the issue. It may therefore be useful to have a timeframe for an initial response (i.e. acknowledgement that the complaint or grievance has been received and logged) and another for resolution.

Where there is a clear sense of urgency regarding a complaint or grievance (e.g. due to public outcry or perceptions of ongoing harm), they may need to be resolved more quickly. In instances where the deadline cannot be met (e.g. if a detailed investigation is required), an interim response should be provided (e.g. a "holding letter" explaining that there will be a delay, the reasons for this, and the revised date for resolution). The following should be considered when responding to stakeholders:

- It may be appropriate that feedback is provided by the staff member responsible for the investigation, accompanied by the coordinator of the complaints and grievance procedure.
- The site manager may also wish to participate in the feedback, depending on the seriousness of the complaint or grievance.

(1) Definitions adapted from The Anglo American *Social Way's* glossary of key terms.

(2) International Council on Mining and Metals (ICMM), "Human Rights in the Mining & Metals Industry: Handling and Resolving Local Level Concerns & Grievances", October 2009, ICMM 1.2



The company's response to complainants should be recorded in the Anglo American system, as this provides an indication of stakeholder sentiment, and whether additional investigation or engagement may be necessary.

## F. Sign-off Procedures

The action taken to resolve the complaint or grievance needs to be signed-off by a senior member of staff, with sufficient knowledge about the topic to provide assurance that the complaint or grievance has been adequately resolved. To ensure the integrity and transparency of the process with respect to moderate and serious complaints and grievances, the person responsible for addressing the complaint or grievance should not be the same person who signs-off the resolution.

## G. Appeals

Mechanisms should be provided to allow stakeholders to appeal findings where they are not satisfied with the outcome of the investigation and / or proposed resolution to their complaint or grievance. Operations should establish a Complaints Appeal Panel comprising senior managers and one or more reputable and independent third parties. It may also be useful to appoint technical specialists and / or Anglo American staff from outside the operation or Business Unit.

If the issue is particularly contentious it may be necessary to form a panel without Anglo American representation. The operation / division should take responsibility for driving the establishment of such panels through a process of engagement with key stakeholders to ensure that the composition of the panel commands confidence. Whenever possible, such panels should be tried before a stakeholder resorts to legal proceedings, which can be highly confrontational, expensive, time-consuming and bad for the company's reputation (see also *Tool 4C – Conflict Assessment and Management* for more detailed guidance on approaches to dispute resolution).

If the operation wishes to refuse an appeal (for example, because they do not believe the complaint or grievance to be made in good faith), input should be sought from divisional management for moderate complaints and grievances and the Group's Head of Social Performance for serious complaints and grievances.

## H. Monitoring Mechanisms

Mechanisms should be established for monitoring the effectiveness with which complaints and grievances are being recorded and resolved (e.g. via internal or external audits). Effectiveness should be assessed according to:

- whether the agreed procedures and principles have been implemented; and

- whether the complaint or grievance has been resolved successfully.

Additionally, operations are required to report on the volume and nature of complaints and grievances received and all complaints and grievances should be linked to the annual risk assessment process.

## 4A.6 INTERNAL ASSESSMENT OF COMPLAINTS AND GRIEVANCES

When assessing complaints and grievances, the following should be considered:

- Is the complaint / grievance linked to the operation<sup>(1)</sup>?
- Which stakeholders does the issue affect?
- How does the complaint / grievance affect the operation's relationship with its stakeholders?
- How does the complaint / grievance affect the operation and Anglo American (both locally and beyond), including reputational issues and both the legal and social licence to operate?

The importance of complaints and grievances cannot be determined by frequency alone. Other factors are equally important:

- A single human rights complaint or grievance is a serious matter that must be investigated robustly, even if it has only been raised once.
- The importance of a complaint or grievance is, in part, determined by the credibility of the complainant. For example, any complaint or grievance from a senior government official or politician would have to be treated as a serious complaint or grievance, even if the issue raised was itself relatively minor.
- Complaints and grievances that may seem unjustified to the operation may seem very real to the complainant, and therefore still need to be addressed.

Although most complaints and grievances will need to be investigated and assessed, complaints and grievances that allege non-compliance with laws or human rights abuses must be addressed in full compliance with the relevant regulations and standards. **No level of alleged human rights abuse is acceptable.** If you are in doubt, seek guidance from divisional management, or Group Government and Social Affairs (GSA).

## 4A.7 SOURCES OF FURTHER ADVICE

For further information contact your Business Unit social performance manager or Group GSA.

(1) In instances where the complaints are not linked to the Anglo American operation, the potential issues underlying these complaints still need to be explored and addressed (e.g. lack of trust in your operation).

Table 4A.1: Complaints and Grievance Procedure – Key Information

INDEX	QUESTION	DETAIL	DATA
1	<b>Identify if this is a new or existing complaint:</b>	If new, allocate new reference number	
		If an update to an existing number, enter existing reference number	
2	<b>Select your operation / entity:</b>	Operation / site	
		Business Unit	
		Country	
		State / region / province	
		Municipality	
		Post / zip code	
3	<b>Specify life-cycle stage of site:</b>	Exploration and feasibility	
		Development / construction	
		Operation	
		Post-production decommissioning	
		Post-closure	
4	<b>How was complaint or incident submitted?</b>	Self-reported by Anglo American employee or a contractor	
		By a stakeholder (if more than one approach was used select the first one used by the stakeholder):	
		- By phone	
		- By email	
		- Via a general Anglo American website	
		- Via the Anglo American Speakup service (website or telephone)	
		- By letter	
		- In person / in a meeting	
		- Published on a third-party website	
		- Through a complaints or suggestions box	
		- Via the media – local media	
		- Via the media – provincial / regional / state media	
		- Via the media – national media	
		- Other (specify below)	
5	<b>Date received:</b>		
6.	<b>Date first entered / recorded:</b>		
7.	<b>Date updated:</b>		
8.	<b>First notified to:</b>		
9.	<b>Entered by:</b>		
10.	<b>Last updated by:</b>		
11.	<b>Date complaint refers to:</b>	Not possible to define / ongoing	
		From	
		To	



INDEX	QUESTION	DETAIL	DATA
12.	Time complaint refers to (if relevant):	Not applicable / not possible to define / on-going	
		From	
		To	
13.	Is the complaint anonymous?	Yes	
		No	
14.	Category of stakeholder submitting complaint:	Anglo American employee or contractor	
		Individual member of the public	
		Police / other state security forces	
		Government official / organisation	
		Politician	
		Community group / NGO	
		Actual or potential supplier	
		Media / journalist	
		Legal representative	
		Other (specify)	
15.	Geographic scope of complainant:	Local	
		Provincial / regional / state	
		National	
		International	
16.	Name of complainant (organisation or person):		
17.	Phone number of complainant:		
18.	Does the complaint relate to indigenous peoples?	Yes	
		No	
19.	Country location of complaint:		
20.	Province / state / region:		
21.	District / county:		
22.	Municipality:		
23.	Enter postal address:		
24.	Enter post / zip code:		
25.	Select category of complaint:	Community health and safety – hazards and risks	
		Community health and safety – crime	
		Business ethics / business integrity / corruption issues	
		Human rights	
		Anglo American / site security provision	
		Land use, access and management	
		Land acquisition and resettlement	
		Communication and engagement	
		Allegations of bias / unfair preferential treatment	
		Environmental impacts	

INDEX	QUESTION	DETAIL	DATA
		Employment opportunities	
		Business opportunities	
		Training opportunities	
		Corporate social investment	
		Housing	
		Quality of services provided by Anglo American or contractor	
		Quality of services provided by unrelated third party	
		Other (specify)	
26.	Enter any on-site process the complaint relates to:		
27.	Provide a description of the complaint:		
28.	Please specify date required for initial acknowledgement of receipt to complainant (not applicable if anonymous):		
29.	Provide brief comments justifying the timing:		
30.	Anglo American manager responsible for handling complaint:		
31.	Please identify the severity of the complaint:	Minor	
		Moderate	
		Serious	
		Not yet determined	
32.	Provide brief comments justifying the rating:		
33.	Specify investigation approach:	Internal subject matter expert to review	
		Review committee – site personnel only	
		Review committee – including Business Unit representatives	
		Review committee – including Anglo American Group representatives	
		Review committee – including external representatives	
		Independent committee – no site, Business Unit or Anglo American representatives permitted	
		Other (specify)	
34.	Provide any supporting information here:		
35.	Enter names of investigation team:		
36.	Enter deadline for completion of investigation:		
37.	Finding of investigation into complaint:	Not upheld – factually incorrect	
		Not upheld – relates to a third party, not Anglo American	
		Partially upheld – action required	
		Partially upheld – no action required / possible	
		Upheld – action required	
		Upheld – no action required / possible	
		Other (specify)	
38.	Approved by:		
39.	Please record any follow-up actions:		
40.	Notification process	To be determined	
		By phone	
		By email	
		By letter	
		In person / in a meeting	
		Other (specify)	

INDEX	QUESTION	DETAIL	DATA
41.	Enter deadline for notifying complainant of investigation finding:		
42.	Response from complainant to finding:	Not known – anonymous complaint	
		Not known – no feedback from complainant	
		Fully accepts finding	
		Partially accepts finding – no further action	
		Partially accepts finding – initiate appeal	
		Rejects finding – no further action	
		Rejects finding – initiate appeal	
		Other (specify)	
The following sections should only be completed if an appeal is to be heard:			
43.	If relevant, specify appeal / review process:	Review committee – including external representatives	
		Independent committee – no site, BU or Anglo American representatives	
		Other (specify)	
44.	Enter names of appeal review panel:		
45.	Enter deadline for completion of the appeal:		
46.	Finding of appeal process:	Not upheld – factually incorrect	
		Not upheld – relates to a third party, not Anglo American	
		Partially upheld – action required	
		Partially upheld – no action required / possible	
		Upheld – action required	
		Upheld – no action required / possible	
		Other (specify)	
47.	Please record any follow-up actions:		
48.	Enter deadline for notifying complainant of appeal finding:		
49.	Notification process:	To be determined	
		By phone	
		By email	
		By letter	
		In person / in a meeting	
		Other (specify)	
50.	Response from complainant to appeal result:	Not known – no response from complainant	
		Fully accepts finding	
		Partially accepts finding – no further action	
		Partially accepts finding – initiate appeal	
		Rejects finding – no further action	
		Rejects finding – initiate appeal	
		Other (specify)	
51.	Record the names of Anglo American personnel involved in documenting the complaint:	Entered by:	
		Reviewed by:	
		Validated by:	
		Authorised by:	
52.	Please record any third parties who have been notified (select any that apply):	None	
		Police	
		Regulator	
		Other government	
		NGO / community group	
		Stakeholder liaison panel (or equivalent)	
		Company legal representatives (external)	
		Other (specify)	

# Tool 4B: Stakeholder Engagement in Emergency Planning

## 4B.1 OBJECTIVES

This tool is designed to provide practical guidance to Anglo American operations on how to engage successfully with external stakeholders in both planning for and responding to emergencies.

The tool recognises that host communities and governments will differ in their abilities to respond to operational emergencies, and that emergency planning must be tailored to the specific conditions of each operation.

The target audiences for this tool are health and safety personnel, as well as community engagement personnel who have responsibility for emergency management or stakeholder engagement.

This tool builds on Anglo American's standards and guidelines for emergency management and crisis communication and is a requirement of Anglo American's *Social Way*. It also takes account of the International Council on Mining and Metals' (ICMM) and United Nations Environment Programme's (UNEP) joint guidance on emergency management, Good Practice in Emergency Preparedness and Response (September 2005), and UNEP's Awareness and Preparedness for Emergencies at the Local Level (APELL) programme for the mining industry.

## 4B.2 WHY ENGAGE STAKEHOLDERS IN EMERGENCY MANAGEMENT?

Industrial emergencies can affect public health and safety, damage the property and livelihoods of other parties and pollute the environment, as well as damage site assets and disrupt production. Informing the local community and emergency services about the facility, its operations and risks, and involving them in planning and preparing for emergencies, can improve underlying levels of trust and increase the speed and effectiveness of response if an emergency occurs, thereby limiting the direct impacts.

Some emergencies can also attract significant media attention and may remain in the memory of the broader public and authorities for a long time, affecting both the reputation of the company and its ability to develop its business and operations. In other words, emergencies can affect Anglo American's "social licence" to operate.

How Anglo American engages its stakeholders before, during and after emergencies can significantly affect these long-term impacts by limiting damage and enhancing the company's standing amongst its stakeholders. Anglo American operations will already be engaging with stakeholders on a regular basis, and it is advisable to

discuss emergency planning and provide regular updates during these routine stakeholder engagement activities.

## 4B.3 PLANNING FOR NATURAL DISASTERS

Whilst this tool is focused on planning for emergencies related to Anglo American operations, it can also be applied to natural disasters, such as floods, landslides, earthquakes, etc. Some additional considerations related to natural disasters are set out in *Box 4B.1*.

### BOX 4B.1 PLANNING FOR NATURAL DISASTERS – ADDITIONAL CONSIDERATIONS

#### Key considerations when planning for natural disasters:

- Can existing transport routes be used?
- Can essential services, such as power and water, be relied upon?
- Will existing medical services be able to function after natural disasters?
- Do additional stakeholders need to be consulted (for example, the armed forces, or the meteorological office)?
- Is the current emergency equipment suitable for natural disasters?
- Are there issues related to support or coordination of relief efforts (e.g. supplies, rescue workers)?
- Can Anglo American operations provide communications, accommodation or logistics support to relief efforts?
- Will Anglo American and other emergency responders be incapacitated by the natural disaster?

*Box 4B.2* provides an example of support given during the Australian floods.

### BOX 4B.2 ANGLO AMERICAN SUPPORTS FLOOD-AFFECTED COMMUNITIES IN AUSTRALIA

In December 2010, during record rainfall, a river running through the town of Theodore burst its banks. Torrential floodwaters swept through the town, partially submerging buildings. The town urgently needed to be evacuated – but the roads were blocked and access for emergency services was severely limited.

A team from Anglo American's nearby Dawson Mine volunteered to support the rescue efforts in highly dangerous conditions. Within a 36 hour period, all 328 residents were evacuated safely by helicopter from Theodore into temporary accommodation in the Dawson Mine's own camp, as well as other nearby accommodation. It was the first complete evacuation of a town in Queensland's history.

In addition to the rescue itself, the Dawson team took a key role in caring for the evacuated townspeople, many of whom had lost all of their possessions in the flood. The team committed their time to arrange accommodation, food and clothing in the months following the flood.

Several factors contributed to the effectiveness of the evacuation: Dawson mine already had relevant facilities and equipment in the affected area (including accommodation and vehicles); management was experienced in implementing emergency responses as a result of site safety planning; Anglo American's strong focus on safety ensured there was an immediate recognition that getting families to a place of safety was the overriding priority; and the mine was able to draw on the support of its network suppliers, for example, catering and air transport providers.

#### 4B.4 WHEN TO USE THE TOOL

This tool should be used during the development or review of emergency plans, in emergency response exercises, during actual emergency responses and in post-emergency reviews of performance.

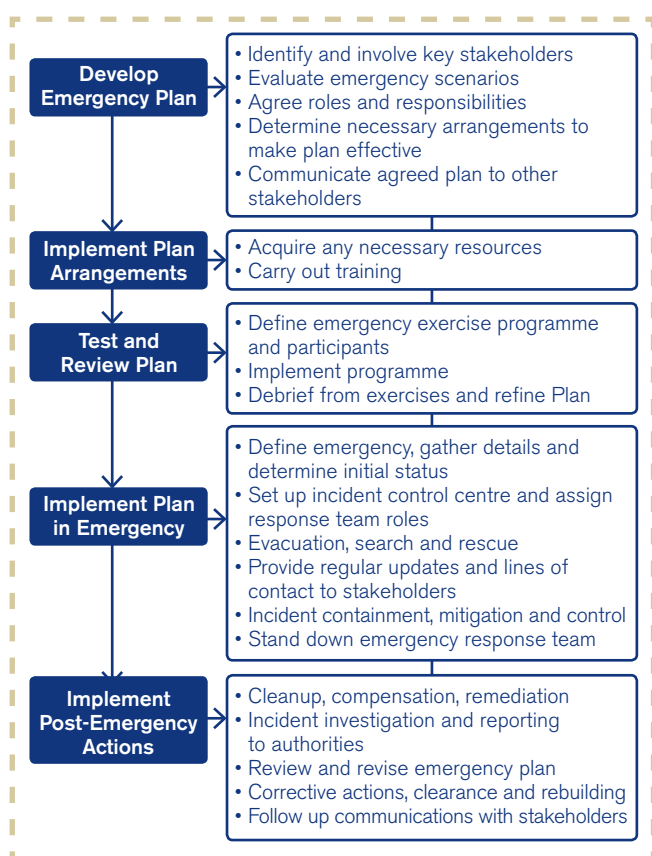
#### 4B.5 EMERGENCY PLANNING LIFECYCLE

The lifecycle of an emergency plan starts with the recognition that the risk of an emergency exists, and that emergencies finish when stakeholders' confidence has been restored after an incident, the site has implemented appropriate remedial actions and recommenced normal operation. Stakeholders need to be involved at every stage of this lifecycle, as illustrated in *Figure 4B.1*.

Anglo American operations will already have emergency plans (including those required by OHSAS 18001 and ISO 14001) in place.

**Stakeholder engagement in emergency planning should be undertaken in the context of these existing plans.** Operations should also be familiar with the requirements of the Anglo American *Crisis Communications Plan* and the *Legal Response Plan*. These set out mandatory procedures for all Anglo American managed operations.

Figure 4B.1 The Emergency Planning Cycle



#### 4B.6 WHAT ARE THE OBJECTIVES OF STAKEHOLDER ENGAGEMENT IN EMERGENCY PLANNING?

Stakeholder engagement in emergency planning should be designed to:

1. Ensure that the local community, authorities and emergency services have an adequate understanding of the nature of the operation, any potential risks and the role of relevant stakeholders at all stages in the emergency lifecycle.
2. Reduce community concern about the operation.
3. Maximise the effectiveness of emergency response plans by: (a) reducing the direct impacts of emergencies; and (b) developing plans with the involvement of local stakeholders who could be impacted by or involved in responses to the emergency.
4. Reduce any adverse impacts of emergencies on the reputation of the company and its relationships with stakeholders.
5. Ensure the company's legal obligations related to emergency responsiveness are met in full.
6. Limit the liabilities arising to the company flowing from an emergency.

#### 4B.7 WHO ARE THE STAKEHOLDERS IN AN EMERGENCY SITUATION?

The set of stakeholders for an emergency situation is similar to, but not entirely the same as, the operation's usual stakeholders (see *Tool 2B – Developing a Stakeholder Engagement Plan*). Emergency stakeholders may vary from one operation to the next, depending on the different regulatory frameworks and emergency service provisions that exist in the country or region of interest, as well as the varying characteristics of neighbouring communities and settlements.

Stakeholders include those parties who may be affected by an emergency on the site, who may inadvertently cause or contribute to an emergency on the site, or who may play a role in responding to the emergency. The following is a generic list of stakeholders that may need to be engaged:

1. Employees / employee associations / unions.
2. Emergency services – fire departments, police, ambulances / paramedics, hospitals, poisons centres and other civil defence organisations.
3. Local, state and national government – emergency response, environmental protection agencies, local planning authorities, local councils, safety regulators, specific agencies responsible for environmentally sensitive or protected areas, etc.
4. Affected stakeholders – this should include nearby communities that are potentially directly / physically affected, but also other communities such as those providing employees or services to the site, communities living along transport routes or those downstream of tailings dams, chemical stores, etc.;

5. Specialist service providers (e.g. spill cleanup).
6. Professional service providers, including lawyers, insurance companies, safety and environmental advisors.
7. General suppliers / customers and other businesses in the area that may affect or be affected by the operation, and with whom the operation may wish to develop joint emergency plans.
8. Business Unit and corporate headquarters.
9. Welfare services such as Red Cross / Crescent, and their local counterparts.
10. Industry colleagues and industry associations / chambers of mines.
11. Joint venture partners and minority investors in operations.
12. Public information authorities and media organisations. **Note: it is important that first contact with the media is not emergency planning focused;** media partners should be selected carefully to avoid unhelpful, sensationalist coverage.

In some cases it may be best to engage with these stakeholders via Business Unit or corporate channels rather than through the operation. It may also be necessary to build levels of trust, for example, via regular briefings on developments at the operation, before raising the issue of emergency planning. Consider the relevance of each stakeholder, the extent of the potential impacts of an emergency upon them, and their capacity to contribute to controlling a situation / limiting damage.

There may also be incidences where Anglo American is called on to provide support to emergencies at other mines. *Box 4B.3* provides an example.

#### BOX 4B.3 ANGLO AMERICAN SUPPORTS CHILEAN MINE RESCUE

In 2010, 33 miners were trapped at the Chilean San Jose mine. Within 24 hours, the San Jose mine contacted Anglo American's nearby Mantoverde operation for assistance. Attempts to send rescue teams to reach the miners had failed, and Mantoverde's drilling equipment was needed to break into the underground tunnels where the miners were trapped. Several Anglo American employees participated in the initial search for the miners, including Drilling and Safety Manager (Luis Eyquem) and geologist (Cristian Astudillo).

On arrival at the site, the Anglo American team found what they described as a scene of chaos. "More than 40 companies were there to help, but it was clear that there was no coordination. The mine's owners had no experience of this kind of drilling. In fact, there had never been any drilling machines on the site before."

In the next few days the Government of Chile took over coordination of the rescue effort, with Anglo American providing one of the drilling crews. In addition to these efforts, Anglo American contributed communications, food, fuel, water, equipment and transportation towards the rescue efforts.

After days of drilling exploratory boreholes, the rescue teams made first contact with the trapped miners. Eventually, after 69 days underground, all 33 miners were brought safely to the surface. During this time, no accidents or injuries were recorded on site. In recognition of Anglo American's role in the rescue, the miners presented the team with a Chilean flag, signed with each of their names, the same flag which had flown above the mine during the whole rescue procedure.

## 4B.8 WHEN TO ENGAGE STAKEHOLDERS

ICMM research indicates that most local communities have little to no involvement in emergency planning for mining operations. If they are involved, it is usually only when the emergency plan has been developed.

Ideally, stakeholders should be involved at **all** stages in the emergency lifecycle, given the variety of objectives defined above for stakeholder engagement. They need to be involved in the development and testing of the plans. However, it is preferable if an initial plan has been developed to provide a basis for stakeholder input.

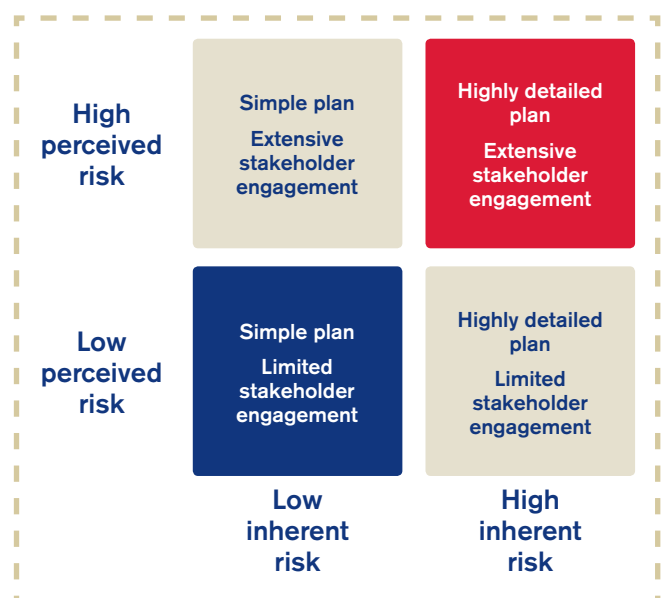
A major issue in emergency planning is the management of stakeholder expectations and concerns. Usually the level of community motivation to get involved depends on the **perceived** level of risk. This may be determined by a range of factors such as site history, impacts (e.g. noise and dust) and the operation's relationships with local stakeholders and local press, etc.

**The inherent risk** (i.e. the objectively estimated likelihood and extent) of emergencies is dictated by the actual nature of operations, conditions on the site and nature of the surrounding environment (e.g. potential for external hazards such as earthquakes).

## 4B.9 WHAT LEVEL OF EFFORT IS REQUIRED?

The process and amount of effort and detail required for emergency planning and stakeholder engagement depends on the balance between these inherent and perceived risks. This follows the established concept that total risk is the sum of actual and perceived levels of risk. This concept is illustrated in simple terms in the matrix in *Figure 4B.2* below.

Figure 4B.2 Determining the Level of Effort





## 4B.10 ENGAGING STAKEHOLDERS IN EMERGENCY PLANNING

The APELL 10-stage process for developing an emergency plan with stakeholder involvement is shown below in *Figure 4B.3*. It provides a simple but robust model for the basic process.

The process should always be treated as iterative; that is, it may be necessary to revisit previous tasks as a result of later developments. For example, testing of the emergency plans may reveal the need to involve new stakeholders.

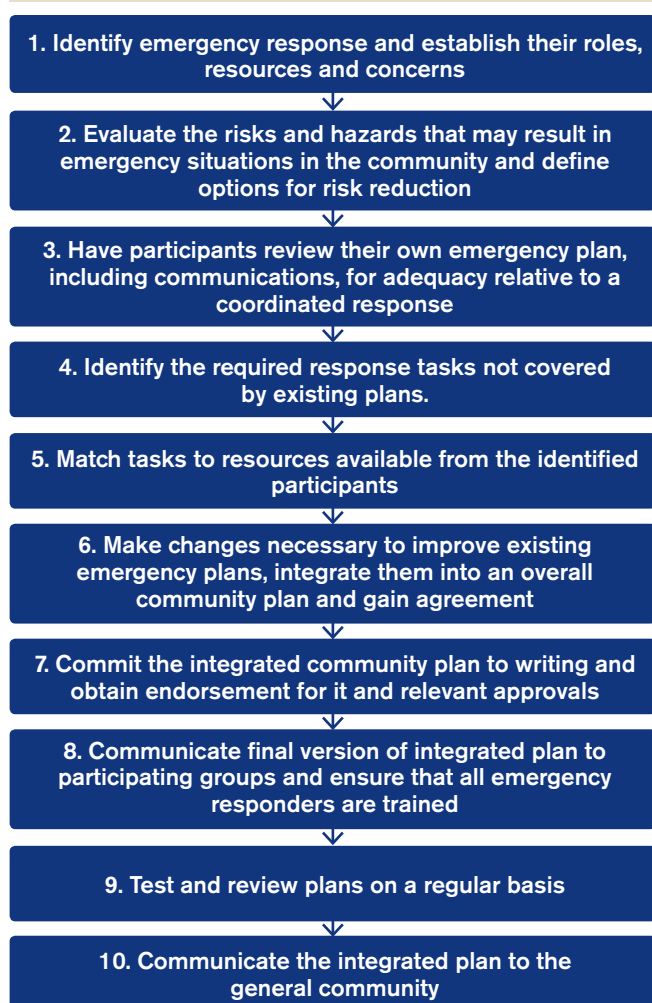
### Task 1: Identify Participants

Once a site's risks are characterised (inherent and perceived), stakeholders can be identified for the purposes of developing and revising the emergency plan. In APELL terms, this is the Local Emergency Planning Coordinating Group. In case primary contacts are unavailable, it is important to identify alternate or secondary contacts within each stakeholder group. This increases the recognition among stakeholders that their role in emergency management is important.

### Task 2: Evaluate the Risks

Key stakeholders should be involved in both evaluating emergency risks (including, in particular, external parties that could cause an emergency, such as a nearby industrial facility), and emergency services groups that would be directly involved in responding to the emergency.

Figure 4B.3 The APELL Process



It is important to understand how stakeholders perceive each risk, in order to present the site risk information in an accurate way and prepare the emergency response team for sensitive discussions that may arise (e.g. impacts of operational emergency on local residents and the environment).

Stakeholders should be involved in identifying and evaluating relevant emergency scenarios; however, it is important to go into such discussions with a clear idea of potential scenarios. It is often useful to develop a range of emergency scenarios to discuss with stakeholders. For example, reasonable medium-case scenarios for resource planning, and reasonable worst-case scenarios for contingency planning. Typically, debates focus on worst case scenarios and how likelihood should be factored into the planning process.

It is important to include potential emergencies related to transport to and from the operation (shipping, port operations, road transport, etc.). This may involve different groups of stakeholders along transport routes that can be remote from the operation.

### Task 3: Review Existing Plans

Most Anglo American sites and neighbouring facilities will have existing emergency plans. Local emergency services and government agencies will also have emergency plans. These plans should always be reviewed as a starting point; and are often very useful for establishing relationships with key stakeholders. It may be necessary to revise the list of stakeholders or planning group members following this exercise.

The review of existing plans will often reveal gaps that need to be addressed in order to ensure adequate emergency response. It is essential at this stage to get stakeholders to identify their concerns regarding existing arrangements. Without this input, gaining stakeholder acceptance at a later stage will be more difficult.

At this point in the process, it may also be helpful to develop a checklist of all regulatory requirements related to emergency response.

### Task 4: Identify Required Response Tasks

Determining stakeholders' information needs to enable them to carry out their intended responsibilities. For example, it is normally beneficial to inform stakeholders about major controls and programmes in place to prevent emergencies from occurring, alongside information regarding potential risks.

During planning, understand what each stakeholder considers particularly important in the event of an emergency. For example, environmental agencies will have an understandable focus on protecting environmental assets.

Develop media contacts and media relations plans (preferably not just focused on emergency planning) to ensure that accurate information is disseminated through the media. Anglo American employees should ensure that any engagement with the media is in line with the Anglo American *Media Policy*.

### Task 5: Match Tasks to Resources

Once the tasks are agreed and responsibilities assigned, the team needs to determine if the resources required to implement the tasks can be delivered. Without this, the agreed tasks will not be implemented effectively and stakeholders may be left with a false sense of security that the emergency plan is better than it really is in practice.

Consider the requirements for equipment, information, training, access to expertise, etc. and what Anglo American can contribute to these requirements. This support may overlap with Anglo American's general programme of support to stakeholders (e.g. company-sponsored medical facilities may support emergency responses).

You will also need to ask what skills Anglo American has locally, regionally, nationally and globally, and what skills and resources external stakeholders have to complement Anglo American's own provision. It is then necessary to identify where Anglo American may need to provide additional skills to enable external stakeholders to carry out their required tasks. Examples of the types of assistance that Anglo American may need to provide are given in *Box 4B.4* below.

#### BOX 4B.4 EXAMPLES OF PLANNING ASSISTANCE WHICH ANGLO AMERICAN OPERATIONS MAY NEED TO PROVIDE

- Training local fire brigades in chemical spill management
- Providing specialised personal protective equipment
- Emergency communications training for local government
- Training spokespersons in handling the media in a crisis
- Fire-fighting or spill-containment equipment
- Evacuation awareness training and information to stakeholders
- Training of medical staff on chemical effects and treatment
- Equipment for police to effect evacuations or road closures
- Counselling services for affected individuals

### Task 6: Revise and Integrate Plans

This stage provides the opportunity to integrate plans and avoid duplication. It may be necessary to integrate or coordinate numerous existing plans (e.g. regional and local, police and fire-brigade, hospitals and Anglo American plans). Key considerations include:

- establishing what will be required from the site following an emergency before restarting operations. This is critical from the perspective of minimising disruption to the business, and represents the end of the emergency life-cycle — it is often some time after the specific emergency event;
- ensuring that the requirements for any agreements and regulatory approvals are all met;
- agreeing on actions and required resources, evaluate realistic response times and identify and iron out weaknesses or differences of opinion relating to plans;
- resolving any overlaps in responsibilities between different stakeholders — in particular, agree a command and communication structure with all key parties represented that reflects statutory duties under emergency conditions;

- delineating clearly between onsite and offsite emergencies, and also the point at which any changeover in command takes place (e.g. from emergency response to clean-up). See *Box 4B.5* for an example of how an exercise revealed flaws in command arrangements.
- establishing what liabilities may arise if the Anglo American operation takes action in response to an emergency, and taking account of these in the plan. For example, should an operation take any cleanup actions in spite of the legal and institutional arrangements that are in place for cleanup actions? There is often a need to be seen to be responding, whilst avoiding unnecessary or counter-productive actions. However it is essential that the site responses remain within the constraints of applicable regulations / legislation<sup>(1)</sup>;
- determining the most appropriate way to co-operate with the authorities in response to local conditions, regulatory requirements and the nature of the incident. It may be necessary to simply notify the authorities if the emergency can be contained on-site or if it has been determined that the operator must retain control of the emergency. If the emergency is likely to extend off-site, then the authorities are almost certain to take control of at least some of the aspects of emergency response. However, in some cases, it may be desirable to retain control of the site response, especially if complex processing equipment is involved; and
- noting that it may be sensible to include representatives of the authorities in the Anglo American emergency response team, or to second Anglo American personnel to stakeholder response teams. This can improve communication and enhance the understanding of why emergencies were managed in a certain way.

#### BOX 4B.5 CLARIFYING RESPONSIBILITIES DURING EMERGENCY RESPONSES

In South Africa Anglo American conducted a simulated exercise where a tanker supposedly carrying sulphuric acid overturned on a municipal road on the mine's lease area.

The first person to arrive on the scene was a protection services patrol person. He then notified the central control room who dispatched the municipal emergency response team and the mine's emergency response teams.

Lack of clarity about responsibilities led to an on-scene debate between paramedics, the local fire-brigade, and the mine's own rescue team and security personnel.

<sup>(1)</sup> The exception to this rule is if working within specified procedures would pose unacceptable health or safety risks to employees and / or stakeholders, in which case immediate and unilateral action may be justified.



### Task 7: Complete and Approve Plan

Stakeholders that need to be involved in approval include relevant Business Unit experts, senior site management and regulators responsible for authorising emergency plans.

Beyond complying with Anglo American corporate requirements, stakeholder engagement in emergency management must be carried out in compliance with any regulations related to informing stakeholders on risks and involving stakeholders in emergency planning. For example, there are detailed regulatory requirements on such matters in the USA, Europe and Australia (see *Box 4B.6*).

#### BOX 4B.6 EXAMPLES OF REGULATIONS ON STAKEHOLDER ENGAGEMENT IN EMERGENCY MANAGEMENT

- The USA Risk Management Program requirements (part of the Clean Air Act Amendment, 1996) include a "community right to know" in relation to the potential impacts from accidents on the site.
- The European Seveso II Directive (96/82/EC) requires operators to limit the consequences of major accidents to people and the environment. Specifically, operators must develop internal emergency plans for response measures to be taken inside the establishment, and supply these to the local authorities to enable them to draw up external emergency plans. Operators must also provide certain information to the public related to the risks from the establishment.
- The Australian National Standard for Control of Major Hazard Facilities [NOHSC: 1014 (2002)] has been or will be adopted by most Australian jurisdictions into legislation. The standard requires operators to develop emergency plans in conjunction with the relevant emergency services and provide information to the local stakeholders.

### Task 8: Communicate Plan to Key Participants and Provide Training

Once the plan is developed and approved, the next stage of stakeholder engagement is to communicate the plan to key participants, and provide them with the necessary training.

The key participants are those stakeholders who would be directly involved in emergency response, and those who may be involved in communicating the plan to other stakeholders – e.g. local government (including formal and traditional authorities), or regulators. Hence the training should not only focus on how to implement the plan if necessary, but also how to present it to stakeholders.

Representatives on the emergency plan co-ordinating team, who are from the key participating organisations should lead, or at least be involved in, the communication to and training of their own organisations in the emergency plan. This will increase their sense of involvement in the plan, and also increase the likelihood that they will fully adopt the plan.

### Task 9: Testing and Review

Emergency plans need to be tested on a regular basis, and operations should arrange emergency response exercises at least every 12 to 24 months, which involve the workforce and external stakeholders. These exercises should cover different aspects of potential emergencies, such as fires, spills, etc.

Exercises give the opportunity to refine the plans and build experience with the most critical parts of the plan. For example, exercises can be used to identify critical stakeholder communications that may be urgently needed in the event of an emergency. Where possible, try to get all key participants involved, including emergency services, local government and the media. However, before undertaking a test ensure that participants are trained (e.g. in safety rules for the site) and properly insured. In addition, **prior to conducting tests, ensure that local stakeholders and the media know it is only a test.**

As well as testing, you should establish a timetable and arrangements for updating the plan(s). OHSAS 18001 and ISO 19001 certified sites will need to undertake an annual review. The following should trigger reviews and further stakeholder engagement:

- A major change at the operation, e.g. technologies used, scale of operations, labour force changes.
- A major change in activities around the operation, e.g. urbanisation, new industrial facilities, infrastructure changes, local government restructuring.
- Changes in legislation related to emergencies.
- Emergency exercises that reveal flaws in the plan.

Regardless of the above, a thorough review should be undertaken every three to five years on sites not certified to the OHSAS 18001 and ISO 19001 standards.

### Task 10: Communicate Plan to Stakeholders

In communicating the plan, keep the following in mind:

1. Demonstrate firm company leadership and clearly defined roles and responsibilities for emergency management. It is also essential to show that the plan has been built and tested with the active involvement of stakeholders.
2. Place the risk in perspective, and try to avoid doing so in overly technical terms that some stakeholders may not understand.
3. Consider supporting or setting up volunteer emergency services to get local people involved and boost existing capacity to respond to both operational incidents and general local emergencies.

4. Ensure local stakeholders recognise emergency warning sirens, and know what to do in the event of an emergency. For example, should they take shelter or evacuate and, if evacuation is required, which routes are safest?
5. Always provide site contacts for further information – stakeholders will always ask questions and if these can be answered promptly the risk of increasing concerns amongst stakeholders is reduced.
6. Get your operation's emergency team to participate in local stakeholder meetings that may not be related to emergencies, as this provides an opportunity to address questions relating to emergencies. In addition, ensure that your community liaison staff have received emergency planning training.
7. Always cater for stakeholders who do not have access to phones, radios, televisions or internet access, and allow for vulnerability / literacy / language / cultural barriers, etc.

#### 4B.11 ENGAGING STAKEHOLDERS DURING AN EMERGENCY

Anglo American's *Crisis Communication Plan* defines a robust set of rules for handling direct communications with stakeholders during an emergency. These are summarised in *Box 4B.7*.

More detailed guidance is provided in the plan, and this must be read by appropriate individuals.

It is important to keep records of all enquiries and communications as well as other documentation that may be needed in the subsequent inquiries or reviews. There may be statutory requirements to collect data and evidence, and it may be necessary to brief the company lawyers if there have been dealings with regulators.

Statements admitting fault or liability should not be made without legal input. However, it is also important to avoid giving the impression that responsibility is being avoided, particularly if it is (or seems) clear to the public or other stakeholders that Anglo American is responsible for the emergency.

##### BOX 4B.7 BRIEF SUMMARY OF CRISIS COMMUNICATIONS PLAN RULES

- Identify agreed spokespersons who will speak on behalf of Anglo American.
- Provide a rapid response to the emergency and answer all reasonable questions where possible.
- Use consistent and clear messages. In particular, assume that employees will have access to external media (especially social media) and that information provided to employees will be made public.
- Demonstrate that the company will act in a professional manner, taking appropriate responsibility.
- Draw upon appropriate expertise and resources within the company.
- Treat employees as a priority audience.

- Show genuine concern for the well-being of people and the natural environment.
- Be sensitive to legal and insurance liability issues.
- Do not speak off-the-record.
- Do not offer opinions.
- Do not apportion blame.
- Stick to factual information and avoid speculation when dealing with the media, e.g. provide:
  - type of accident;
  - date and time of occurrence;
  - location of occurrence;
  - reference to fatalities / injuries if known (never speculate); and
  - contact person and details for further information.
- Be courteous and helpful.
- Never release names of casualties until next-of-kin have been notified.

It is also important to find out what simple assistance local stakeholders need in the immediate aftermath of an emergency (e.g. alternative water supplies, shelter, reassurance, dedicated liaison officers), in order to reduce the immediate risks and impacts.

#### 4B.12 SOURCES OF FURTHER INFORMATION

*Table 4B.1* below lists further sources for information on stakeholder engagement in emergency management. The list is not intended to be comprehensive, but rather to point the reader in the direction of some key sources of information.

Table 4B.1 Further Sources of Information on Stakeholder Engagement in Emergency Planning

ORGANISATION	BRIEF DESCRIPTION	WEBSITE
Anglo American	Crisis Communication Plan; Legal Response Plan	See Anglo American Intranet
OECD	Guiding Principles for Chemical Accident Prevention, Preparedness and Response. OECD 2003	<a href="http://www.oecd.org">www.oecd.org</a>
European Commission Joint Research Centre Major-Accident Hazards Bureau	General guidance for the content of information to the public (Seveso II Directive)	<a href="http://www.sta.jrc.ec.europa.eu/index.php/mahb-action">www.sta.jrc.ec.europa.eu/index.php/mahb-action</a>
Green Cross Academy of Traumatology	Provides information, education, consultation and treatment for traumatised individuals or communities that have been affected by natural or human-caused disaster	<a href="http://www.greencross.org/index.php">www.greencross.org/index.php</a>
WorkSafe Victoria	Guidance on emergency planning and stakeholder involvement for major hazard facilities	<a href="http://www.workcover.vic.gov.au">www.workcover.vic.gov.au</a>
ICMM	Towards Good Practice in Emergency Preparedness and Response (June 2005)	<a href="http://www.icmm.com">www.icmm.com</a>
UNEP	Awareness and Preparedness for Emergencies at the Local Level (APELL) programme	<a href="http://www.unep.fr/scp/sp">www.unep.fr/scp/sp</a>
NIOSH	Mining Safety and Health Topic on Emergency Management	<a href="http://www.cdc.gov/niosh/mining/topics/topicpage31.htm">www.cdc.gov/niosh/mining/topics/topicpage31.htm</a>

# Tool 4C: Conflict Assessment and Management

## 4C.1 OBJECTIVES

Anglo American operations may be located where there are pre-existing, violent, underlying or potential conflicts that can adversely affect Anglo American's operations, local communities and relations between them. The aim of this tool is to help operations conduct a conflict risk and impact assessment and to develop appropriate conflict management strategies.

Conflict may be triggered by wider political or social factors beyond the control of the operation, but they may, nevertheless, impact on the operation. Conflict is, otherwise, most likely to occur during periods of political, social, environmental or economic change and may be triggered, for example, by the establishment of a large-scale mining or industrial operation. Even if an operation is not directly affected by wider societal changes, at such times it is important to be aware of the potential for conflict to emerge. This tool addresses the following issues:

- conflict analysis, to identifying actual or potential conflicts and understand their root causes and impacts;
- developing strategies to prevent or mitigate conflict; and
- monitoring conflict prevention and mitigation measures.

**This tool does not provide security advice, nor does it remove the need to seek security advice** from suitably qualified persons to ensure the safety and security of staff, contractors and others for whom Anglo American has a duty of care. Security measures should adhere to the requirements set out in *Tool 4H – Voluntary Principles on Security and Human Rights*.

## 4C.2 WHEN TO USE THIS TOOL

Conflicts can arise at any time with serious implications for an operation and local communities. It is good practice to conduct a conflict analysis and prepare appropriate and regularly updated mitigation plans to predict, prevent or mitigate conflicts. The analysis must be conducted by a cross-functional team, led by your Business Unit Corporate Affairs lead with input, if necessary, from Group Government and Social Affairs (GSA).

The stakeholder identification and consultation tools elsewhere in SEAT will help to identify and analyse conflicts. If these tools are applied rigorously, operations should be able to identify most conflicts (actual or potential) and assist in designing a mitigation strategy.

## 4C.3 CONFLICT ANALYSIS

### Definitions

Conflict is a real or perceived incompatibility of goals. Conflicts are a necessary part of human interaction and development. It is only when conflicts turn violent that conflict prevention and mitigation measures are required.

Violence also comes in numerous forms: physical violence, the effects of which can be seen and felt on people, the environment and property; latent violence (such as discrimination), which can have a profound effect on parts of society or the environment; and structural violence, which prevents people from meeting their basic needs through social structures or social institutions. Latent and structural violence can often be the most difficult to tackle because they are embedded in institutions across society.

This tool is intended to cover a wide range of conflicts, including violent conflict. Examples of conflict are presented in *Box 4C.1*.

### BOX 4C.1 EXAMPLES OF CONFLICT

- Civil war at a national or regional level
- Violence against people or property (including company employees and facilities) motivated by political, racial, economic, religious, cultural or other factors
- Emergence of "no go" areas where certain groups are at risk of physical violence
- Oppression of fundamental freedoms and human rights by a governing elite
- Dominance by one section of the community of economic opportunities, access to essential services, control of positions of authority, etc.
- Real or perceived inequalities in the distribution of benefits from the operation
- Appropriation of land, water or other natural resources without due process or compensation (even if officially sanctioned)
- Major protests against government organisations, police, companies or other institutions

The absence of violence does not always equate to peace. It is, therefore, important to define and understand peace in order to identify the signs and drivers of conflict as well as develop a timely response. International Alert's Conflict Sensitive Business Practices: Guidance for Extractive Industries (CSBP) provides further details (see *Box 4C.2*).

#### BOX 4C.2 “NO CONFLICT HERE”

Relatively few major greenfield projects are developed in areas of actual violent conflict, precisely because of the risks entailed. More commonly, violence at the local level will be caused by factors unrelated to the mining operation, or be triggered by operational impacts following the start of construction or operations.

Major investments inevitably alter traditional systems and, even in relatively peaceful environments, can easily lead to a heightening of tensions and possibly violence. In areas of pre-existing social tension, the odds on such an outcome increase.

The absence of violence in a project area, therefore, is no guarantee of what might happen in the future. Understanding the tensions that existed prior to the arrival of the company at local and national levels, and anticipating how the project might impact on them (and indeed on the wider socio-economic context) is fundamental to Conflict Sensitive Business Practices.

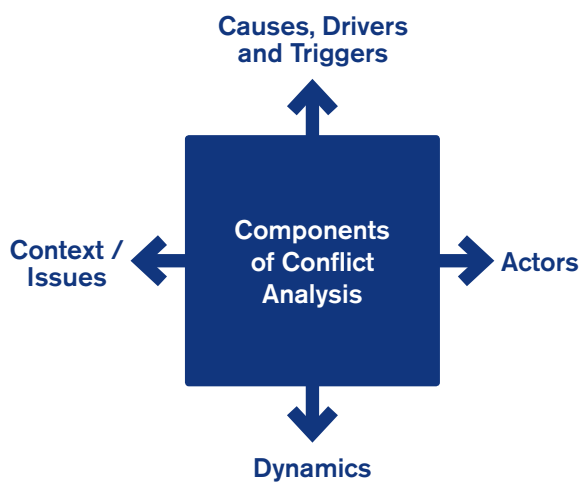
Source: International Alert's Conflict Sensitive Business Practices: Guidance for Extractive Industries.

### Conducting Conflict Analysis

The CSBP defines conflict analysis as: “the systematic study of the profile, issues and stakeholders that shape an existing or potential conflict, as well as factors in the interaction between the three. It helps companies gain a better understanding of the environment in which they operate and their role in that context”<sup>(1)</sup>.

This section provides basic tools to map conflict actors and issues as well as identify drivers and triggers of conflict. It will help to understand conflict dynamics, in order to improve responses to conflict. This is depicted in *Figure 4C.1*.

Figure 4C.1 Components of Conflict Analysis



Although a conflict analysis can be completed as a desk-based exercise, it is recommended that a cross-functional team conducts the initial analysis and the results are validated by external stakeholders through stakeholder engagement.

### Analysing Context and Identifying Issues

Gaining an understanding of the wider socio-political and economic context and how the operation interacts with this context are the first two steps in becoming conflict-sensitive.

In developing the profile of the local area (see *Tool 2A – Profiling the Local Area*) and assessing issues and impacts (see *Tool 3A – Assessment of Issues and Impacts*), it is important to look for and analyse any issues that could be a potential cause or trigger of conflict (such as those cited in *Box 4C.1* above). Stakeholder complaints and grievances (see *Tool 4A – Complaints and Grievance Procedure*) should also be reviewed to identify evidence of conflict.

The contextual and issue analysis may identify conflict risks associated with: political and governance structures; economic issues and concerns; socio-political issues; demographics; security within the local area; and interactions with national and international stakeholders (this list is indicative and is not intended to be comprehensive). *Tool 2A – Profiling the Local Area* outlines suggested questions to gather this information. Sensitivity must be applied in gathering information relating to conflict.

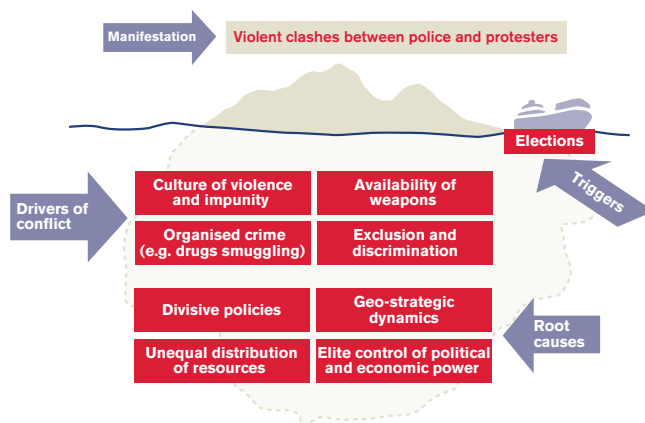
Issues and impacts are often the root causes, or drivers, of conflict. It is also important to distinguish between issues and impacts driving conflicts and the manifestations (or symptoms) of conflict, as dealing with the symptoms will not address the causes of conflict. For example, boosting security may limit damage to company property, but is unlikely to address underlying conflict drivers. Moreover, in some instances issues can be both a driver and a symptom of conflict simultaneously. For example, poverty may be a trigger of conflict, but may worsen as employers leave violent areas.

### Identifying Causes, Drivers and Triggers

Conflicts often manifest themselves through violence. However, exploring what lies beneath the surface of a conflict is critical to conflict analysis. Conflicts rarely ever have one root-cause – usually it is a combination of root causes that leads to violence over time. Blind spots will inevitably exist in every conflict analysis, and the multi-disciplinary, conflict analysis team must try to identify and assess these blind spots. *Figure 4C.2* depicts the causes, drivers, triggers and manifestations of conflict.

(1) International Alert Conflict Sensitive Business Practices (pg. 4)

**Figure 4C.2 Conflict Causes, Drivers, Triggers, and Manifestations**



When looking to identify root causes, it is often useful to employ techniques such as the “five whys” model, which is described in *Box 4C.3* below.

#### BOX 4C.3 THE “FIVE WHYS METHOD”

A frequently used technique builds on Sakichi Toyoda’s “Five Whys Method”, which claims that the root of almost every problem can be identified if ‘why’ is asked five times. A conflict can be compared to an iceberg, where the bulk of the body lies underneath the surface. The “visible” conflict (i.e. manifestation or symptoms of conflict) are small and in-depth analysis is required to understand fully the conflict and its root causes.

Examples of causes, drivers, triggers and manifestations are outlined in *Table 4C.1* below and illustrated in *Figure 4C.3*.

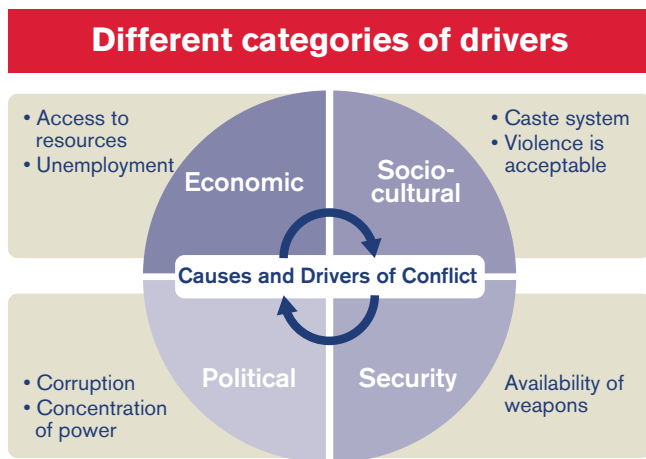
**Table 4C.1: Causes, Drivers, Triggers and Manifestations of Conflict**

CATEGORIES	DESCRIPTION	EXAMPLES
<b>Structural Causes</b>	Pervasive factors that have become built into the policies, structures and fabric of a society and may create the pre-conditions for violent conflict	Illegitimate or weak governance, lack of political participation, lack of equitable economic and social opportunities, inequitable access to resources, etc.
<b>Drivers of Conflict</b>	Factors contributing to a climate conducive to violent conflict or its further escalation, sometimes symptomatic of a deeper problem	Uncontrolled security forces, proliferation of guns, human rights abuses, destabilising role of neighbouring countries, lack of independence of the judiciary or the police, weakness of state institutions and repression of civil society organisations), corruption and nepotism, etc. (see <i>Figure 4C.3</i> ).
<b>Triggers / Events</b>	Single key acts, events, or their anticipation that will set off or escalate violent conflict. Types of triggers include: <ul style="list-style-type: none"> <li>• Political</li> <li>• Environmental</li> <li>• Operational</li> <li>• Economic</li> <li>• Demographic</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Political:</b> elections / change of government, arrest or assassination of key leader or political figure, military coup</li> <li>• <b>Environmental:</b> competing access to land or water; through increased access to area (e.g. opening routes for illegal logging, etc.)</li> <li>• <b>Operational:</b> expansions, downsizing or contracting-out</li> <li>• <b>Economic:</b> currency depreciation, inflation, scarcity of basic commodities, capital flight, unemployment, disputes over distribution of benefit from mineral or other resources</li> <li>• <b>Demographic:</b> rising populations, out-migration, in-flux of persons from a different ethnic or cultural group</li> </ul>
<b>Manifestations / Symptoms</b>	How violence actually occurs	<ul style="list-style-type: none"> <li>• <b>Deaths, injuries or assaults:</b> individuals and businesses; high levels of security precautions; political killings</li> <li>• Human rights violations, arbitrary arrests, military intervention in political affairs, corruption or nepotism</li> </ul>

**Note:** Corruption, nepotism and human rights violations are listed both in the category of drivers and manifestations. Often a symptom can turn into a factor sustaining the conflicts or contributing towards its escalation.



Figure 4C.3 Examples of Conflict Drivers



### Identifying Conflict Actors

Identifying conflict actors should be undertaken using *Tool 2B – Developing a Stakeholder Engagement Plan*. However, there is an important distinction in that conflict actors are not stakeholders to the company, but stakeholders to a conflict. In some cases, the company will be one of the conflict actors, while in other cases there may be conflicts in the local area that do not involve the company. The relationships of the conflict actors will change over time, and this change will be part of the conflict dynamics.

A conflict map simplifies a conflict and presents:

1. the actors, their “power”, or influence on the conflict;
2. their relationship with each other; and
3. the conflict theme or issues.

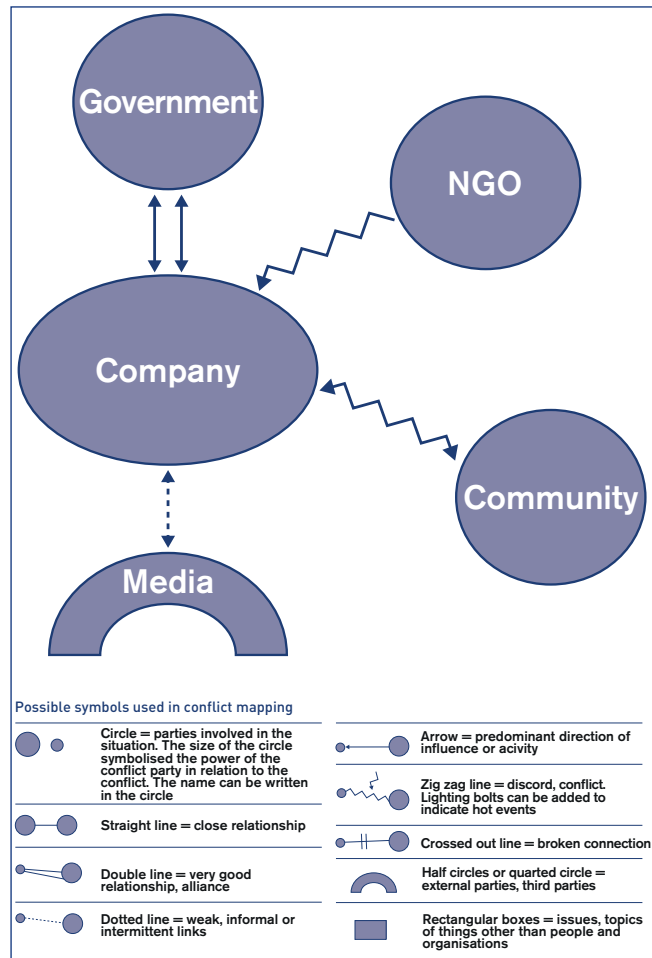
A conflict map represents a specific viewpoint of a specific conflict at a specific moment in time. *Figure 4C.4* gives an example of how conflict maps can be prepared.

### 4C.4 DEVELOPING STRATEGIES TO PREVENT AND MITIGATE CONFLICT

Once a conflict has been defined, its root causes understood and the actors identified, operations will need to develop strategies to prevent or mitigate conflict. This task requires an operation to:

1. understand local conflict dynamics, i.e. how the identified conflict situation is evolving over time;
2. identify the risks posed by conflicts (to both the company and other stakeholders), and the causes of those conflicts; and
3. design and implement prevention and / or mitigation strategies.

Figure 4C.4 An Example of Conflict Mapping



### Understanding Conflict Dynamics

The various relationships of the actors, the issues identified and shifts between the actors and issues form the conflict dynamics. These dynamics should be mapped and monitored regularly as they may be subject to frequent and often unforeseeable changes.

### Identifying the Risks Posed by Conflicts

This section provides guidance on preparing risk and impact scenarios to be used in developing strategies to prevent and mitigate conflicts. Only by being aware of conflicts and associated risks can operations operate in a conflict-sensitive manner. Importantly, operations should not only view conflict as an external risk to be mitigated, but should also understand that their activities can contribute to conflict.

Understanding the conflict risks should build on the profile of the local area (see *Tool 2A – Profiling the Local Area*) and the assessment of issues and impacts (see *Tool 3A – Assessment of Issues and Impacts*), supplemented by information from the site's complaints and grievance procedure.

By way of example, potential conflict risks to Anglo American are outlined in *Box 4C.3*, while *Box 4C.4* provides examples of how operations can cause or exacerbate conflict through their socio-economic and environmental impacts.

#### BOX 4C.3 TYPES OF CONFLICT RISKS TO ANGLO AMERICAN'S OPERATIONS

- **Security:** e.g. higher payments to security firms and installation of security equipment
- **Risk management costs:** e.g. insurance, reduced mobility
- **Material losses:** e.g. destruction of property or materials
- **Opportunity costs:** e.g. disrupted or suspended production and inability to expand in otherwise suitable locations
- **Personnel costs:** e.g. employee security and wellbeing, inability to attract or retain good staff
- **Legal costs:** e.g. lawsuits against perpetrators of violent acts or defending accusations of collusion
- **Reputation costs:** e.g. negative impacts for being identified as associated with conflict
- **Licence to operate costs:** e.g. future difficulties in securing official or community consents to expand

#### BOX 4C.4 EXAMPLES OF OPERATIONAL IMPACTS THAT MIGHT CONTRIBUTE TO CONFLICT

##### Socio-economic impacts which may contribute to conflict:

- Resettlement may disrupt existing community structures or lead to a deepening of power imbalances within a community.
- The hiring or procurement policy may inadvertently favour one ethnic group, causing resentment from other ethnic group(s).
- Operational changes resulting in unemployment.
- Criminal gangs that target compensation recipients or employees or conduct acts of extortion.
- Migrants move to the area because of hopes of job opportunities, causing disruption to the established local community.
- Increases in military presence to protect operations, etc.

##### Environmental impacts which may contribute to conflict:

- Land used for the project reduces land supply, resulting in fiercer competition among previous land users.
- Tailings dams or effluent discharges affect (or are perceived to have affected) water quality downstream, shifting water-access control to those with wells versus those with river access.
- Tailings disposal damages the fish population in their river, undermining the fishing communities' livelihood and, therefore, their status within broader community.

In identifying conflict risks, it is useful to develop conflict scenarios. *Table 4C.2* provides an example on the next page.

#### Conflict Prevention and Mitigation Measures

The preceding steps within this tool have focused on analysing conflicts and assessing the risks associated with these conflicts. This step outlines approaches to developing management responses to conflict. As with other issues and impacts, the preventative and mitigation measures should be built into the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*).

All Anglo American operations should aim to “**do no harm**” with respect to conflict issues. Doing no harm may not be a passive position, and may require multiple preventative actions. Depending on the nature or stage of the conflict, different approaches may be required:

- **Prevention:** The most effective approach to conflict management is prevention.
- **Mitigation:** If conflict already exists, it may be possible to develop mitigation measures to address aspects of the conflict, typically in conjunction with other relevant conflict actors.
- **Avoiding complicity:** In many conflicts, such as civil wars, an Anglo American operation may not be able to mitigate the conflict and may only be able to develop measures to ensure that it is not complicit in both exacerbating the situation or in human rights abuses (for example, by allowing its facilities or equipment to be used by conflict protagonists).

*Table 4C.3* presents some examples of conflict prevention and mitigation measures that can be adapted within different spheres of control and influence. Many of these management actions are described in SEAT. An operation will also need to work with partners to implement some of the preventative and mitigation measures. Sometimes these partners will be familiar (e.g. the local community or municipality, security services, etc.).

Given that violent conflict is frequently associated with human rights abuses, it is important that security arrangements comply with the Voluntary Principles on Security and Human Rights (see *Tool 4H – Voluntary Principles on Security and Human Rights*).



Table 4C.2 Example of a Risk Scenario

CONFLICT CATEGORY	MANIFESTATIONS	CONFLICT DRIVERS	ROOT CAUSES	TRIGGERS	ACTORS	RISKS TO COMPANY	RISK STATEMENT(S)	IMPACTS (POTENTIAL IMPACTS)
Governance	Violent clashes between police and local indigenous communities near the operation	Communities have not been consulted about the large scale expansion of a mine  Communities have been gradually pushed out from ancestral land and traditional occupations	Marginalisation of communities  Power asymmetries between central and rural areas  Poverty and lack of education	Recent changes in the land tenure system	Communities, police, national government, local authorities, mining company, church, local NGOs, international press, environmental NGO, etc.	Integrity of assets and people  Reputational risks arising from police violence	Uncontained clashes can escalate and local communities can cause harm to company assets and people  Police use excessive force causing injury / death / human rights abuse of community members. Company is accused of complicity by international NGOs / media and shareholders demand an inquiry. Shares may drop	Community members arrested / injured / killed  Basic human rights violated (right to life, liberty, etc.)  Rifts created in the community opposing and supporting the development  The relationship between police (representative of the state) and communities is damaged

**Table 4C.3 Examples of Actions to Prevent or Reduce Conflict**

TYPE OF ACTION	EXAMPLES OF ACTIONS
Social Performance Management (See <i>Tool 6A – Developing a Social Management Plan</i> and the <i>Step 4</i> and <i>5</i> tools)	<ol style="list-style-type: none"> <li>1. Implement social and environmental policies and management systems that include guidelines on human rights, anti-corruption and use of security forces.</li> <li>2. Undertake conflict impact assessment and monitor impacts on an on-going basis.</li> <li>3. Consult with stakeholders on a systematic and regular basis.</li> <li>4. Pay close attention to the level, number and nature of stakeholder complaints and grievances, and ensure grievances are addressed and closed-out wherever possible.</li> <li>5. Ensure fair access to socio-economic benefit delivery opportunities for local people (e.g. local procurement, local employment and local infrastructure development).</li> <li>6. Aim for broadly-based wealth creation and support for local livelihood opportunities.</li> </ol>
Social Investment (see the <i>Step 5</i> tools)	<ol style="list-style-type: none"> <li>1. Build capacity of local civil society organisations through training, funding, etc.</li> <li>2. Invest in community development initiatives that support local education, health and enterprise development programmes.</li> <li>3. Fund activities that promote diversity, tolerance and civic education.</li> <li>4. Ensure that social investments address root causes of potential conflicts, such as poverty or unequal distribution of wealth.</li> </ol>
Partnerships and Policy Dialogue (see <i>Tool 5A – Approaches to Socio-Economic Benefit Delivery</i> )	<ol style="list-style-type: none"> <li>1. Engage in dialogue with other companies and government to address national development needs, and tackle structural issues that contribute to conflict, such as corruption and human rights abuses.</li> <li>2. Work with civil society or community-based organisations to promote tolerance and non-violence in your community, for example, through educational initiatives in schools and publicity campaigns.</li> <li>3. Work with partners to identify prevention and mitigation measures appropriate to circumstances.</li> </ol>
Openness and Transparency (see <i>Tools 2B – Developing a Stakeholder Engagement Plan</i> , <i>4A – Complaints and Grievance Procedure</i> and <i>6A – Developing a Social Management Plan</i> )	<ol style="list-style-type: none"> <li>1. Be open with stakeholders about new investments, payments to government, etc.</li> <li>2. Adopt clear and transparent procedures for dealing with community feedback and complaints (see <i>Tool 4A – Complaints and Grievance</i>).</li> <li>3. Establish regular and meaningful stakeholder dialogue (see <i>Community Engagement Guidelines</i>).</li> </ol>

In cases where operations are located in a conflict or potential conflict-zones and are requested or required to interact with groups or individuals suspected to have connections to illicit armed groups, it is important to ensure that appropriate due diligence procedures are developed that reflect the local situation and conditions. Operational management should refer to the BU Corporate Affairs lead and Group Government and Social Affairs (GSA).

All conflict prevention and mitigation measures should be detailed in the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*). Given the sensitivity of conflict issues, actions should also be recorded in the country-level government relations plan.

Where there is a compelling safety, humanitarian or business case for participating in efforts to prevent or mitigate conflicts that Anglo American does not have a material role in, advice should be sought from GSA.

#### 4C.5 Monitoring Conflict Prevention and Mitigation Measures

In order to track progress, performance indicators should be developed in relation to the:

- causes of the actual or potential conflict (e.g. pollution, food shortages, etc.);
- manifestations of actual or potential conflict (e.g. property damage, no-go areas, injuries, fatalities, etc.); and
- effectiveness of preventative or mitigation measures (e.g. whether measures have prevented or reduced conflict).

These indicators should be reviewed over time, as part of the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*). For example, if indicators tracking causes of conflict move in the desired direction, but conflict is not reduced this could indicate that the causes of conflict have not been properly identified.

#### 4C.6 FURTHER INFORMATION

Further information on conflict is available from Conflict Sensitive Business Practices: Guidance for Extractive Industries, prepared by International Alert. Available at: [www.international-alert.org](http://www.international-alert.org). In particular, Section 3 Project-level Conflict Risk and Impact Assessment provides details on how to undertake a project level conflict risk assessment.

For information on how local businesses can play a role in peace building, see *Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector*, also published by International Alert. The report includes a series of case studies from around the world.



# Tool 4D: Resettlement Planning and Implementation

## 4D.1 OBJECTIVE

The objective of this tool is to provide initial guidance on resettlement planning and implementation. Specifically, the tool aims to highlight the risks and complexities associated with resettlement, and to outline best practice principles. The tool includes:

- definitions of resettlement;
- key objectives and principles;
- key risks associated with resettlement;
- developing a Resettlement Action Plan (RAP);
- skills needed to carry out resettlement; and
- key lessons.

## 4D.2 WHEN TO USE THIS TOOL

This tool should be used during the planning, implementation and monitoring of a resettlement programme. The tool can be used for new projects or for expansions of existing operations. However, the tool is not sufficient as standalone guidance. It is essential that it be used in conjunction with the best practice guidelines described in *Section 4D.9* and applicable Group policies.

## 4D.3 DEFINITIONS OF RESETTLEMENT

The International Finance Corporation (IFC) defines resettlement as the disruption and displacement of communities resulting from “project-related land acquisition and restrictions on land use”<sup>(1)</sup>. Resettlement can be classified as either voluntary or involuntary, and may be either physical or economic.

Resettlement is **voluntary** when resettled households have the choice to move. When the voluntary nature of resettlement cannot be confirmed, resettlement should be treated as involuntary. Resettlement is considered to be involuntary when “affected persons or communities do not have the right to refuse”<sup>(2)</sup>. This includes cases where a company has the legal right to expropriate land. In terms of best practice, operations are encouraged to acquire land rights through negotiated settlements wherever possible, even if they have the legal means to gain access to land without the sellers’ or occupiers’ consent.

**Physical displacement** is defined as “relocation or loss of shelter”, whilst **economic displacement** is defined as the “loss of assets or access to assets that leads to loss of income sources or other means of livelihood”<sup>(3)</sup>. For example, a household may have a portion of their land expropriated for the development of an access road, impacting on the crops they can produce. Similarly, the acquisition of water resources for a project may impact negatively on

the livelihoods of people living in the area. Economic displacement can be permanent or temporary (for example, when affected persons lose temporary access to a portion of their fields during the construction of an access road).

Anglo American’s *Social Way* requires that all resettlements, regardless of whether they are voluntary, be planned as if they were involuntary.

## 4D.4 KEY OBJECTIVES AND PRINCIPLES OF RESETTLEMENT

The overall objective of resettlement planning is to ensure that all affected people are compensated equitably in accordance with local laws and international guidelines, and have the opportunity to improve their living standards and income-earning capacity over pre-resettlement levels. Key principles which underlie good resettlement planning are<sup>(4)</sup>:

- to avoid or at least minimize involuntary resettlement wherever feasible by exploring alternative project designs;
- to avoid forced eviction;
- to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons’ use of land by:
  - providing compensation for loss of assets at replacement cost; and
  - ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- to improve or at least restore the livelihoods and standards of living of displaced persons; and
- to improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement sites<sup>(5)</sup>.

Operations should consider themselves responsible for all phases of the resettlement process, from planning to post-resettlement monitoring – regardless of the number of people that are being relocated or the significance / severity of the anticipated impacts.

(1) IFC Performance Standard 5, 2012

(2) IFC PS 5, 2012

(3) IFC PS 5, 2012

(4) IFC PS 5, 2012

(5) A resettlement site offers security of tenure if it protects the resettled persons from forced evictions (IFC PS 5, 2012).

Where land acquisition and resettlement are the responsibility of the host government, the company should work alongside the responsible agency (to the extent permitted), to achieve resettlement outcomes that are consistent with the above objectives. If government capacity is limited, the company should be actively involved throughout the resettlement process, including resettlement planning, implementation and monitoring. If compensation is paid through a government agency, then the actual payments made by that agency (and the extent to which they reflect payments made by the company) should be closely monitored. Transparency of the compensation process may reduce the risk of the diversion of funds from their rightful recipients.

Land acquisition<sup>(1)</sup>, payment of compensation for affected assets, and resettlement should be completed before construction commences (i.e. people should be resettled before any land-clearing takes place).

#### 4D.5 KEY RISKS ASSOCIATED WITH RESETTLEMENT

Involuntary resettlement can often expose displaced people to a range of human rights and impoverishment risks. These include:

- conflict and the break-up of communities and social support networks;
- loss of identity or sense of place;
- impeded or lost access to resources such as water sources, pasture, cultural assets or markets for goods and services, etc.;
- loss of access to public infrastructure or services;
- food insecurity;
- loss of productive assets or income sources;
- social ills, family breakdown; and
- decreased marketability of skills in host communities.

These risks and negative impacts are often particularly harsh for poor and vulnerable groups<sup>(2)</sup>. For instance, the resettlement of indigenous peoples with traditional land-based livelihoods can be particularly complex, and may have significant impacts on their ability to restore traditional forms of livelihood. This potential vulnerability to resettlement impacts needs to be carefully considered when developing compensation and restoration measures. *Tool 4G – Indigenous Peoples* provides specific guidance on the special considerations for indigenous peoples.

Host communities can also be susceptible to impacts, particularly when the resettlement process does not take into account the capacity of the receiving community to absorb the displaced population, resulting in, for example, strain on social services and infrastructure and increased competition for scarce jobs, land, food security, etc.

*Box 4D.1* explores further the challenge of respecting human rights during resettlement processes.

#### BOX 4D.1 RESETTLEMENT AND HUMAN RIGHTS

Resettlement can present human rights risks. Given the nature of the resettlement impacts and the level of implicit risk, there is a real challenge to achieving the objective to "do no harm" as set out in the United Nations *Guiding Principles on Business and Human Rights*.

Human rights need to be considered when planning and implementing resettlement. First and foremost, all efforts should be spent on exploring ways to avoid or minimise resettlement. Where this is not possible, Anglo American recognises and respects that people have the right to be involved in decisions that impact on their lives, and to negotiate for a better settlement package. They also need to be treated with respect as the resettlement is being implemented.

Post-resettlement livelihoods interventions also need to be undertaken with a view to achieving and securing human rights to a sustainable livelihood for the project-affected (including host) communities.

A poorly managed resettlement process also poses a number of risks to the company, including:

- potential project delays;
- restrictions on future developments due to community opposition (i.e. damaged social licence to operate);
- reputation risks (local, national and international);
- damage to community relations; and
- financial costs associated with remedying poor practice, litigation, triggering conflict and protracted negotiations with aggrieved residents (resulting in costly delays).

(1) "Land acquisition includes both outright purchases of property and purchases of access rights, such as ... rights of way." (IFC PS 5, 2012, page 1).

(2) "Vulnerable or "at-risk" groups include people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage or social status may be more diversely affected by displacement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. Vulnerable groups in the context of displacement also include people living below the poverty line, the landless, the elderly, women- and children-headed households, Indigenous Peoples, ethnic minorities, natural resource dependent communities or other displaced persons who may not be protected through national land compensation or land titling legislation." (IFC, 2012, Guidance Note).

## 4D.6 DEVELOPING A RESETTLEMENT ACTION PLAN (RAP)

### Overview

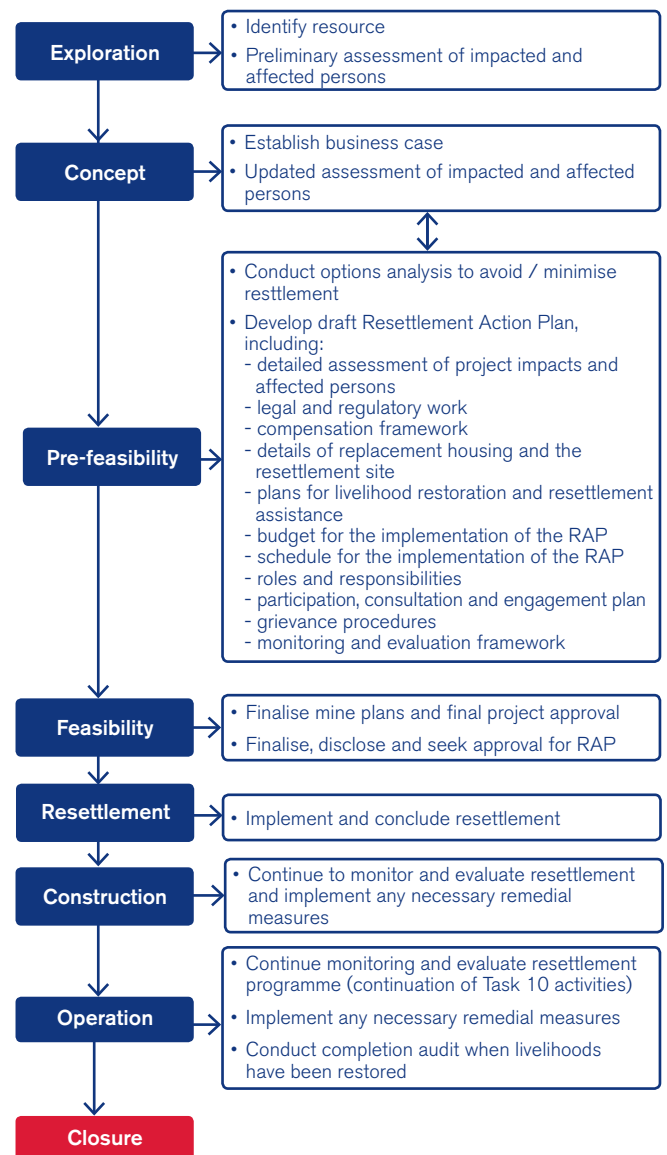
The aim of a RAP is to outline the proposed plan for the resettlement and address the risks associated with involuntary resettlement. The level of detail required will vary depending on the scale of the project, the local socio-economic environment and the complexity and significance of the impacts associated with the resettlement. However, the essential components of a RAP are:

1. efforts to avoid and minimise resettlement;
2. project impacts and affected populations;
3. legal and regulatory framework;
4. compensation framework;
5. details of replacement housing and the resettlement site;
6. plans for livelihood restoration and resettlement assistance;
7. budget for the implementation of the RAP;
8. schedule for the implementation of the RAP;
9. roles and responsibilities;
10. participation, consultation and engagement plan;
11. grievance procedure; and
12. monitoring and evaluation (including completion audit).

The stages of the project cycle during which these tasks should be undertaken are illustrated in *Figure 4D.1*. As *Figure 4D.1* shows, consideration of resettlement should commence as early as possible, with most key tasks being undertaken during the concept, pre-feasibility and feasibility stages. The timing of tasks will vary between projects, but in general it is best to commence planning as early as possible as delays are very common when implementing resettlements.

In addition to complying with any host country disclosure requirements, the Anglo American operation must ensure that the RAP document is available throughout the project area. To this end, summaries of the RAP should be prepared in local languages for distribution to accessible points within the project area. The disclosure period should allow all interested and affected parties sufficient time to submit their comments and concerns about the RAP. The final RAP should take into account any comments and issues raised during the disclosure process.

Figure 4D.1 Resettlement Planning During the Project Cycle



In line with the principle of avoiding resettlement, it is possible to finalise a RAP prior to project approval. However, RAPs should not be implemented until final project approval is received. Any exceptions typically relate to cases where communities have expressed a strong desire to move – for example, in relation to development or environmental considerations.

Although *Figure 4D.1* presents resettlement planning in the context of new capital projects, there may be some operations where several resettlement processes have to occur over the life of a mine, for example, as the mine expands. In such circumstances, the steps set out in this tool still apply.



There may be instances where not all aspects of land acquisition can be planned prior to initial project approval. Under these circumstances, the World Bank (OP 4.12) guidance requires the preparation of a **resettlement policy framework**. This framework establishes the principles, procedures, and organisational arrangements by which the company will abide during project implementation. Once the land acquisition requirements have been finalised, the company is then required to prepare a RAP consistent with the policy framework. Such a framework is also useful when resettlement needs to be phased over a substantially long period of time. A detailed outline of a RAP can be found in the IFC's Handbook for Preparing a Resettlement Action Plan, 2002, pages 59-63.

### Detailed Assessment of Project Impacts and Affected Populations

The first task in planning resettlement is to identify a project's full range of impacts, and the people and communities that will be affected. This lays the foundations for effective impact and risk management.

Effective resettlement requires an approach to impact identification that goes beyond simple cadastral surveys or inventories of affected assets, to include a detailed examination of the social, environmental and economic conditions in which the affected populations currently reside. Understanding local cultures is critical. Some key steps in impact identification are outlined in *Box 4D.2*.

Some of this information may have already been gathered during an Environmental Impact Assessment (EIA) or Social Impact Assessment (SIA) associated with the overall project.

#### BOX 4D.2 PROCEDURES FOR IDENTIFYING IMPACTS

- Develop **thematic maps** (these capture information such as where people live, location of infrastructure, soil potential, land-use patterns, water courses, vegetation types, etc.).
- Conduct a **census** that identifies the number of affected parties and registers them according to location. It is important that information regarding the cut-off date for registering as an affected party is well documented and disseminated throughout the project area. This should help to discourage in-flow of people who are ineligible for relocation benefits.
- Conduct an **inventory of assets**: land (including current and potential land-use requirements, ownership — legal and traditional — and access rights, and annual revenue derived from land uses), houses and associated structures, other private assets (e.g. crops, fencing); business and commercial assets (e.g. the number and type of businesses that would be affected and the value of the revenue losses should be determined); common property resources and assets, public assets (e.g. schools, hospitals); infrastructure (e.g. roads); and cultural, sacred and historical assets. The condition of these assets also needs to be considered.
- Conduct **socio-economic surveys** of all affected people, with specific identification of poor and other vulnerable groups.
- **Analyse information** from the surveys to identify compensation parameters and procedures.
- **Engage** with the populations identified for relocation (including authorities) in order to identify the full range and degree of likely impacts. Engagement is also necessary to agree compensation parameters and procedures, and to identify developmental opportunities.
- **Engage** with authorities and residents in the host area to identify the potential impacts of resettlement on the host area (e.g. strain on local services).

### Legal and Regulatory Framework

Resettlement can have a broad range of implications. It is important, therefore, to identify, consider and address the relevant local, regional, national and international requirements within a legal and regulatory framework. The legal and regulatory framework lays the foundation for the key elements of the RAP, including:

- land (including expropriation, security of tenure, etc.);
- property and housing (including building regulations, property transfer and title);
- planning and development (including health, transport, traffic, water and sanitation, etc.);
- environment (including pollution control, ecosystem services, etc.);
- agriculture (including soil conservation); and
- compensation (i.e. national legislation and international).

### Compensation Framework

The RAP compensation framework should identify the groups of project-affected persons (e.g. based on their ownership / rights in the area) and the compensation to which they are entitled. This can be for either the partial or complete loss of assets. The compensation framework should include a description of:

- any legal rates of compensation or guidelines established by the host government;
- the method that the project sponsor will use to value losses in the absence of established guidelines (or guidelines which are likely to yield equitable results);
- categories of affected people;
- the proposed types of compensation to be paid (e.g. cash compensation, land-based compensation or the selected mix between them). It is important to note that Anglo American may wish to compensate beyond the legal rates, particularly where they are below fair market rates or replacement value;
- compensation and eligibility criteria for the affected categories, including cut-off dates for eligibility and how eligibility will be established;
- how and when compensation will be paid; and
- establishing mechanisms to resolve grievances among affected populations concerning compensation and eligibility<sup>(1)</sup>.

Best practice approaches to compensation recognise the need to compensate not only individuals but also communities, where public assets or communal resources are impacted. Furthermore, there is a need to recognise both formal and customary ownership rights as well as the rights of people who use the assets. Consideration must also be given to the future value that the land or other

(1) IFC Handbook, 2002.

resources might otherwise have generated. Compensation is only awarded to the relocated population, and not to the host community unless there is displacement in the host community as a result of the resettlement.

Impacts on the host community should be addressed through the resettlement process and associated restoration measures.

Standards for compensation should be transparent and consistent within the project. It is best practice to compensate at full replacement costs and not just at market value (i.e. market value may exclude depreciation and transaction costs, resulting in a lower compensation amount). It is preferable that replacement costs for lost assets are assessed by **independent evaluators**.

The most appropriate form of compensation (e.g. land-for-land or cash compensation) should be determined; most resettlements may involve some element of both. Land-based compensation is preferable in locations where livelihoods are land-based, where land is collectively owned or where there has previously been a largely non-cash economy. This assists in ensuring ongoing access to livelihoods.

Whilst payment of cash compensation for lost assets is not usually preferable, it may be appropriate in some circumstances and for some individuals. Operations should be aware of the dangers of cash compensation among people who have been historically impoverished, or who have previously been involved in subsistence agriculture, and who do not have experience of dealing with relatively large amounts of money. Measures may need to be put in place (e.g. financial education and staggering compensation payments over time) to minimise the possibility of the squandering of compensation payouts, leaving families destitute.

The details of the compensation framework should be discussed and negotiated with, and signed off by, the affected parties. Being transparent about rates of compensation may assist in preventing government authorities from making deductions from the compensation packages. Many grievances and objections can be avoided through engaging communities to assess the adequacy and acceptability of proposed compensation.

### **Details of Replacement Housing and the Resettlement Site**

In cases of physical displacement, it will be necessary to identify an appropriate resettlement site(s) through a participatory selection process (involving affected communities, government, host communities, etc.). The preferred site should ensure that the livelihoods of the resettled communities and the host communities are maintained / improved. This would include assessing, for example, the agricultural carrying capacity of the resettlement site, competing access to natural resources with the host community (e.g. firewood, water) and the impact of the resettled communities on local infrastructure (e.g. education, sanitation, health).

The final RAP will also need to outline detailed plans for the layout of the resettlement site. In some cases, affected communities may choose a range of resettlement options – for example, the majority of households may choose a rural resettlement site and selected households may choose an urban resettlement option.

In addition to the resettlement site, the RAP should clearly depict the different styles of housing available at the resettlement and the eligibility criteria for each style of housing. It is often useful to develop models of the resettlement site and ‘show’ homes to ensure that communities understand the nature of their replacement assets.

### **Plans for Livelihood Restoration and Resettlement Assistance**

Resettlements can deliver development opportunities that have the potential to restore and improve the livelihoods of the displaced persons. However, most resettlement programmes have tended to focus on the process of physical relocation rather than on the economic and social development of the affected parties. To address this imbalance the following interventions are required:

- **Economic development strategy and assistance programme:** Development of an economic development strategy to restore and enhance incomes and livelihoods. The strategy should be developed in consultation with affected communities. In line with the strategy, provide ongoing development assistance in addition to compensation for lost assets (e.g. land preparation, agricultural support, enterprise development, training and employment opportunities, etc.).
- **Assessment of the host area’s ability to absorb resettled households:** The results of this investigation will help to inform the nature and extent of restoration measures including, for example, prevention of environmental deterioration, and the development of additional services and infrastructure in the host area.
- **Compensation payments and financial support:** Compensation payments to cover the full cost of relocation. This includes moving allowances, transportation costs, insurance costs, loss of wages and income due to loss of crops, time taken off for packing and moving, costs associated with special assistance, such as healthcare for poor and vulnerable groups, etc. In cases where land acquisition affects businesses, affected business owners should be compensated for the cost of re-establishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of plant or other equipment.
- **Replacement assets:** Provision of housing sites and resources (cash or in kind) for the construction of appropriate permanent housing and associated infrastructure.



- **Infrastructure:** Gaining the agreement and support of infrastructure providers, such as transport, water and electricity companies, to ensure that new communities are properly serviced. Such services should, where possible, be provided through normal supplier-customer agreements with no ongoing company responsibility for maintenance or payment.

Throughout the development of restoration measures, the needs of poor and vulnerable groups must be considered and addressed. Specific engagements may be needed with these groups (potentially in the absence of community leaders) to identify their needs and assess options for providing support.

### Budget for the Implementation of the RAP

Resettlement costs are often underestimated. It is essential that all costs be estimated carefully and included in a detailed budget within the RAP.

The costs associated with resettlement should be itemised by categories of impact, entitlement, and other resettlement expenditures (e.g. transport, training, project management and monitoring)<sup>(1)</sup>.

For ease of presentation and organisation, the results should be presented over the lifespan of the project.

The RAP budget must include a justification of all assumptions used in calculating compensation rates and other cost estimates. Currency fluctuations and inflation should also be considered, and a contingency budget included to cover unforeseen costs.

### Schedule for the Implementation of the RAP

The RAP budget should be linked to a detailed implementation schedule. This schedule should be synchronised with the project's construction schedule.

Timing of the RAP field activities (e.g. engagement, census, and survey implementation) is critical. Commencing RAP field activities may raise expectations and attract newcomers. It is also important to consider the agricultural and employment cycles of affected people and avoid scheduling key resettlement activities at times that may disrupt these activities.

### Roles and Responsibilities

The RAP should describe the organisational arrangements for the implementation of the resettlement programme. This includes defining the roles and responsibilities of all the organisations that will be involved. This may involve public and private organisations, or non-governmental agencies, as well as different levels of government. The company should play a key role in ensuring that the RAP meets the relevant IFC standards for resettlement, regardless of the allocation of responsibilities within the RAP – even in a government-managed resettlement. In some instances, it may be necessary to build capacity among partner organisations in order to ensure that they can effectively fulfil their responsibilities to international resettlement standards.

It is advisable to create a **Resettlement Advisory Group** to coordinate the implementation of the RAP. The group should consist of senior representatives of government, non-governmental organisations (NGOs), and community representatives from relocated and host communities. The advisory group should have a strategic role in overseeing the resettlement activity.

Such an advisory group should guide the work of a working-level **Resettlement Committee** which, wherever possible, should be formed during the early phases of RAP development. The Resettlement Committee should be comprised of leaders from within the affected population (both resettled and host communities), and representatives of interest groups who may not have formal leadership roles (e.g. women, young people and landless households). Such committees can play an important role in the negotiation of:

- the timing of resettlement;
- compensation with the resettlement planners;
- designing strategies for restoration and livelihood improvement;
- grievance and redress mechanisms; and
- monitoring and evaluating implementation.

The Resettlement Committee should continue to function with a broad membership throughout the implementation of the resettlement and until the completion audit deems the resettlement complete.

It may be necessary to compensate members of resettlement committees for their time. This should be done in a transparent and locally appropriate fashion. Care should be taken to ensure that members of the Committee do not become (or are not perceived to become) employees or "clients" of the operation. This could affect the credibility of their decisions and remuneration should not impact negatively on the process (i.e. delays to secure benefits).

Similarly, appointments should be for a fixed term. Means for the renewal of membership should be agreed with stakeholders at inception to help ensure continued legitimacy.

### Participation, Consultation and Engagement

The success of a resettlement ultimately depends on extensive stakeholder involvement in the planning and implementation process. The RAP should provide an overview of the stakeholders who need to be engaged, and by what means, including:

- an ongoing programme for engagement and participation (covering pre-, during and post-resettlement);
- details of who will be engaged;
- a clear and effective delineation of organisational responsibilities for the engagement process;
- a mechanism for dispute resolution and problem solving;

(1) Monitoring and evaluation is one area of resettlement that is frequently neglected, and the time and costs underestimated.

- a detailed budget for engagement activities;
- a schedule for monitoring and evaluation of the engagement activities; and
- mechanisms for taking corrective actions identified in the evaluation.

*Tool 2B – Developing a Stakeholder Engagement Plan* will help plan engagement activities.

### Grievance Procedures

Grievances among the affected population(s) are an inevitable component of involuntary resettlement, regardless of its scale. Grievances may occur before, during and after resettlement. **Addressing legitimate grievances in a timely manner is critical to the success of the resettlement project.** (*Tool 4A – Complaints and Grievance Procedures* provides specific detail on this topic.)

The project manager must, therefore, ensure that procedures are in place to allow affected people (both resettled and host communities) to lodge complaints or claims without cost, and with the assurance of a timely and fair response. In addition, the project may have to make special arrangements for members of poor and vulnerable groups to ensure they have equal access to grievance redress procedures.

Grievances are best dealt with in-house but other channels (e.g. government representative or independent ombudsman) should also be available. Every effort should be made to resolve grievances at the community level; recourse to the legal system should be a last resort. The RAP should describe the grievance redress framework that will be put in place by the host government or company. This description should include:

- institutional arrangements;
- procedures for recording and processing grievances;
- mechanisms for adjudicating grievances and appealing judgements; and
- a schedule, with deadlines, for all steps in the grievance redress process.

*Box 4D.3* describes the approach to developing and implementing a complaints and grievance procedure at Dingleton, South Africa.

### Monitoring and Evaluation Framework

Resettlement planning must include measures to monitor the process. This activity should be commensurate with project risks and impacts, and should continue until a completion audit shows that “all mitigation measures have been substantially completed and once displaced persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods”<sup>(1)</sup>.

#### BOX 4D.3 COMPLAINTS AND GRIEVANCE PROCEDURE AT DINGLETON

In accordance with international guidelines and the *Social Way*, a grievance mechanism was established for the Dingleton Resettlement project in May 2011. The grievance mechanism enables Dingleton community members to lodge grievances and to receive responses.

Prior to implementation, the grievance mechanism was publicised via a printed leaflet that was distributed in Dingleton. Unique “grievance books” were then placed in nine locations, selected to ensure that all segments of the Dingleton community have access to the grievance mechanism. These locations include: seven churches; the Home Based Care Project offices; and the Dingleton Survey Office. The Dingleton Survey Office is staffed by two Community Liaison Officers who assist community members with lodging the grievance, if necessary. Dingleton community members can also lodge a grievance anonymously and options exist for responding to anonymous grievances, including the monthly resettlement newsletter and community meetings.

All grievances are logged on an electronic Grievance Register which provides a means of recording, tracking, and monitoring the grievance procedure to ensure that grievances are adequately and timeously addressed. The Dingleton Resettlement Project Manager responds to grievances, via a formal letter, within 14 days of being logged.

Where a response cannot be given within the 14 days, the person who lodged the grievance is contacted and informed of the delay. Grievances and formal response letters are filed to further support the monitoring and evaluation. The Resettlement Working Group (RWG) and Kumba Steering Committee are kept informed of grievances logged and responded to on a monthly basis.

An Independent Monitor (IM) has been appointed. The IM was agreed in agreement with the RWG and Northern Cape government. The IM is a consortium of three NGOs (international, national and provincial).

The overall aim of a monitoring programme is to measure the extent to which the livelihoods of the resettled population have been restored and improved, including those related to the host community. In particular, the following should be monitored:

- the physical progress of construction;
- disbursement of compensation;
- the effectiveness of engagement processes, including complaints and grievances and the acceptability of adjudications and redress measures;
- the extent to which displaced persons have settled in as planned;
- the level of community satisfaction (among the resettled and host community)<sup>(2)</sup>;
- the effectiveness of restoration measures;
- progress in handing over infrastructure to relevant service providers and authorities;
- key risks going forward (and development of strategies for managing these); and
- the success of the resettlement, with a view to identifying lessons learnt for future projects<sup>(3)</sup>.

(2) This is typically measured through quantitative surveys with a statistically significant sample of the target population – supplemented by a review of feedback received through the grievance procedure and engagement processes.

(3) Anglo American's (Platinum Business Unit) Community Relocation Project Management Guidelines (2003)

(1) IFC PS 5, 2012, page 4

To enable effective monitoring and evaluation, monitoring activities must be adequately funded and integrated into the overall RAP management process and budget. The RAP must identify the organisational responsibilities, methodology, and schedule for monitoring and reporting. The four components of a monitoring plan should be:

- 1. Stakeholder engagement:** Affected stakeholders should be engaged before, during and after resettlement on a regular basis in order to identify successes and problems.
- 2. Performance monitoring:** Performance monitoring of the issues identified is an internal management function allowing the party responsible for resettlement to measure progress against the milestones established in the RAP.
- 3. Impact monitoring:** Impact monitoring gauges the effectiveness of the RAP and its implementation in meeting the needs of the affected population.
- 4. Completion audit:** The completion audit determines whether the company's efforts to restore the living standards of the affected population have been properly executed and effective. This should be undertaken by an independent third party.

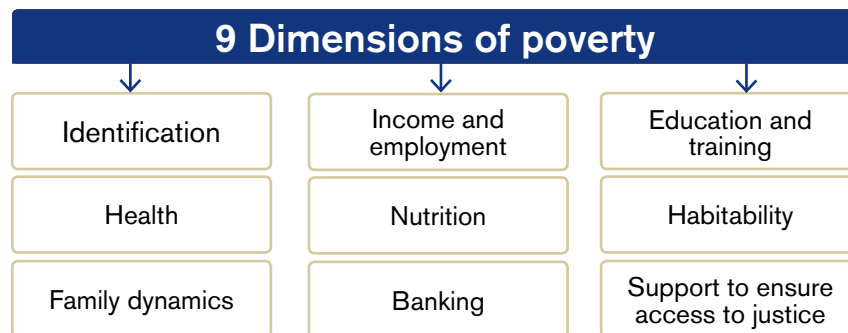
Where monitoring and evaluation reveal the need for remedial actions these should be implemented under the supervision of the Resettlement Committee or Advisory Group.

If circumstances change during or after completion of the physical resettlement, and the project is postponed or abandoned, this does not affect the extent of the company's responsibilities for follow-up monitoring and evaluation, or for ensuring that other parties (such as governmental agencies) fulfil their obligations.

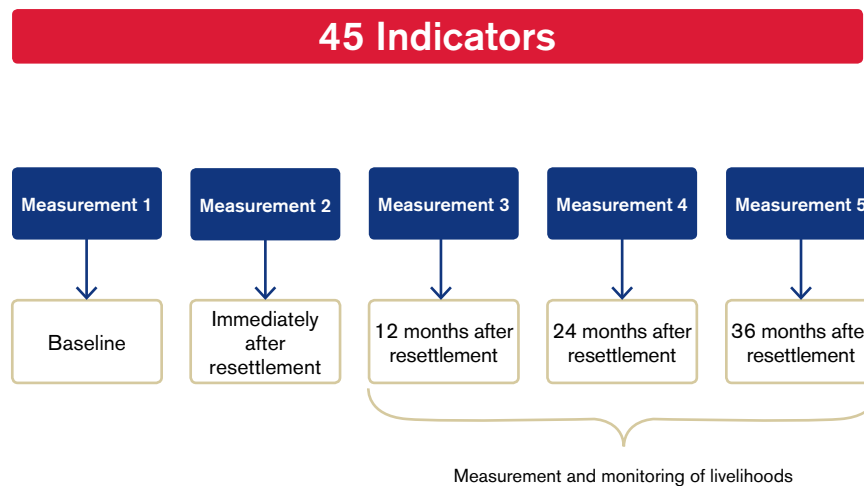
*Box 4D.4* describes Cerrejón's approach to monitoring improvements to livelihoods.

#### BOX 4D.4 MONITORING LIVELIHOODS AT CERREJÓN

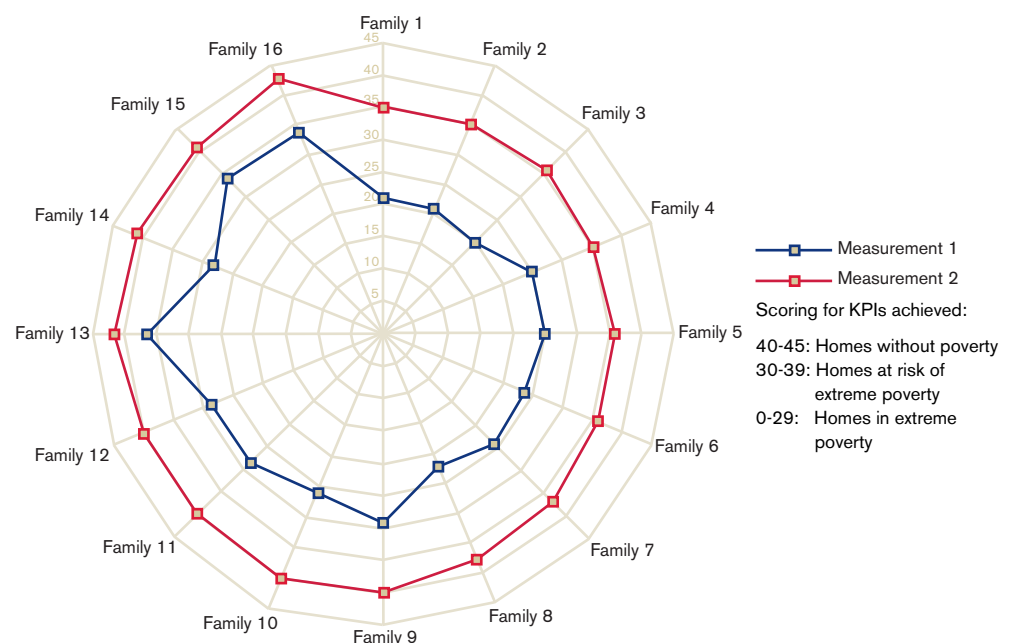
Cerrejón Coal (a joint venture between Anglo American, BHP Billiton and Xstrata) is monitoring the impact of resettlement on livelihoods through the Multidimensional Poverty Index. This methodology was developed by the Oxford Poverty & Human Development Initiative (OPHI) and has been adopted by Colombia's National Planning Department. The methodology is based on the concept of human development and recognises that although economic growth is important for a community to develop, it is not sufficient to guarantee the welfare of its population. The methodology measures nine dimensions of poverty, illustrated in the diagram below:



There are 45 indicators across the nine dimensions that are measured over a three-year period in order to assess the baseline and monitor the impact of resettlement on livelihoods after 12, 24 and 36 months:



This allows Cerrejón to measure the changes to livelihoods through the resettlement process and the effectiveness of the economic development and livelihood restoration strategies. An illustrative example of the monitoring KPIs has been outlined below:



## 4D.7 SKILLS NEEDED TO PERFORM RESETTLEMENT

Resettlement planning requires specialist expertise. **It is essential that the project manager engages the services of qualified and experienced personnel** to design and implement RAPs. However, it is also essential that companies themselves engage in the RAP design process. Companies' participation in the process is instrumental to coordinating resettlement activities with the project implementation schedule.

A RAP team should include experts with demonstrated expertise in the following areas:

- A socio-economist with experience in IFC resettlement projects and a background in design, implementation, and / or monitoring and evaluation of capital development projects in developing countries.
- A land-use planner / architect to assist the socio-economist with design, implementation and analysis of studies needed for socio-economic development, as well as with planning for resettlement and establishment of resettlement villages in new areas, where appropriate.
- A livelihoods planner, with a focus on agricultural livelihoods where appropriate.
- A public engagement expert with skills in community facilitation, conflict resolution and communications.
- An individual with an understanding of local legislation.
- An individual familiar with local land and commodity markets who can advise on valuation rates.

## 4D.8 KEY LESSONS LEARNED

Anglo American has established a Resettlement Working Group (RWG) to facilitate learning across the Group. The RWG convenes regularly to provide support and advice to resettlement projects as well as share lessons learned from past resettlements. Lessons learned from the Motlhotlo resettlement at Mogalakwena in South Africa are summarised in *Box 4D.5*, whilst more general lessons learned are present in *Box 4D.6* at the end of this tool.

### BOX 4D.5 LESSONS LEARNT FROM RESETTLEMENT AT THE MOGALAKWENA MINE

In the late 1990s, Anglo American's Platinum Business Unit identified the need to resettle the two villages of Ga Puka and Ga Sekhaolelo (jointly known as Motlhotlo and comprised of 957 households) from a site close to their Mogalakwena Mine in South Africa's Limpopo Province. The area was identified as the only viable location for the dumping of waste rock.

After a prolonged period of resettlement planning, the resettlement process began in 2007. By the end of 2008, almost 900 out of 957 households had relocated. Even though all households agreed to move through collective and individual agreements, about 60 households resisted resettlement and chose to remain on the old site. In addition, a significant number of youths decided not to move with their families and established new households at the old site.

A stalemate persisted despite the fact that there were negative effects for both the company and the community:

- Mining operations were disrupted and ongoing press coverage created negative publicity for Anglo American.
- The fact that the resettlement was not completed meant that certain benefits were not released to resettled households.
- Households that refused to move delayed receipt of new, improved home and land packages and compensation payments, and stayed in an area with very limited basic service provision (especially when compared with the new villages).

The following lessons can be learnt from this case study:

- While physical and technical planning aspects of resettlement process were undertaken successfully, it was the less tangible impacts that were not managed effectively (e.g. stakeholder relations).
- While Anglo American made a concerted effort to ensure that they identified the full range of eligible stakeholders, even undertaking a second census and employing a generous set of eligibility criteria, these efforts were undermined by youths who felt excluded from the decision-making, as well as from benefit sharing, and consequently opposed the resettlement.
- In spite of efforts to ensure adequate engagement with affected stakeholders, project-affected people felt that they did not have a voice. This was caused by the breakdown in accountability between the communities and their representatives and exacerbated by the lack of a sufficiently robust grievance mechanism. The community therefore raised their concerns through other channels, including NGOs, the media, protest action and legal challenges.
- Monitoring was ad hoc and, even where issues were identified, corrective actions were not always implemented. Systematic monitoring may have identified the growing opposition and appropriate corrective action could have averted the protests and consequent breakdown in trust.



## 4D.9 FURTHER INFORMATION

Although most countries have laws addressing land expropriation, not all of them will be in line with international best practice. The following documents represent key sources of guidance:

- The IFC's Policy and Performance Standards on Social and Environmental Sustainability (2012) – in particular, Performance Standard 5: Land Acquisition and Involuntary Resettlement. Available at: [www.ifc.org](http://www.ifc.org).
- The IFC's Guidance Notes: Performance Standards on Social & Environmental Sustainability (2012). Available at: [www.ifc.org](http://www.ifc.org).
- The IFC's Handbook for Preparing a Resettlement Action Plan (2002). Available at: [www.ifc.org](http://www.ifc.org).
- African Development Bank, Group Involuntary Resettlement Policy (2003). Available at: [www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/10000009-EN-BANK-GROUP-INVOLUNTARY-RESETTLEMENT-POLICY.PDF](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/10000009-EN-BANK-GROUP-INVOLUNTARY-RESETTLEMENT-POLICY.PDF).
- Asia Development Bank, Involuntary Resettlement Safeguards (2006). Available at: [www.oecd.org/dataoecd/4/53/38032102.pdf](http://www.oecd.org/dataoecd/4/53/38032102.pdf).
- Organisation for Economic Co-operation and Development (OECD), Guidelines for Aid Agencies on Involuntary Resettlement (1992). Available at: [www.oecd.org/dataoecd/37/27/1887708.pdf](http://www.oecd.org/dataoecd/37/27/1887708.pdf).
- United Nations, Basic Principles and Guidelines on Development-Based Evictions and Displacement (2009). Available at: [www2.ohchr.org/english/issues/housing/docs/guidelines\\_en.pdf](http://www2.ohchr.org/english/issues/housing/docs/guidelines_en.pdf).
- World Bank Involuntary Resettlement Policy. Available at: [web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTSAFEPOL/0,,contentMDK:20543978~menuPK:1286647~pagePK:64168445~piPK:64168309~theSitePK:584435,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTSAFEPOL/0,,contentMDK:20543978~menuPK:1286647~pagePK:64168445~piPK:64168309~theSitePK:584435,00.html).

### BOX 4D.6 SUMMARY OF GENERAL LESSONS LEARNED FROM RESETTLEMENTS

#### Governance

- Appropriate governance structures should be established that provide specialist insight and advice and have formal and democratic structures:
  - Clear terms of reference should be developed and agreed for any committee that is elected or appointed to represent stakeholders, and any stipends or payments should be agreed with the stakeholders. Terms of reference must be comprehensive and specify the obligations of members (e.g. roles and responsibilities, mandates, deliverables, etc.). Responsibilities should be limited to seeking approval and communicating with communities, rather than participating in the internal project management process.
  - It is important to ensure that any committee representing stakeholders is selected in a manner that is seen to be free and fair. Proper records of the selection process, such as notices, the means of advertising or calling the election, the number and names of people present, the type of election (show of hands, secret ballot, etc.) and result, and final constitution of the committee must be maintained. Having credible independent monitors to advise and oversee the selection process is recommended. The process should have the prior approval of all stakeholders, if possible (e.g. traditional, local, provincial and national authorities).

- Governance bodies should ensure representation from all main community groups, rather than just from traditional leadership groups or limited sections of the community.
- Governance structures should provide regular, timely and accurate feedback to constituents:
  - Communication from the committee structure to the community / stakeholders must be tested regularly and not merely assumed to be functioning. The communication process should not be rushed and sufficient time should be provided in the pre-project execution phase for upfront relationship building and communication.
  - While consultants can have an important role in the resettlement, the overall stakeholder engagement and communication process should not be outsourced and a senior official from the project team should lead the process from start to finish.
  - It is important to select a project lead for the consultation who is suitably experienced and has the right attributes for managing such a process. Psychometric tests may be useful in assessing candidates.
- Involving independent and reputable NGOs from outside the community can help establish trust in the process and build relationships with the affected communities, as well as other key stakeholders.
- Stipends paid to participants in governance bodies are often necessary given the time commitment required. However, they may undermine the resettlement process if not managed carefully. Risks to monitor include:
  - stipends paid for representatives' time can result in an increased number of meetings. They may also lead to project delays if recipients wish to preserve the income stream they provide;
  - stipends can create actual or perceived conflicts of interest for recipients and undermine the community's faith in representative structures; and
  - stipends can cause inter-community conflict, as community members can compete for positions on governance bodies and the associated income stream.

#### Complaints and Grievance Mechanisms

- Complaints and grievance procedures should be implemented as soon as possible to:
  - identify stakeholders' issues and concerns before they escalate into conflicts. Failure to resolve claims effectively may lead to small problems escalating into large ones, with consequent impacts on schedule, cost and licence to operate;
  - pre-empt the use of other, more conflictual channels for stakeholders to voice concerns (protests, law suits, media, etc.); and
  - ensure that claims are resolved quickly, fairly and systematically.
- Be clear that, while stakeholders have a right to raise any concerns or desires, there will be some things on which Anglo American will not be able and / or willing to negotiate. For example:
  - It may not be possible to change certain aspects of the mining or resettlement project for technical or economic reasons.
  - Hiring and procurement decisions will be made according to the company's usual criteria (including preferences for local hire and supply).
  - Community members do not have a right to select or veto members of the company's project team.
  - Any form of corruption is explicitly prohibited in line with Anglo American's values and the *Business Integrity Policy and Prevention of Corruption Performance Standards*.

#### Stakeholder Engagement and Consultation

- Identify and engage with stakeholders as soon as possible to build relationships and establish trust:
  - Engagement should not only include the Project-Affected Peoples (PAPs) that will be resettled, but all key stakeholders affected by the resettlement. For instance: relevant government departments, host communities at the resettlement site, local NGOs, etc.
  - Engagement and consultation efforts should be supported by an adequately resourced project team.
  - Ensure terminology is appropriate for target audiences. For instance, local communities may not understand technical approval processes, such as stage gate reviews, that impact on the resettlement planning.

- Allow adequate time for engagement with key stakeholders. They may have different and competing priorities to the project team (for example, farmers may be particularly busy during harvest periods or market days / weeks).
- Ensure that stakeholder engagement processes are designed to deliver free, prior and informed consultation:
  - Ensure that the RAP is developed with and accepted by stakeholders. The RAP outlines the resettlement strategy and agreement will be critical for the effective implementation of resettlement projects.
  - Complex resettlement projects often involve diverse and sometimes opposing stakeholders that need to be identified, understood and engaged.
  - Ensure that stakeholders understand the impacts of resettlement and their compensation packages to avoid scope changes during construction, delays and budget overruns.
  - At a minimum, the project should seek to secure broad community support, although the unanimous approval of affected households is the most desirable outcome. However, always assume that some householders who have given their consent change their minds, and have plans in place to address this.
- Do not engage solely through leaders (including traditional and elected leaders), as such groups may have their own interests, may not effectively represent all community interests, and may be selective in the information that they pass on to communities.
- Ensure that open communication channels to all stakeholders are established and regularly tested to ensure that information reaches intended audiences (including internal team leaders and employees):
  - Ensure that there is consistent messaging to both employees and stakeholders. Appointing an overall communications lead can avoid conflicting promises and messages.
  - Communications channels need to be appropriate. Radio, television, newspapers and newsletters should all be considered, as should social media and phones. For example, SMS / text messages can be used to notify stakeholders of meetings whilst email and websites can provide more detailed information.
  - Communications channels can also be used to generate positive publicity when a milestone has been achieved.
- In some cases, individual stakeholders, groups or organisations may actively oppose the project or resettlement. Stakeholder engagement and communications should:
  - aim to build an understanding of their concerns and, where possible, develop a strategy to address them and build trust; and
  - maintain formal communications (as agreed within project team governance structures) to avoid giving mixed or wrong messages.

### Expectation Management

- Establish clear criteria and guidelines for the resettlement at the outset and reinforce these criteria continuously through communications. For instance:
  - Be clear about the conditions under which Anglo American will proceed with the resettlement (for example, if broad community support is achieved).
  - Establish clear criteria for activities permitted after the cut off date (e.g. planting crops, improving infrastructure, etc.) and how these will be compensated.
  - Show homes and mock-ups of other replacement assets can provide clear guidance to communities regarding the nature of replacement assets.
- Stakeholders' expectations need to be understood and considered throughout the resettlement process:
  - Note that expectations can be raised by setting unsustainable precedents (e.g. acceding to unreasonable stakeholder requests to enable short-term project milestones to be met) or making unrealistic commitments (e.g. on employment opportunities, etc.).
  - Similarly, unrealistic stakeholder expectations should be clarified with stakeholders as soon as possible.
  - All commitments should be delivered, so they should be considered carefully and by the appropriate internal approval bodies. A central commitments register should be kept and progress tracked.
- Internal project approval bodies should be aware of the socio-political

risks associated with failing to meet communities' expectations for a resettlement.

### Social-political Analysis

- Establish an understanding of the complex dynamics of the community through accurate and comprehensive baseline data:
  - Do not make assumptions about the cultural background, politics and economic conditions of the community. Instead collate data using relevant specialists.
  - Build a clear understanding of traditional leaders' roles before the resettlement process commences.
- Understand the broader socio-political context that could impact on resettlement. For instance:
  - Elections can impact on resettlement planning, permitting, and project schedules.
  - Stakeholders opposed to the operations / project may impact on the resettlement.

### Livelihoods

- Ensure that effective socio-economic development plans are developed to support sustainable livelihoods following resettlement. It is important to remember that:
  - employment opportunities during construction may not be available during the operation of a mine;
  - cash compensation can often fail to support sustainable livelihoods and can also result in inter-family conflicts; and
  - resettlement teams rarely have the required socio-economic development expertise or staffing levels, so partnering with experienced NGOs or other development agencies can be an important means of delivering on community development commitments.
- Project teams will need to be able to monitor and report on the success of livelihoods restoration and improvement programmes. It is important, therefore, to:
  - identify and establish criteria that measure and monitor improvements to livelihoods;
  - measure baseline data to assess pre-resettlement livelihoods based on agreed criteria; and
  - track improvements to livelihoods through regular and longitudinal assessments.
- Independent legal advisors should be identified to assist Project-Affected Peoples (PAPs) in understanding their compensation package. Independent advisors can be instructed and paid through a trust fund account that is controlled by an independent NGO to enhance credibility and trust.
- Ensure that resettlement planning accommodates organic population growth and demographic changes. For instance:
  - During the planning period PAPs may reach legal age for entitlements and will need to be considered in compensation packages.
  - Resettlement sites will need to allow for organic population growth.
- Resettlement that involves a transition from a rural to an urban livelihood can be particularly difficult for the resettled population, who often lack the skills required for urban living. This is often most difficult for the elderly. Although international best practice recommends that resettlement should replicate pre-existing ways of life as much as possible, the affected population may choose urban living, or local government may exert pressure for such outcomes. In such instances, companies have a key role to play in providing the necessary awareness-raising (to allow for informed decisions), and the necessary restoration support, if urban living is what the affected population choose.

### Compensation

- Identifying who is entitled to compensation can be a complex and difficult process. As well as formal property rights (including ownership and rental rights), operations may need to provide compensation for affected persons with either informal property rights (e.g. squatters), communal or customary rights (e.g. historical rights). In addition, consideration should be given to perceived lost future rights. For example, if informal housing cannot be built in the new settlement, young adults expecting to move out of the family home may be disadvantaged if they cannot afford to build or buy formal housing. This may lead them to request compensation



(in addition to that received by their families) even when they have no recognised property rights themselves. Such issues will need to be resolved on a case-by-case basis with reference to the host country's prevailing legal, cultural and socio-economic standards and expectations.

- Determining rights to compensation is particularly difficult with economic displacement, where establishing the extent of an area's contribution to someone's livelihood can be complex. Existing RAP guidelines do not provide detailed guidance on identifying who is entitled and who is not. Three principles should be upheld:
  - a spirit of negotiation and transparency regarding the entitlement criteria that are decided upon;
  - the establishment of a clear cut-off date by which all affected residents need to register themselves for compensation (parties who register after the published cut-off date would not be considered eligible); and
  - the need to compensate beyond formal ownership rights to include traditional, customary and communal rights to land, as well as tenants, and squatters (if resident in the area before the cut-off date).
- The needs and concerns of those without rights to compensation, (such as youths or neighbouring communities who may feel they have been overlooked) may, however, be addressed by social investment activities. For example, educational opportunities, training and local business development in the resettlement planning can all play a role. Such initiatives are likely to be pursued in partnership with other actors.
- Resettlement compensation can be subject to corruption risks. Close monitoring and accurate census data are needed to manage this risk.
- The costs associated with resettlement are often difficult to predict, in particular those associated with full and effective restoration of livelihoods. As previously mentioned, it is essential that a contingency budget be set aside.
- The provision of culturally inappropriate facilities and infrastructure can leave PAPs no better off and, in some cases, worse off. There are many examples where communal facilities were provided but not maintained or even used by the community. Furthermore, where the nature of the infrastructure provided precludes people from being able to maintain it themselves (e.g. where new houses are no longer made of readily available local materials but rather of brick and mortar), these new structures may serve to disempower PAPs. This can only be avoided through extensive engagement with communities on the public and communal facilities they deem necessary, how they can be delivered in culturally appropriate ways and how they will be maintained and managed.

### Project Management

- Unplanned and uncontrollable activities often affect resettlement planning and implementation. It is important, therefore, to include contingencies in both the project schedule and budget. Note that, in general, moderate to large resettlements take a minimum of four years to implement (from initial planning to moving households).
- Ensure that adequate and appropriate resourcing has been secured to implement the resettlement programme:
  - Ensure that the Project Team has the capacity / expertise to plan and implement a resettlement. This should include experienced social and community specialists.
  - Consider internal versus external resourcing decisions carefully, as specialists contracted on a time basis may stand to gain financially if disputes are not resolved.
  - If possible, retain the same project manager throughout the project to create a good base for communication and trust with the community.
- Consider partnering with reputable, international NGOs who can act as monitors and community advisors as project teams plan and implement the resettlement. This approach should help to build trust and legitimacy in project decisions.
- While Anglo American should always take full responsibility for resettlement planning and implementation, partnerships between the company and relevant government authorities are vital. Government organisations have an important permitting role, and are also typically providers of a range of infrastructure and other services to communities. In general, Anglo American should seek to project manage resettlements. Where local law does not permit this, the company may need to develop its own procedures to supplement government action to ensure that Anglo American and international standards are observed.
- Establish accurate and comprehensive records of all

communications, agreements, changes to scope, processes and activities. Different forms of media can be used to support documentation (e.g. video and photography) especially where there are low levels of literacy. Record keeping is imperative because:

- deficiencies in the records and / or discontinuity in project staff may be exploited by stakeholders;
- resettlement projects that span several years will inevitably experience turnover within the project team and reliable records will support the implementation of the resettlement; and
- it is sometimes alleged that, for example, compensation agreements were signed under duress. Video and photographic records of signing ceremonies can act as important evidence of the atmosphere at such events.
- Ensure that legal lease and purchase agreements are in place before commencing the resettlement, and that appropriate ongoing support is provided for. It will be important to:
  - avoid placing unrealistic reliance on legal agreements. Communities are often more respectful of traditional agreement making processes and, indeed, the quality of the relationship they have with the company than formal legal processes that they may not be familiar with;
  - dedicate resources for project closeout and handover (e.g. "handholding" during the period after resettlements); and
  - ensure that contractors are properly accountable for defects and faults for a reasonable period after construction, and that the company provides back-up support as required. In developed countries, for example, it is common for new homes to come with 10 year guarantees against defects not caused by normal wear and tear.
- Project implementation should aim to identify opportunities for local employment and procurement. However, risks should be identified and mitigated:
  - Strike action or protests by community labour may require complex negotiations.
  - Training needs for community labour will need to be built into the project schedule.
  - Conflicts of interests may emerge (e.g. a community may seek contracting or employment preferences for family members).
- Adopting a full "like-for-like" principle can result in schedule delays and budget overruns:
  - Although overall replacement packages should represent significant livelihoods and asset improvements, a literal interpretation of like-for-like may result in delays, cost and complexity, if new matches for individual items need to be sourced or made (particularly when items, such as old electrical fittings and built-in appliances, are no longer in production).
  - An alternative approach is to offer standard packages of fittings, etc. that broadly reflect what exists (where this is desirable), and allow resettled householders to choose from these.
- Resettlements should be carefully scheduled in the context of major capital projects. Net Present Value (NPV) calculations may show a financial benefit from delaying resettlement expenditures. However, such calculations also need to factor in the risks of project delays. Assuming resettlements will take 50 percent longer than planned is a sensible sensitivity test to undertake. Also note that communities will understand the importance of the project keeping to schedule. As project deadlines approach, some community members may try to use this understanding to seek further compensation.
- Conversely, avoid company-determined delays to the resettlement schedule. Delays can erode trust, provide a window for new demands to be made, and create an opportunity for illegal settlements.
- Ensure that relevant government departments are involved in the implementation of the resettlement plans, as appropriate:
  - Ensure that the government responsibilities following project handover (e.g. basic services, etc.) are negotiated and understood.
  - Confirm that the government has the capacity and resources to provide services to deliver on its commitments.
  - Ensure that all buildings and any infrastructure meet the standards of the different government departments and the local municipality.
- Influx into a project-affected area is commonly seen before cut off dates. Communities can be effective allies in guarding against influx to the area.
- Establish a systematic monitoring and evaluation programme to track progress and identify issues early.

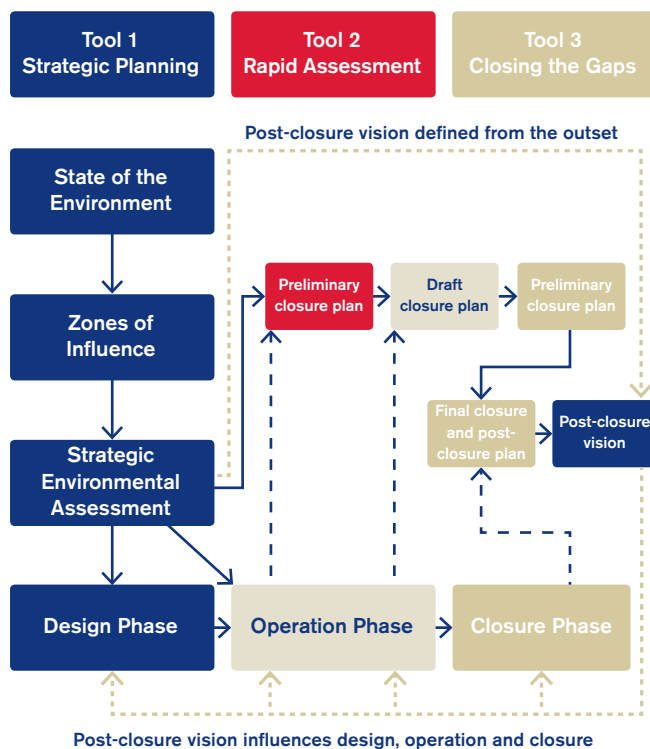


# Tool 4E: Planning for the Social Dimensions of Mine Closure

## 4E.1 OBJECTIVES

Anglo American's *Mine Closure Planning Toolbox* addresses the full range of environmental, social and economic aspects associated with mine closure. The closure toolbox is the primary reference document for all matters relating to closure. This SEAT tool is designed to elaborate on, and provide supporting guidance for, particular socio-economic issues or tasks in the closure planning process; it should not be used in isolation. The key stages of the mine closure toolbox are summarised in *Figure 4E.1*.

Figure 4E.1 Summary of the Mine Closure Planning Toolbox



The *Mine Closure Toolbox* takes a whole-life view of closure planning, and recommends that closure planning should begin during the mine development process. This helps to ensure that issues, such as mine infrastructure planning, are addressed with eventual closure and potential after-use in mind.

This approach allows Anglo American to achieve sustainable development outcomes, and ensures alignment with Anglo American's *Social Way*, which requires operations to proactively seek to deliver lasting net socio-economic benefits to the host communities, both over the project's lifecycle and beyond.

## 4E.2 STAKEHOLDER EXPECTATIONS CONCERNING MINE CLOSURE

Stakeholders increasingly expect that an operation's closure planning will address social and economic consequences of closure. Key issues to address include:

- employees, contractors and local business partners who may lose their jobs through down-sizing or closure;
- impacts of closure on neighbouring communities;
- disproportionate impacts of closure on vulnerable stakeholders;
- community viability in the absence of Anglo American operations (particularly pertinent in the case of purpose-built mining towns); and
- partners that Anglo American should work with to plan for the future.

The specific issues relating to post-closure planning will vary from location to location. For example, some mining operations may be located in areas where communities are wholly dependent upon them (and may have been created by design or through the migration of people and businesses taking advantage of employment and commercial opportunities), whilst others are a smaller part of a more diverse local economy. It is, therefore, not possible to be prescriptive in relation to mine closure planning.

## 4E.3 ANGLO AMERICAN'S POLICY ON MINE CLOSURE

Anglo American's policy towards mine closure does not accept unlimited responsibility for the prosperity of communities currently associated with operations. However, Anglo American aims to use the economic activity generated by its operations to create opportunities for its stakeholders. The operation of a mine should create a window of opportunity for development and the company aims to play its part in supporting balanced and sustainable development and, where possible, to seek to cushion the long-term impacts of eventual closure. The information gathered in this tool will feed directly into any aspects of an operation's Social Management Plan (see *Tool 6A – Developing a Social Management Plan*).

## 4E.4 WHEN TO USE THE TOOL

Planning for closure is an iterative process that should develop over the life of the mine. It should commence at the earliest opportunity, ideally during the mine planning process, and then in a number of key development stages. The *Mine Closure Planning Toolbox* sets out a clear process for closure planning, and highlights the extent to which closure plans should be developed and costed at any given stage of a mine's life, based on the remaining life of the operation.

Closure planning should begin as early as the initial project development (or concept) phase. The preliminary closure plan and detailed closure plan will be developed during development and operation and refined throughout the life of the mine. The closure plans will identify key milestones and specify activities and actions to reach the closure vision and objectives. The final closure plan should be finalised five years before closure and will define how long post-closure monitoring will be required. This will often be determined by environmental remediation and rehabilitation considerations.

Closure planning should increase in detail and build the underlying knowledge-base as closure nears. The different planning stages should be informed by increasingly focused and intensified stakeholder engagement. **Box 4E.1** describes the risks of engaging with stakeholders about closure planning.

### BOX 4E.1 RISKS OF TALKING ABOUT "CLOSURE" TO COMMUNITIES

When using this tool it is important to consider the terminology that is used with local stakeholders. For example, whilst the term "mine closure" is widely recognised within the industry as referring to environmental remediation and rehabilitation, to many in the community "mine closure" may be synonymous with "community closure". This may undermine confidence and also cause unnecessary alarm. For example, the scheduled closure may be many years away and the basis of a smaller but still viable community may exist by then. Therefore, when consulting with other stakeholders it may be beneficial to use more neutral terms such as "planning for the future".

## 4E.5 SEAT GUIDANCE RELATED TO KEY TASKS IN THE MINE CLOSURE PLANNING TOOLKIT

The tasks presented below outline the key steps for developing the mine closure vision and plan that are detailed in *Tool 1* of the *Mine Closure Planning Toolbox*; relevant SEAT tools are referenced. The tasks have been written so that they are relevant to both new projects and existing mines.

### Step 1: Understand the Local Area including Environmental and Socio-Economic Issues

*Tool 2A – Profiling the Local Area* can be used to provide an overview of the local conditions. For new mines, this information will be supplemented with in-depth assessments undertaken as a part of the environmental and social impact assessment processes. However, this information will rapidly become outdated, and will need to be updated regularly through SEAT assessments. If information from other assessments or reports is used, the mine closure plan should include a short synopsis of key issues and findings for immediate and easy reference by the mine closure planners.

### Step 2: Develop a Realistic Post-Mining Vision for the Area

Ideally, there will be a well-developed regional plan which sets out a vision for the local area or region. However, in many circumstances this will not be the case. Early in the mine's life, management will use the Rapid Strategic Environmental Assessment (SEA) tool to determine an initial closure vision, drawing on impact assessments, SEAT reports and other sources. This does not involve significant external consultation; however, as closure nears, it will be important to consult widely and work with stakeholders to refine the initial closure vision. Stakeholders who should be engaged in developing the socio-economic aspects of the post mining vision include:

- management;
- local community leaders;
- community-based organisations;
- employee representatives, for example, trade unions;
- local / regional or provincial politicians or government officers with responsibility for economic and infrastructure planning;
- providers of education and training;
- independent experts, such as academics or specialist consultants;
- suppliers and other local entrepreneurs; and
- other mining companies operating in the region, particularly if they face the same issues.

Advice on how to engage with different stakeholders can be found in *Tool 2B – Developing a Stakeholder Engagement Plan*.

It is also advisable to convene a Steering Group to develop the vision. It may not always be appropriate for an Anglo American representative to lead the Steering Group despite being responsible for mine closure. Other candidates might include government officials or a trusted independent expert.

The Steering Group should take the lead in commissioning, managing and reviewing research into the future of the local economy and the impacts of mine closure. Aspects of the vision that should be addressed include:

- environmental quality, including the quality and availability of natural resources and ecosystem services;
- physical and social infrastructure (e.g. roads, schools);
- the skills and capacities of local people and institutions, and the needs of local businesses;
- equal opportunities (gender, racial, religious, etc.); and
- employment and business opportunities.

The Steering Group should also oversee a stakeholder engagement process. The main elements of the engagement are similar to those outlined in the SEAT *Step 2* tools, but place an emphasis on the future development of the community, rather than mine impacts.

The closure plan should influence the mine's existing socio-economic commitments (see *Step 3* of the *Mine Closure Planning Toolbox*). The plan should also aim to work in partnership with local organisations and, in particular, government agencies responsible for socio-economic development and environmental management (see *Step 4* of the *Mine Closure Planning Toolbox*).

### Step 5: Determine Alternative and Most Suitable Land Uses and Economic Options that are Consistent with the Closure Vision

The closure plan should identify and prioritise alternative land use and economic options that the mine could realistically achieve by closure (within the remaining life of mine) and that can be sustained post closure. SEAT provides no specific guidance on land use planning or regional economic planning; however, the guidance presented below and included in the SEAT *Step 5* tools will be relevant in many cases. To be effective, it is necessary to identify options that are applicable at the local level and have a long-term focus. These options should be identified through a workshop with the mine's closure team and senior management using the results from the above steps. It will also be necessary to ensure that these options are aligned with government objectives.

Finally, it is important to ensure that natural resources and ecosystem services on which communities depend will not be impacted by the closure processes and plans. To do this, a review of natural resources and ecosystem services and a review of activities that could impact ecosystem services needs to be undertaken. Additionally, if there are plans that depend on the availability of healthy and functioning ecosystem services, a review of the threats to those ecosystem services is also recommended. This should include management measures that protect those ecosystem services into the future.

### Step 7A: Identify Post-Mining Uses of all Skills, Disturbed Land and Infrastructure / Buildings Established by the Operation

There are four key sources of employment opportunity linked to closing Anglo American operations which stakeholders may wish to consider:

- re-use of existing assets (including land, buildings and skills);
- supporting the establishment of a locally-based supply chain that can serve other customers, through measures such as local procurement initiatives and enterprise development;
- spinning out suitable internal functions to form freestanding contractors that will base themselves in the community and service other companies; and
- employment generated through corporate social investments (CSI) initiatives.

In order to assess these opportunities, working groups should be established. As noted above, this planning should take place several years before mine closure (and a minimum of five years before closure). In some cases, such as enterprise development or local procurement, activities should have been ongoing throughout the life of the mine, and it may not be necessary to establish new working groups.

The working groups should have representatives from the key stakeholders on the Steering Group. A possible structure for these working groups is outlined in *Box 4E.2* below.

#### BOX 4E.2 PROPOSED STRUCTURE FOR WORKING GROUPS

##### Working Group 1 – Identification of assets and skills with future beneficial use

The majority of Anglo American operations involve significant investment in equipment, infrastructure, facilities and people. Some of this investment has alternative uses that may be capable of sustaining economic activity once the Anglo American operation has downsized or closed. An important element of planning for the future is identifying what assets there might be, and what future value these could have to the economy. Where infrastructure has not yet been developed, knowledge of potential post-mining uses may influence design (see *Tool 5D – Local Infrastructure Development*).

Note that Anglo American's policy towards closure planning assumes removal of all infrastructure and buildings and rehabilitation of sites, unless there is a beneficial use for the local community from the transfer of the ownership of some assets. Identifying productive and sustainable post-mining uses for company assets may therefore save Anglo American money during the closure phase and will offset some of the residual post-closure socio-economic impacts.

Once options have been shortlisted, feasibility studies should be undertaken to identify likely viability of new uses for the assets or skills. The basic business planning guidance presented in the *Introduction to Step 5* should assist with this task.

*Table 4E.1* provides examples of physical assets, together with potential alternative uses (based on previous experience of re-using infrastructure).

A similar process should be undertaken for skills, and an inventory developed. *Tool 5C – Local Workforce Development and Training* outlines a process for assessing existing capacity and identifying appropriate investments in training and education. For example, mine electricians or mechanics may be retrained for other industrial, domestic, or private customers. Where this is the case, the operation should seek to revise internal training in the years running up to closure so that workers are capable of transferring to other jobs as soon as they are no longer needed at the Anglo American operation.

Local economic development actors or agencies promoting investment should then be consulted to identify whether there are likely to be companies interested in utilising the skills.



### Working Group 2 – Scope for contracting out Anglo American functions into new businesses

*Tool 5B – Local Procurement* can be used to identify potential internal functions that could form the basis of independent businesses (assuming that the area is not so remote that there are, indeed, other actual or potential employers). These can range from relatively non-technical services, such as security, to more complex services, such as vehicle and equipment maintenance. In the context of closure planning, the emphasis should be on identifying internal functions and individuals that can serve other businesses and customers.

Once again, the sooner such options are considered the more likely it is that viable businesses can be established (with five years before closure considered to be the absolute minimum).

Where there are promising prospects for establishing new businesses, advice should be sought from enterprise and development specialists. Potential sources of advice include:

- the Anglo American group lead for enterprise development;
- government-sponsored small business assistance programmes, which will be available in most countries; and
- chambers of commerce and industry.

### Working Group 3 – Scope for using social or government investments to create employment opportunities

*Step 5* provides guidance on how to identify appropriate social investment activities, and gives examples of existing initiatives that may be relevant. There may also be scope for government-sponsored interventions to support employment creation. Typically these will take the form of a regional development planning process. Company and government employment initiatives need to be investigated many years before mine closure to enable options to be evaluated properly, and subsequent implementation support to be provided whilst Anglo American still has a presence in the area.

**Table 4E.1 Inventory of Physical Assets and Identification of Alternative Uses**

Example Item	Example of Potential Alternative Uses
Site roads and tracks	<ul style="list-style-type: none"> <li>• Vehicle testing</li> <li>• Motor sports</li> </ul>
Freight railways	<ul style="list-style-type: none"> <li>• Passenger rail services</li> <li>• Tourist rail services</li> </ul>
Air strips	<ul style="list-style-type: none"> <li>• Local passenger airport</li> <li>• Flying school</li> <li>• Aircraft maintenance</li> <li>• Business aviation / air charter</li> <li>• Government uses</li> </ul>
Housing*	<ul style="list-style-type: none"> <li>• Retirement housing</li> <li>• Visitor accommodation</li> <li>• Institutional uses, e.g. educational or training establishments</li> <li>• Community relocation</li> </ul>
Training facilities	<ul style="list-style-type: none"> <li>• Education and training uses</li> <li>• Office or laboratory space</li> </ul>
Recreation facilities	<ul style="list-style-type: none"> <li>• Tourism</li> <li>• Local leisure</li> </ul>
Equipment workshops	<ul style="list-style-type: none"> <li>• Workshops for local transport or engineering businesses</li> </ul>
Offices	<ul style="list-style-type: none"> <li>• Service industries</li> <li>• Government uses</li> <li>• Other institutions (e.g. education)</li> </ul>
Spoil heaps	<ul style="list-style-type: none"> <li>• Aggregates / construction fill material</li> </ul>
Remediated / rehabilitated land	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Bee-keeping</li> <li>• Recreation, e.g. walking trails, off-road motor sports, dry ski slopes</li> <li>• Habitats for rare flora and fauna</li> </ul>
Water supply and storage: water treatment and supply	<ul style="list-style-type: none"> <li>• Other industrial uses</li> <li>• Intensive, irrigated agriculture</li> <li>• Aquaculture, e.g. fish farms</li> <li>• Potable water supply, e.g. mine water treatment plants</li> </ul>
Water supply and storage: dams, lagoons	<ul style="list-style-type: none"> <li>• Tourism, e.g. boating, fishing</li> <li>• Commercial fish farming</li> </ul>
Power supply: grid connections and distribution	<ul style="list-style-type: none"> <li>• Other industrial power users</li> <li>• Energy production, e.g. from vented methane or renewable resources such as solar and wind</li> </ul>
Power supply: generation	<ul style="list-style-type: none"> <li>• Sale to other local users</li> <li>• Sale to grid</li> </ul>
<p>*Where housing is privately owned the Anglo American operation does not need to consider alternative uses. However, if resettlement of the community is deemed both necessary and Anglo American's responsibility, the operation will need to ensure that fair compensation packages are made available to private home owners. See <i>Tool 4D – Resettlement Planning and Implementation</i> for more information.</p>	

### **Step 7B: Determine what Infrastructure is Required to Support the Mining Operation and to Provide an Enabling Environment for Alternative Land Use and Development of Economic Options**

SEAT *Tool 5D – Local Infrastructure Development* outlines how operations can develop infrastructure in a manner that can benefit communities, while *Tools 5H – Small Scale Water and Sanitation Delivery* and *5I – Supporting Sustainable Energy Delivery* can be used to address water and sustainable energy projects.

### **Step 8: Engage with Stakeholders to Develop Plans that will Help Meet the Post-Mining Vision**

This is achieved through the ongoing stakeholder engagement during the life of mine (see SEAT *Tool 2B – Developing a Stakeholder Engagement Plan*). As potential contributors are identified, it will be important to assess their capacity to implement relevant activities; SEAT *Tool 5E – Local Institutional Capacity Development* provides guidance on capacity development.

## **4E.6 ASSESSING COMMUNITY VIABILITY AND ANGLO AMERICAN'S POTENTIAL RESPONSIBILITIES**

Mine closure should be planned during project development and should outline a vision for the future of the community; however, this may not always be the case for existing mines. Therefore, there may be a need to assess the viability of the community post-mining and the extent of Anglo American's responsibilities in this regard.

There are five tasks to determine whether a community is viable in the long-term without the presence of the Anglo American operation. These are summarised as a flowchart in *Figure 4E.2* (at the end of this tool) and described in more detail below.

### **Task A: Was Anglo American Responsible for Establishing or Significantly Expanding the Community?**

The extent of Anglo American's role in the future of a community will be partly dependent upon its role in establishing the community. Where the community was established or significantly expanded by the operation, it may be perceived to have a high degree of responsibility. Where this was not the case, or where other companies have also become major elements of the local economy, the responsibility will be seen to be shared more broadly. Other relevant factors in determining Anglo American's actual or perceived responsibility will include the nature of operating agreements with public authorities and local attitudes towards the role of business and government in community regeneration.

### **Task B: Is Anglo American Crucial to Local Economic Viability?**

The question of whether Anglo American is crucial for the economic viability of an area can be divided into two parts.

- 1. Is Anglo American the dominant employer?** Where Anglo American is only a small part of a broader economic base, it is unlikely that provision will need to be made for regenerating the local community. Instead, Anglo American operations should consider helping employees to seek new job opportunities.
- 2. Are the other major employers also closing or downsizing?** Where the other local employers are also facing closure or major downsizing, for example, there may need to be joint action to address community viability. If Anglo American is the major local employer, or where the Anglo American operation is one of a number of facilities that are facing closure, the operation should carefully consider the pros and cons of relocation initiatives. This should be considered as a last resort, and done in consultation / partnership with other stakeholders.

### **Task C: Can Significant Levels of New Employment be Created?**

The results of the studies described in *Section 4E.5* of this tool will have identified the scope to create employment from:

- contracting out existing Anglo American functions as freestanding businesses;
- re-using Anglo American infrastructure and skills for alternative purposes; and
- leveraging Anglo American social investments or government investments.

Where the community is heavily dependent upon an Anglo American operation, long-term viability is likely to be dependent on the ability to create new employment. If new employment creation is not possible, a company role in relocation may need to be considered.



### Task D: Can Essential Infrastructure be Supported without Anglo American Contributions and Custom?

The final issue regarding community viability is whether essential community infrastructure, that might form the basis of alternative employment and a viable community, can be afforded in the absence of Anglo American. Typically, communities will need a range of services to be viable, including:

- transport;
- potable water supply and sewage treatment;
- post and telecommunications;
- education;
- healthcare;
- retail businesses, especially food stores;
- police and fire services;
- leisure amenities; and
- social care.

Anglo American operations often make a significant contribution to supporting these through:

- direct custom (e.g. purchases from local shops);
- indirect custom (e.g. patronage by Anglo American workers and their families);
- direct financial contributions (e.g. cash payments to support services); and
- indirect financial contributions (e.g. local government spending supported by Anglo American taxes).

For example, in Queensland, Australia, Anglo American's Metallurgical Coal Business Unit pays special mining rates that support services that would not otherwise be viable in rural, outback locations. To assess the viability of these services a simple engagement and analytical process should be undertaken:

- Develop a list of essential community services, without which the community would not be viable by means of a stakeholder workshop. Categories include:
  - direct custom;
  - indirect custom through employee and supplier expenditure;
  - direct financial support; and
  - indirect support (e.g. local government spend supported by Anglo American taxes).

- Estimate new income that would be created from new employment sources estimated during *Task C* above.
- Identify whether there are any sources of funding or cost saving that may be available to support essential services, such as:
  - government grants, charitable trusts, community subscriptions; and
  - combining marginal services into one viable unit, for example, combining shops or facilities.
- Assess the implications for service viability.
- Assess implications for community viability.

The outcome of this process will be a structured, stakeholder-driven assessment of the viability of neighbouring communities following the closure or downsizing of the operation. The next task is to implement plans to prepare for the future. It is strongly recommended that a government agency, as the primary responsible party for infrastructure and services, leads this activity.

### Task E: Implementation

If the conclusion of the evaluation exercise and the opinion of stakeholders is that the community will not be viable once the operation has closed, the operation may need to plan for the resettlement of some its employees (if, for example, they were originally brought into the area by the company), as well as operational closure.

There are international standards for resettlement, and it is very important that it should be managed sensitively. See *Tool 4D – Resettlement Planning and Implementation* for guidance.

If the conclusion of the evaluation exercise indicates that the community has a viable future after closure or downsizing of the Anglo American operation, the working groups that identified future measures should be tasked with developing the decommissioning and post-closure plans and implementing them. This should be undertaken with financial and advisory support from within Anglo American (to the extent deemed appropriate by managers) and in conjunction with local economic development agencies and other interested bodies (e.g. local government, chambers of commerce, charitable trusts, international donor agencies). The tools presented in *Step 5* of the SEAT process will be useful in implementing these plans.

## Task F: Due Diligence and Monitoring and Evaluation Post-Closure

It is important that the final closure plan includes mechanisms to monitor whether closure targets and goals have been met. From a social / community perspective this will include assessing the effectiveness of socio-economic diversification measures and mine closure processes (e.g. re-allocation of workers). This will entail looking at key indicators such as income, unemployment rates and levels and standards of schooling and healthcare.

The post-closure period can be long – for some sites that will not be relinquished it may be longer than the operating period itself. Periodic revisiting and review of post-closure goals and outcomes to keep them relevant through regular monitoring will be necessary.

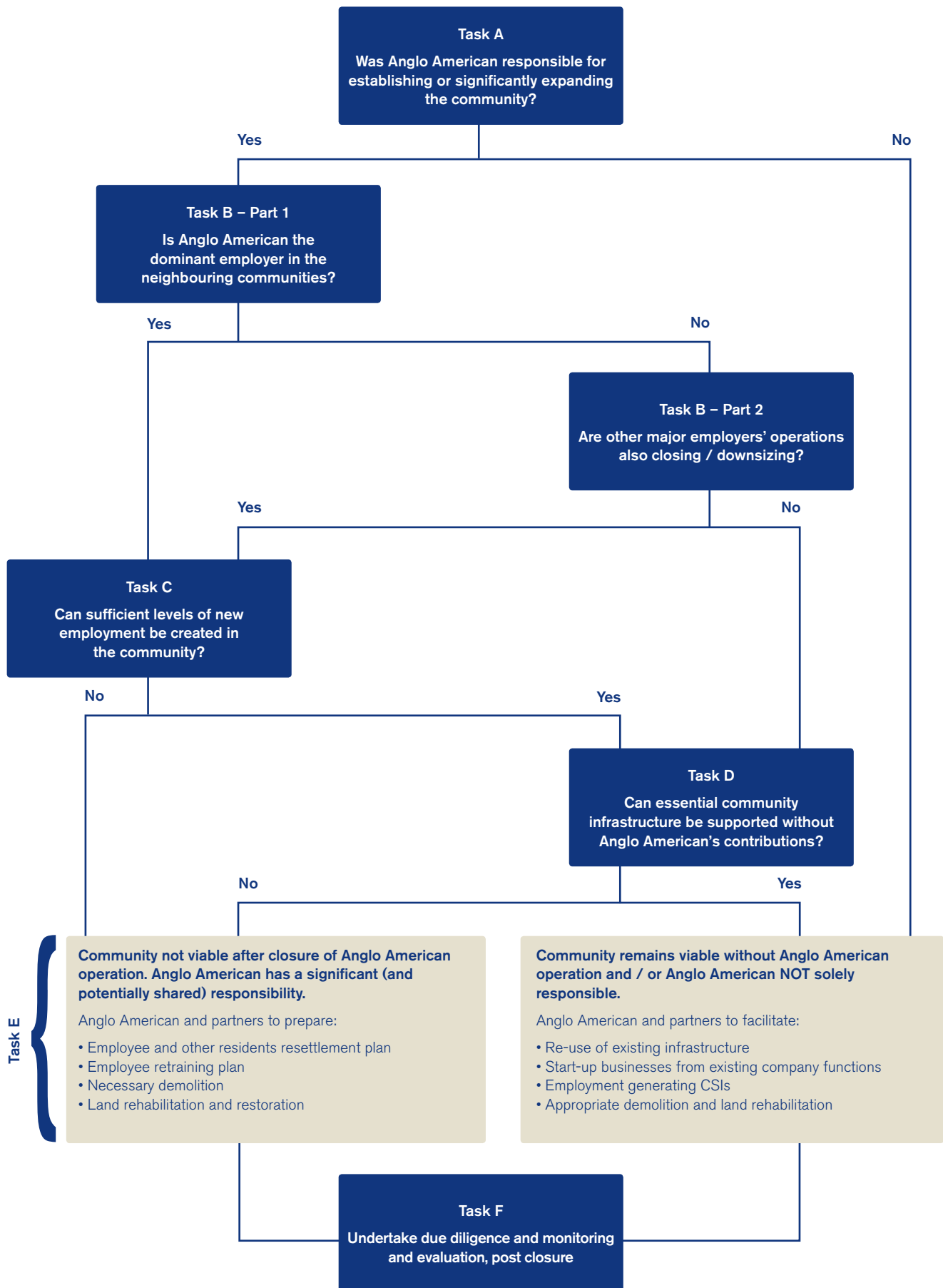
### 4E.7 SUPPORTING RESOURCES FOR MINE CLOSURE

The Anglo American *Mine Closure Planning Toolbox* is the primary source of guidance related to closure planning. There are also some additional supporting resources that can be used:

- Anglo American *Projects Way* and its Front End Loading (FEL) requirements
- ICMM Planning for Integrated Mine Closure Toolkit (2008). Available at: [www.icmm.com/document/310](http://www.icmm.com/document/310).
  - Tool 1: Stakeholder Engagement: Environmental Excellence in Exploration (E3), the Prospectors and Developers Association of Canada, March 2007;
  - Tool 2: Community Development Toolkit, ICMM, 2006. Available at: [www.icmm.com/page/629/community-development-toolkit-%5D](http://www.icmm.com/page/629/community-development-toolkit-%5D);
  - Tool 3: Company / Community Interactions to Support Integrated Closure Planning;
  - Tool 4: Risk / Opportunity Assessment and Management; Risk Management Standard, Council of Standards of Australia and Council of Standards of New Zealand, 2004, (AS/NZS 4360: 2004);
  - Tool 5: Knowledge Platform Mapping (ICMM);
  - Tool 6: Typical Headings for Contextual Information in a Conceptual Closure Plan (ICMM);
  - Tool 7: Goal Setting (ICMM);
  - Tool 8: Brainstorming Support Table for Social Goal Setting (ICMM);
  - Tool 9: Brainstorming Support Table for Environmental Goal Setting (ICMM);
  - Tool 10: Cost Risk Assessment for Closure (ICMM); and
  - Tool 11: Change Management Worksheet.

- Post-Mining Alliance, UK: The Eden Project, Cornwall. Available at: [www.postmining.org](http://www.postmining.org).
- Mine Closure - The 21st Century Approach. Avoiding Future Abandoned Mines. Hoskin, WMA. 2002. Available at: [www.dundee.ac.uk/cepmlp/journal/html/vol12/article12-10.html](http://www.dundee.ac.uk/cepmlp/journal/html/vol12/article12-10.html).
- Guidelines for Mine Closure Planning in Queensland, Queensland Resources Council (2001). Available at: [www.qrc.org.au/\\_dbase\\_upl/closure.pdf](http://www.qrc.org.au/_dbase_upl/closure.pdf).
- The Policy Framework in Canada for Mine Closure. Available at: [www.abandoned-mines.org/pdfs/PolicyFrameworkCanforMinClosureandMgmtLiabilities.pdf](http://www.abandoned-mines.org/pdfs/PolicyFrameworkCanforMinClosureandMgmtLiabilities.pdf).

Figure 4E.2 Assessing Community Viability and Company Responsibility



# Tool 4F: Contractor Management

## 4F.1 OBJECTIVES

This tool is designed to help Anglo American operations manage the socio-economic impacts associated with contractors. It provides guidance on integrating social performance into the contracting process for contractors at or near Anglo American operations. It is relevant for large Engineering, Procurement and Construction Management (EPCM) contractors, as well as smaller contractors.

Contractors perform a variety of roles at Anglo American operations, for example:

- engineering, procurement and construction management (EPCM) activities;
- regular equipment maintenance;
- mining services;
- on-going professional services; and
- security, catering, gardening and other general site services.

The tool is designed for use by individuals responsible for managing contractors and supply chain issues, in consultation with social performance colleagues. The tool supports commitments set out in the following policies: Anglo American *Social Way*; *Sustainable Development in the Anglo American Supply Chain Policy*; Anglo American's *Supplier Sustainable Development Code*; and Anglo American's *Local Procurement*.

These have been designed to support Anglo American's vision that its entire supply chain should reflect a commitment to sustainable development, and be underpinned by three fundamental principles - universal application; continuous improvement; and the application of consistent, non-negotiable standards.

Although SEAT is focused on existing operations, the guidance is also applicable when hiring contractors for greenfield developments or expansions of existing operations, as well as for renewing contracts or reviewing contractor performance at existing operations.

It is important to note that this tool is not intended to:

- Provide a process for engaging with suppliers on the broader topic of sustainable development in the supply chain. For example, conducting supply chain audits at suppliers' premises (contact the Group Supply Chain Sustainable Development function for details of programmes in this area).

- Ensure that security providers conduct themselves in accordance with Anglo American's commitments under the Voluntary Principles on Security and Human Rights (see *Tool 4H – Voluntary Principles on Security and Human Rights*).
- Change the core objectives of procurement activities. Procurement should only be undertaken for sound business reasons. The objective of this tool is to help ensure that this is done in a responsible manner.

## 4F.2 WHY IS CONTRACTOR MANAGEMENT IMPORTANT

### Anglo American's Responsibilities

Contractors often employ significant numbers of employees and, particularly during the construction phase, may be the public face of an operation. Many contractors are unlikely to have the capacity or experience to:

- identify and manage their impacts on stakeholders;
- engage stakeholders;
- handle complaints and grievances; or
- identify opportunities to improve the project's local social licence to operate.

Local communities and other external stakeholders are likely to blame Anglo American for poor social performance associated with contractors. Anglo American, therefore, recognises its obligation to ensure that the social impacts of contractor activities are managed professionally. This is comparable to safety management, where Anglo American retains ultimate responsibility for ensuring safe working practices by on-site suppliers.

### The Potential Impacts of Contractors

In many cases, the use of contractors results in the presence of a non-local workforce in the project area, much of which will be comprised of young, single men. This can give rise to a variety of impacts that need to be managed, such as those illustrated in *Box 4F.1*.

#### BOX 4F.1 POTENTIAL NEGATIVE SOCIAL IMPACTS FROM CONTRACTORS

- Increased prostitution and associated incidences of HIV / AIDS and other sexually transmitted infections.
- Economic tensions between local residents and contractors, particularly where there are disparities in wealth or where local unemployment is high.
- Cultural and religious tensions, such as alcohol abuse or inappropriate sexual behaviour, and resultant conflicts between local residents and the non-local workforce and / or their employer.
- Increased pressures on local health, water, power, waste, policing and leisure infrastructure and services.
- Shortages of housing.
- Boom-bust impacts on local economies.
- Potential impacts of demobilisation of the workforce.

While attention tends to be paid to the negative impacts, there are also a number of potential benefits associated with a contractor presence, such as:

- increased local employment;
- increased skills and training opportunities in the local area; and
- increased demand for goods and services and associated indirect employment opportunities in the local area.

These positive and negative impacts are discussed in more detail in **Section 4F.5**. In light of the above impacts, it is vital that operations assess and monitor how their contractors manage the negative social impacts of their activities, and ensure that they contribute to improving the company's social performance.

#### 4F.3 INTERNATIONAL STANDARDS AND EXPECTATIONS

International standards and expectations on management of contractors are primarily derived from:

- **The International Finance Corporation (IFC)** (the private sector arm of the World Bank Group), which has published environmental and social sustainability performance standards.
- **The International Labour Organisation (ILO)**, a United Nations organisation which has developed numerous conventions that outline fundamental rights at work, and provide internationally recognised guidance on standards for labour and working conditions.

IFC Performance Standard 1 (2012) requires operators to train contractors who have direct responsibility for activities that affect environmental and social performance so that they have the adequate knowledge and skills to perform their work. Whether during construction or operation, this requires an understanding of the impacts a contractor has on environmental and social performance, assessing their capacity to manage these issues, and building the contractor's capacity if necessary.

Given the significant contribution made by contractors to Anglo American's workforce, maintaining their labour and

working conditions is a vital part of contractor management. The ILO's Core Labour Standards are internationally recognised standards and rights related to labour and working conditions. Anglo American is committed to upholding these, for example, through its participation in the UN Global Compact (see **Box 4F.2** for the four Global Compact principles applicable to contractors). These four Global Compact Principles are contained within the Anglo American *Supplier Sustainable Development Code*, as mandatory standards which Anglo American expects of its suppliers.

#### BOX 4F.2 GLOBAL COMPACT PRINCIPLES LABOUR STANDARDS

Labour Standards:

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: Ensure the elimination of all forms of forced and compulsory labour;
- Principle 5: Ensure the effective abolition of child labour; and
- Principle 6: Ensure the elimination of discrimination in respect of employment and occupation.

Source: [www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html).

Ensuring these standards are met throughout Anglo American's projects and operations requires continuous monitoring of contractors.

#### 4F.4 THE CONTRACTING PROCESS: DEVELOPING SOCIAL PERFORMANCE REQUIREMENTS FOR CONTRACTORS

##### Introduction

It is essential that contractors are made aware of social performance requirements from as early on in the contracting process as possible. Enforcing the proper management of social impacts is very difficult unless appropriate conditions have been included in contracts.

Attempts to include requirements once contract negotiations have been completed will usually entail additional cost and delay, and can strain relations between Anglo American and its contractors. In contrast, being proactive allows contractors to properly plan, resource, cost and scope for effective social management. This section describes essential tasks to be undertaken during the sourcing and contracting process.

The suggested **Tasks 1 to 7** have been integrated into Anglo American's Strategic Sourcing Methodology, as shown in **Figure 4F.1**. The Strategic Sourcing Methodology has been developed for use in all procurement and contracting activities across Anglo American.

Depending on a number of factors, including the category and type of contract and the sourcing strategy, the procurement of the services or products will either be done at the global, Business Unit or site level. No matter where procurement decisions take place, social performance managers should participate in the process to identify risks and opportunities. For global contracts with no direct site input, liaise initially with the Group Supply Chain Sustainable Development function. Social performance managers will typically need to work alongside health, safety and environment professionals to ensure that all aspects of sustainable development are considered.

### **Task 1: Determine the Social Implication of Value Creation Strategy**

The first step in the procurement process is to identify the value creation opportunities for the specific procurement category being considered (see Step 1 of the Anglo American Strategic Sourcing Methodology), then to develop a detailed profile of the category, including a profile of the current situation, the industry and the goods and services to be procured (Step 2).

Social performance managers can participate at this stage by determining how different value creation strategies (Step 3) will affect social performance. For example, if a labour-intensive activity is being outsourced it may be necessary to specify local hiring over non-local hiring.

Where no material on-site social issues are identified at this stage, social specialists will not need to remain involved in the process.

### **Task 2: Identify Potential Social Impacts**

The second task is to identify any social impacts (negative or positive) associated with the contracted activities identified through *Task 1*, as well as how local procurement can support the local socio-economic benefit delivery strategy. Defining these impacts requires consideration of the different work packages that will be contracted out (e.g. site clearing, road construction, employee village construction, or operation of a specific mining activity).

*Table 4F.1* provides an overview of the generic impacts that may be associated with a contractor workforce, together with example management measures.

## **Task 3: Identify Social Requirements and Include a Request for Information (RFI) / Screening Process**

### **Task 3a: Determine Types of Social Management Required and Specify in RFI / Tender Documents**

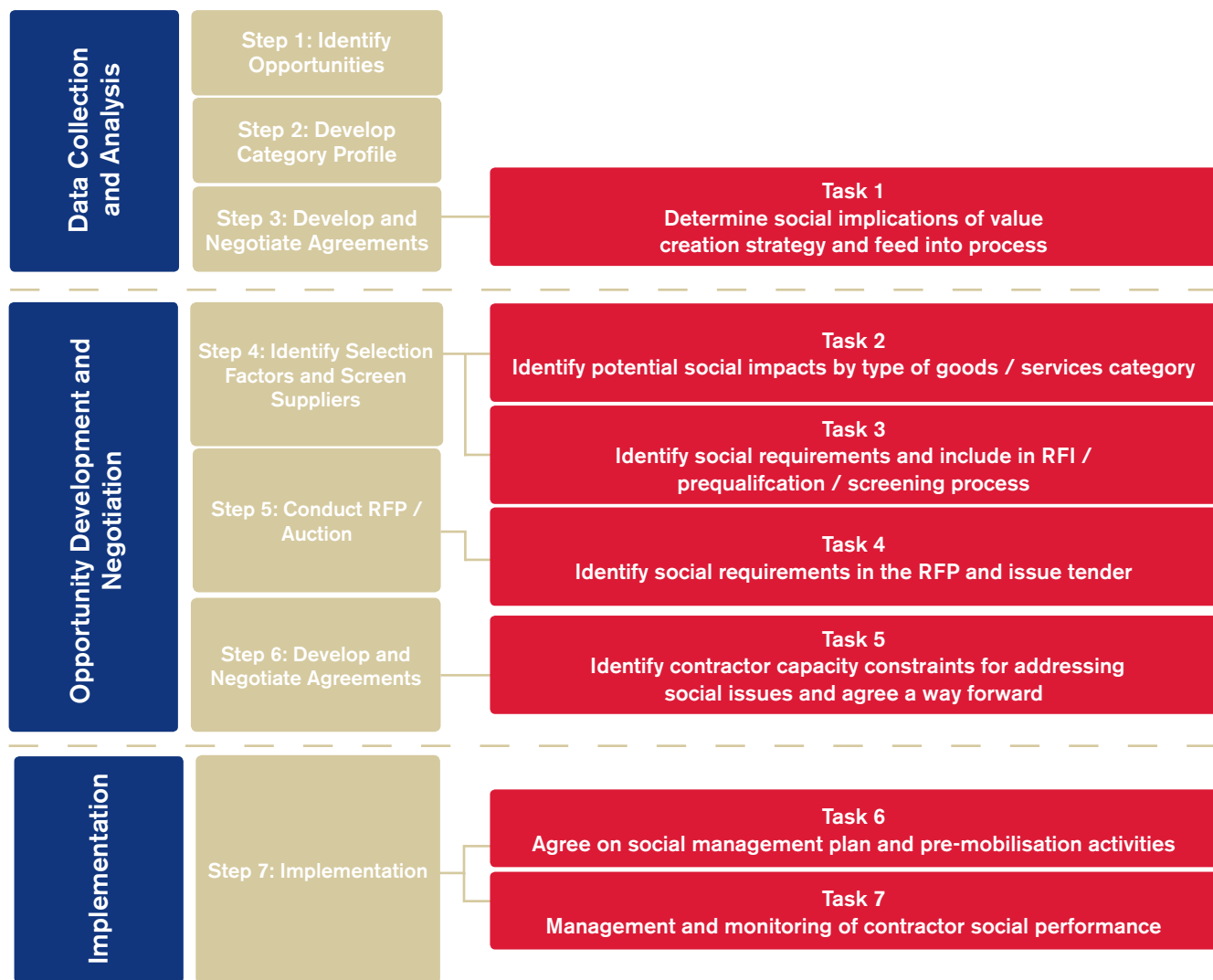
Based on the identification of potential impacts associated with the category and work package (*Task 2*), social performance managers can then help determine the type and level of social management required. This can be a relatively high-level exercise, establishing social performance standards, associated level of responsibility and resources required.

This task enables social performance managers to ensure that social management requirements get included in the contractor RFI and screening process. Doing so will give contractors the opportunity to demonstrate their experience and suitability in meeting these requirements. The types of information that can be requested include:

- compliance with ILO and national legal standards;
- allocation of appropriate resources and the provision of internal training;
- maximising benefits and minimising negative effects on local communities, for example through their approach to local procurement, employment and training;
- previous experience of working in similar situations and maximising local benefits;
- policy and approach to managing potential negative social impacts, for example alcohol or accommodation camp management policies;
- internal and external records and reports of employee and community relations; and
- evidence of how social management systems are incorporated into general project management.



Figure 4F.1 Integrating Social Performance Requirements into Anglo American's Strategic Sourcing Methodology



At this stage, detailed information is not required, although it is important to ensure that short-listed contractors can meet social management requirements. The Anglo American *Supply Chain Sustainable Development* on-site, pre-qualification questionnaire (for EPCM construction and labour-broker type contracts) can be used for gathering this information.

#### Task 3b: Select the Contractors that Pre-Qualify

Social performance managers and the Group Supply Chain Sustainable Development function should be involved in assessing the completed pre-qualification questionnaires. It is possible that contractors who qualify according to non-social performance requirements (e.g. quality, technical, financial, etc.) may not meet all the social requirements. Social performance managers should aim to ensure that the social requirements have appropriate weight in short-listing contractors.

Where potential contractors clearly do not have the capacities or policies required for managing their social impacts, and where there is no willingness to work jointly with Anglo American to meet our standards, they should not be considered. This would give an indication that it is acceptable for contractors not to address social performance adequately, and could result in reputational or legal liabilities for Anglo American. In cases where potential contractors are willing to build their capacity, Anglo American will be able to provide resources to guide and monitor contractors.



## Task 4: Include Social Management Requirements in the Request for Proposal (RFP) and Issue Tender

### Task 4a: Prepare the RFP Documentation

RFPs should include relevant social performance requirements in the scope of work. Where relevant, contractors should be given:

- a description of the local socio-economic context (for example from the Social Impact Assessment or the operation's SEAT report, where available);
- potential impacts and any existing social performance strategy at the operation;
- a description of the standards and regulations that need to be met, including national and international legislation; and
- Anglo American's relevant corporate standards and guidance (such as this SEAT tool and the Anglo American *Supplier Sustainable Development Code*, the Anglo American *Social Way* and *Sustainable Development in the Anglo American Supply Chain Policy*).

For large capital projects, the documentation should include the construction management plan that will have been prepared as a part of the Environmental and Social Impact Assessment (ESIA) of the project.

The RFP / tender documentation should both provide and request information from the contractor regarding social management capabilities. The amount of information requested should be commensurate with the type of category / contract, the associated impacts, and the expected level of contractor responsibility.

In general, large construction contracts (for example with EPCM contracts) will require the most information. The impact assessments for any major construction activity should include a detailed contractor management plan – this should be checked against the requirements set out in this tool to ensure its adequacy.

The type of information required from potential contractors should include their policies and relevant previous experience in terms of:

- confirmation of compliance with safety and occupational health legislation and effective management of safety and occupational health risks;
- stakeholder engagement techniques, including complaints and grievance procedures (which should meet the requirements of *Tool 4A – Complaints and Grievance Procedure*) where these need to be operated by the contractor;
- local hiring, training and procurement policy and experience;
- workforce codes of conduct and the management plan for ensuring delivery on these standards;

- confirmation of compliance with the core ILO labour standards, including freedom of association, freedom from discrimination and prohibition of child and forced / bonded or prison labour;
- confirmation of compliance with national labour and social legislation;
- community and workforce training and awareness raising for social issues and impacts e.g. HIV / AIDS awareness training; and
- previous examples of plans developed for similar projects, e.g. labour force management / development plans, camp management plans, etc.

Where social impacts are likely to be a particular issue, for example, where there will be a large temporary workforce, it may also be necessary to ask suppliers for detailed proposals on topics such as:

- how they will ensure the availability of appropriate social management and other relevant skills (e.g. counselling or medical skills);
- their understanding of the types of social and community issues that will need to be dealt with, and proposed methods of dealing with them;
- evidence of how particular national standards will be met; and
- proposed approach to accommodation provision and management, and workforce codes of conduct.

Projects, operations and the supply chain function should also ensure that contractors' financial proposals ring-fence budgets to implement social performance and impact management activities. This will help to ensure that contractors do not use poor social performance as a source of cost savings once tenders have been awarded.

It is important to allow potential contractors to put forward their own suggestions of how to manage social issues and impacts, the RFP should not be too prescriptive in this respect. It will also be important to share Anglo American's plans to manage social issues and impacts with contractors so that they can work towards the same objectives.

### Task 4b: Evaluate the Proposals Submitted

Where significant social impacts are envisaged, it is essential that social performance managers are involved in the proposal evaluation process. The method for this will be dependent on the overall contract evaluation process, the type of contract and associated impacts, as well as the other requirements (e.g. technical, economic, quality, etc.).

The social performance managers (or, for global contracts with no site input, the Group Supply Chain Sustainable Development function) should assess proposals against the information requested. Evidence of previous experience, concrete commitments and sufficient allocation of resources to the tasks described are key indicators of an effective approach to managing social issues. The guidance given in *Table 4F.1* (at the end of this tool) may be useful when evaluating the social aspects of tenders.

### **Task 5: Identify any Contractor Capacity Constraints for Addressing Social Issues and Agree on a Way Forward**

Once the preferred contractor has been selected, contract negotiations will likely take place as part of the overall procurement process.

If there is an unavoidable situation where the preferred contractor's tender does not demonstrate sufficient capacity to deal with social issues, an agreement should be made on how this should be addressed. Either the contractor should commit to building its capacity to meet these requirements, or Anglo American and the contractor can agree to share responsibilities. In defining responsibilities consider:

- **Contractor experience** with implementing social management plans and / or the extent of in-house social resources to implement an effective social management system.
- **The duration of the contract** and whether the scope of work is long-term or short-term. If it is short term, it may be better for Anglo American to take implementation responsibility for some aspects (e.g. stakeholder engagement), so that stakeholders are part of a long-term, continuous process and relationship.
- **The size of the contract and whether the contractor is likely to sub-contract components.** If the contractor has insufficient capacity to manage and monitor their sub-contractors' social performance, Anglo American may need to play a greater role.

Management should also consider how to create incentives for good social performance management, for example financial performance incentives or automatic short-listing on future tenders. The levels of compliance should be tracked in Supplier Relationship Management Plans.

### **Task 6: Finalise Social Management Plan and Pre-Mobilisation Activities**

During this stage the Anglo American operation should finalise a social performance management plan with the contractor on the basis of the contractor's tender submission. These plans should detail who is responsible for what and cover relevant social issues, such as:

- local hiring and procurement;
- worker awareness and training programmes;

- accommodation provision and management protocols;
- safety and occupational health programmes;
- community liaison and complaints procedures; and
- any mitigation measures identified as being necessary.

See *Tool 6A – Developing a Social Management Plan* for an outline of the contents of typical management plans. Depending on the scale and role of contractors, pre-mobilisation activities may include:

- training contractors to implement management strategies, (e.g. grievance procedures);
- induction into existing management systems, (e.g. stakeholder engagement);
- developing management systems and plans with contractors; and
- briefing the contractor team on the local communities, and associated stakeholders and issues.

### **Task 7: Management and Monitoring of Contractor-Related Social Issues**

Ensuring that contractors implement their social commitments in accordance with the contract is one of the most important aspects of Anglo American's responsibilities with regard to contractor social performance management. This can be done through:

- regular progress meetings;
- monitoring and evaluation of contractor social performance; and
- reporting requirements.

*Table 6A.3 in Tool 6A – Developing a Social Management Plan* provides a simple monitoring plan format.

#### **Task 7a: Progress Meetings**

Progress meetings should be held with the contractor to discuss social performance. These should be part of the regular progress meetings with the contractor (e.g. to discuss all aspects of the scope of work including technical, health and safety, environmental performance and social performance).

#### **Task 7b: Monitoring, Evaluation and Reporting**

Anglo American should enforce the monitoring and reporting programme agreed with the contractor to evaluate and report on performance. Following evaluation, the operation should work with the contractor to adapt management plans to improve performance, where necessary. Implementation of this step is vital not only to measure performance, but also to build up a record should contractual penalties need to be enforced.

## 4F.5 IDENTIFICATION OF IMPACTS AND MANAGEMENT MEASURES

The following guidance will support effective implementation of the requirements set out in this tool:

- **Table 4F.1** provides a description of the major impacts potentially arising from a contractor workforce, and strategies for managing these.
- **Box 4F.3** supplements the table through the provision of an example Code of Conduct.
- **Box 4F.4** provides a summary of key principles for successful contract management, based on the detailed guidance outlined above.

### BOX 4F.3 EXAMPLE CODE OF CONDUCT

The following is a list of the types of conditions that are typically included within a Code of Conduct for a contractor workforce:

- Respect for local residents and customs.
- Zero tolerance of bribery or requesting / accepting gifts from local communities.
- No hunting, fishing or other unauthorised gathering of food.
- Zero tolerance of illegal activities including: prostitution; illegal sale or purchase of alcohol; sale, purchase or consumption of drugs; illegal gambling or fighting.
- No use of camp vehicle for non-work business.
- Adhere to road speed limits (try to stipulate 10 percent lower than legally required).
- No access to camps by unauthorised personnel.
- No purchase of goods or services from informal traders at the camp gate.
- No consumption of alcohol (in and out of work hours), or alternatively strictly controlled amounts and only in an approved facility, possibly in the accommodation area.
- Publicising disciplinary measures for infringement of the Code of Conduct and other accommodation / work camp rules.
- No bringing of weapons into the accommodation area.

### BOX 4F.4 KEY PRINCIPLES FOR SUCCESSFUL CONTRACTOR MANAGEMENT

- **Start early:** Social performance managers should have a role throughout the procurement process and be involved in contractor management from the earliest stages.
- **Ensure senior management commitment:** Ensure there is alignment between business and social performance objectives so that social performance can be implemented and enforced through contracts.
- **Create alignment on issues and clarity of roles:** Be clear on responsibilities between the Anglo American operation and the contractor, and ensure alignment on how impacts will be managed.
- **Stay involved and monitor:** Meet the contractors regularly and make sure Anglo American is part of the monitoring process. The aim of monitoring should be to identify and address problems early.

## 4F.6 SUPPORTING RESOURCES FOR CONTRACTOR MANAGEMENT

A list of supporting resources for contractor management is provided below:

- Overseas Development Institute (ODI). Involving Large Contractors in Enhancing Social Performance During Construction. Available at: [www.odi.org.uk/resources/docs/2095.pdf](http://www.odi.org.uk/resources/docs/2095.pdf).
- International Finance Corporation. Projects and People: A Handbook for Addressing Project-Induced In-Migration, 2009. Available at: [www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_handbook\\_inmigration\\_wci\\_1319576839994](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_inmigration_wci_1319576839994).
- International Finance Corporation. Performance Standard 1, 2012. Available at: [www1.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/](http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/).

Table 4F.1 Potential Contractor Workforce Impacts and Associated Management Strategies

IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<p><b>Negative Impacts</b></p> <p><b>Managing an influx of job seekers</b></p>	<p>When job seekers hear about opportunities at a project or operation this often causes a large influx of people looking for work.</p> <p>Anglo American may not be able to offer employment to many of these job seekers either because the opportunities are not available or the job seekers do not have the skills required for the jobs that may be vacant. This can cause resentment and job seekers may stay in the area expecting opportunities to develop later on. These situations may, in turn, cause tensions with host communities and the development of new (possibly illegal) fence line communities.</p> <p>Governments often assume, because people are moving to the areas to seek work, that this is a project-related issue and hence the responsibility of the developer. They also may not have the capacity to handle issues such as service provision to an enhanced population or social problems caused by migrant workers (who tend to be young and male). For example, there may not be enough potable water or sufficient policing resources.</p> <p>Tension and / or conflict can also occur between migrant job seekers and the local residents, especially if the latter perceive that migrants have been hired into jobs for which they feel they are suitably qualified. The potential for such tension is worsened when benefits to local residents are not realised in a manner perceived as sufficient by the community.</p>	<ul style="list-style-type: none"> <li>Clearly define the roles required on the project in advance and estimate the numbers of workers needed in each role and for what time period. Where possible, do this early in the planning phase (as much as three to four years prior to construction starting) to enable the training and development of local workers. As well as managing social issues associated with contractors, this will also help develop a local workforce for the operational phase (see <i>Tool 5C – Local Workforce Development and Training</i>).</li> <li>Ensure hiring criteria are transparent. Having a clear and accessible application and short listing process will help manage expectations and ensure an equitable hiring process.</li> <li>Advertise available jobs and the hiring guidelines via the most relevant media. This may include newspapers, radio stations and local information centres. Advertise locally before you publicise opportunities more widely. The clearer you are as an organisation on what is available and what is not, the easier it will be to manage expectations.</li> <li>Maintain an updated register of positions available and establish a suitable application / employment information centre where potential applicants can submit their applications and ask questions.</li> <li>Where possible, work with existing local processes for recruitment (eg. government labour exchanges). Working with a system that is already understood can help with transparency and ensure that people know how to access opportunities. Where this capacity around this issue in the government is weak consider building government capacity in this area (see <i>Tool 5E – Local Institutional Capacity Development</i>).</li> <li>Establish clear organisational objectives around maximising benefits to local residents, such as having target percentages of local workers to be employed for unskilled, semi-skilled and skilled roles.</li> <li>Engage with the government about the influx of job seekers and assess the strain it will put on the local area (residents, infrastructure, services, natural resources). This may include providing assistance to, for example, infrastructure providers such as water companies. Where illegal fence line communities develop, the government will have an important role to play in dismantling these settlements.</li> <li>If non-local labour is going to be required, decide the best locations from which to source that labour, establish recruitment centres and make it clear that migrant workers will only be hired at those locations and not at the project site.</li> </ul>

IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<p><b>Increased prostitution and associated incidence of HIV / AIDS and other sexually transmitted infections</b></p>	<p>The employment of a large number of workers who live without their families or away from their home communities can result in extensive casual sexual relations, including relations with commercial sex workers. In particular, there tends to be a high incidence of prostitution in locations where the migrant workforce is salaried, but the local population has little access to income. Such behaviour increases the risk and incidence of transmission of communicable diseases such as HIV and other sexually transmitted infections.</p> <p>As well as commercial sex workers who will be drawn to the project area, single women, female teenagers and adolescents (particularly those living in conditions of poverty), and female-headed households will be most vulnerable to the risks of commercial or casual sex.</p> <p>Given the temporary nature of some contract work, it is possible that both affected women, and any children borne as a result of relationships, will be unsupported when the construction phase ends and the contractors move on. This could create a group of single female-headed households dependent upon their extended family support networks or welfare services.</p>	<ul style="list-style-type: none"> <li>• Implement an HIV / AIDS programme which addresses the symptoms and behaviour change issues around the transmission and infection of HIV / AIDS, as well as other communicable diseases. This programme should be implemented amongst contractors, employees and local residents. The implementation of such a programme should be carried out in partnership between Anglo American, its contractor(s), government and relevant local and national organisations.</li> <li>• In areas where there is a lack of recreational activities consider the provision of suitable recreational infrastructure and opportunities.</li> <li>• In sensitive areas, it may be necessary to enforce a closed camp, with limited interaction allowed with local residents. In such instances, it is vital to ensure adequate recreational facilities for the construction workforce, and ensure that work rotations are suitable for maintaining the mental health of the workforce.</li> <li>• Develop a Code of Conduct which clearly outlines standards and expectations for workforce behaviour. The Code should be included as part of contract conditions and induction procedures. This may include prohibitions on sexual relations with the local residents and responsibilities in the event that a child is born as a result of a casual relationship. <i>Box 4F.3</i> provides an example Code of Conduct.</li> <li>• Establish a community engagement plan and grievance mechanism to ensure ongoing identification and management of stakeholder issues and concerns. Close liaison between the contractor community liaison officer(s) (or equivalent) and the Anglo American community professional(s) is essential.</li> <li>• Review the community health tool (<i>Tool 5J – Supporting Community Health</i>) for ways to support local health infrastructure.</li> </ul>



IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<p><b>Housing and accommodation</b></p>	<p>Any external workforce requires accommodation of some kind. Options that are typically considered are a closed camp (such as when there is a large, foreign workforce on a temporary construction contract) or the integration of workers into local settlements (such as when there is a moderate-sized workforce on a long-term operational contract). Each of these options has its own range of positive and negative impacts. Decisions around which option is most suitable will be dictated by the following:</p> <ul style="list-style-type: none"> <li>• size of the workforce;</li> <li>• ability of the local settlements to absorb the workforce;</li> <li>• cultural or ethnic background of the external workforce compared with that of local residents;</li> <li>• isolation of the project area;</li> <li>• proportion of local residents in the workforces (assuming that local residents are more likely to want to stay in their existing accommodation);</li> <li>• transport options to and from site;</li> <li>• requirements for family housing; and</li> <li>• whether it is a short-term (construction) workforce or a longer-term (operations) workforce.</li> </ul> <p>Generally, it is easier to control and provide for a large, temporary workforce if they are housed on site in a purpose-built accommodation camp. However, this can result in dissatisfaction among local communities, who may feel further alienated from the project, and potentially escalate the need for higher security. There is likely to be additional frustration if there are no tangible benefits for the community from the workers' accommodation facilities, such as sharing sports and health facilities.</p> <p>On the other hand, provision of housing within local settlements carries its own risks, e.g. increased pressure on local infrastructure and services (if not properly managed), potential for cultural and religious insensitivity, and increased sexual relations with local residents and associated spread of communicable diseases.</p> <p>In general, operations and projects should seek specialist advice on how best to manage the introduction of a large workforce to a community.</p>	<p>In instances where closed camps are preferable, the following strategies should be considered:</p> <ul style="list-style-type: none"> <li>• Camp access rules – will it be open or closed to the public, and will camp residents be allowed to use local facilities.</li> <li>• Consider the development of spin-off infrastructure associated with the worker accommodation / camp (e.g. linking water provision for the camp with community water supply; extending electricity supply for the camp to local settlements, etc). See <i>Tool 5D – Local Infrastructure Development</i> for guidance on seeking community synergies with infrastructure development.</li> <li>• Wherever possible, link supply chain requirements for the camp to local businesses (e.g. sourcing of food).</li> <li>• Wherever possible, plan for productive post-closure use of camp facilities, such that these facilities can be used to the benefit of local residents. If good housing is in short supply, consider the costs and benefits of building permanent housing or leaving serviced stands / plots for later re-use (e.g. by mine employees).</li> <li>• Communicate with local stakeholders on the reasons for a closed camp, as well as raising awareness on the benefits and linkages of the camp with the local residents.</li> </ul> <p>In instances where workers are integrated into local settlements, the following strategies become important:</p> <ul style="list-style-type: none"> <li>• Assess whether local settlements have sufficient capacity to absorb an external workforce (in terms of housing availability or local services, see below). Where capacity is lacking, engage with government to identify what and how this shortfall can be addressed. Agreement is required on who is responsible for which service infrastructure, including construction and implementation / maintenance. In such instances, government will ultimately need to take responsibility for the long-term functioning of these upgrades.</li> <li>• Develop and implement induction programmes, including a Code of Conduct and cultural awareness programme, for all newcomers directly related to the project. This should increase sensitivity to local norms and customs and ensure that contractors and employees are aware of appropriate and acceptable behaviours.</li> <li>• Consider creating an income stream for local households by supporting a "rent-a-room" scheme for suitable employees. The scheme should help local householders to rent rooms, potentially with support from micro-credit or enterprise development programmes to ensure that facilities can be upgraded to required standards.</li> <li>• Ensure that communities know how to access the site's complaints and grievance procedure. See <i>Tool 4A – Complaints and Grievance Procedure</i>.</li> </ul>

IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<p><b>Increased pressure on local services and infrastructure</b></p>	<p>The influx of a large number of workers can put increased pressure on local services and infrastructure (e.g. health, education, water, electricity, sewerage, waste, recreation). This is most likely in remote areas, where the availability of these facilities is limited.</p> <p>Additionally, pressure can be put on the quality or availability of natural resources, for example, increased harvesting of fuel wood or poaching. The additional pressure is particularly an issue at sites where there is close proximity to protected or highly sensitive areas. This increased pressure from contractors is frequently compounded by extensive in-migration of job seekers to the project area.</p>	<ul style="list-style-type: none"> <li>• Provide access to services and infrastructure (such as medical aid, health facilities, piped water) to employees so that no additional pressure is placed on existing capacity.</li> <li>• Constantly seek to increase the skills base and employment of local workers throughout construction and operation, so that the number of external workers and associated pressures can be decreased.</li> <li>• Establish partnerships between Anglo American, its contractors, government and relevant local and national organisations to address the increased pressure on local services and infrastructure that arise as a result of a contracted workforce (e.g. school facilities for children of employees).</li> <li>• Establish the level of increased pressure that the influx of contractors could have on the quality or availability of natural resources and whether this could increase pressures into nearby protected or highly sensitive areas.</li> <li>• Upgrade and maintain transport routes in the areas that are used by project vehicles. Consider using specified routes only to limit impacts on local roads surfaced and managed by the project.</li> <li>• Consider the development of spin-off infrastructure associated with the project (e.g. linking water provision for the operation with community water supply; extending electricity supply for the mine to local settlements, etc.). See <i>Tool 5D – Local Infrastructure Development</i> for guidance on seeking community synergies with infrastructure development.</li> <li>• Ensure that there are demobilisation plans for construction projects that take account of socio-economic impacts, and that contract issues are considered in mine closure planning.</li> <li>• Work with local government and the police to design the most suitable mix of local police and private security provision to reduce crime and other anti-social behaviour.</li> </ul>



IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<p><b>Cultural and religious sensitivities</b></p>	<p>Previous experience in mining and other large developments worldwide highlights a number of areas in which cultural and social norms of host communities are affected by the presence of a project, particularly in instances where there is a large-scale presence of foreign construction staff, as well as in-migration of job seekers to the area. Lack of respect for local leadership can also occur.</p> <p>The development of projects within a predominantly rural and traditional environment is likely to heighten these influences and can bring about significant changes to social and cultural norms and people's sense of identity. The cultural and social norms of newcomers to the area may also clash with those held within the host community, causing possible tension and unease.</p>	<ul style="list-style-type: none"> <li>• Develop and implement induction programmes, including a Code of Conduct and cultural awareness programme, for all newcomers directly related to the project. This should increase sensitivity to local norms and customs and would ensure that contractors and employees are aware of appropriate and acceptable behaviours. The Code of Conduct should be distributed to local residents so they know what behaviour is and is not acceptable.</li> <li>• Manage the location of contractor accommodation to limit the impact of the high numbers of external workers converging on local communities.</li> <li>• Ensure that local communities understand how to use the complaints and grievance procedures (see <i>Tool 4A – Complaints and Grievance Procedure</i>).</li> <li>• Hold information-sharing meetings with host communities so they can become familiar with the project, the activities, what and why things are happening, etc.</li> </ul>
<p><b>Potential for tension / conflict between contractor workforce and local residents</b></p>	<p>Tension and / or conflict can result in part from resentment by skilled nationals and local residents if they perceive that expatriates have been hired into jobs for which they are suitably qualified. This tension can be exacerbated by social stratification caused by higher incomes, and in some instances the perceived superiority (and sometimes racism) among the foreign workforce. The potential for such tension is worsened when benefits to local residents are not realised in a manner perceived as sufficient by the community.</p> <p>The possibility of this scenario is also likely when contractors hire a local workforce – with some individuals benefiting and others not, with resultant income differentials and jealousy.</p>	<ul style="list-style-type: none"> <li>• Develop and enforce a Code of Conduct and cultural awareness programme for all workers (see <i>Box 4F.3</i>). The Code of Conduct should be distributed to local residents so they know what behaviour is and is not acceptable. Incidences of non-compliance can be reported via a grievance procedure, and should be taken very seriously by Anglo American and the contractor(s).</li> <li>• Local employment and training targets should be included as part of the negotiated contracts, such that wealth differentials between an external workforce and local residents are minimised, wherever possible.</li> <li>• Implement social investment initiatives which maximise benefits to local residents.</li> <li>• Make information about specific job requirements accessible to the public so that their expectations are managed.</li> <li>• Work with local government and the police to design the most suitable mix of local police and private security provision to reduce crime and other anti-social behaviour.</li> <li>• If situations of actual or potential conflict are identified, review <i>Tool 4C – Conflict Assessment and Management</i> for guidance on how to manage the situation.</li> </ul>

IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<b>Demobilisation</b>	<p>Demobilisation can pose a particular risk to a project when there has been a large contracted workforce. Past experience shows that when the workforce is sourced from outside the locality, some demobilised workers do not leave the project / operations area. This can be disruptive to the local community who have to deal with the impacts of the remaining worker population who are no longer under the control of the project, and are mostly no longer employed. Therefore the social impacts described in this table can continue, and possibly worsen, due to the fact that mitigation is no longer in place. Impacts that are frequently linked to demobilisation include:</p> <ul style="list-style-type: none"> <li>• a potential increase in local resentment;</li> <li>• an increase in local criminality and</li> <li>• an increase in security risk.</li> </ul> <p>If possible the risk posed by demobilisation should be identified in <b>Section 4F.4</b> (Task 1), and the management of demobilisation risks should occur throughout the contracting process.</p>	<p>For a local workforce:</p> <ul style="list-style-type: none"> <li>• Work with local government to identify skills requirements, provide training and ensure the workforce has transferable skills.</li> <li>• Use construction contractors as a training ground to equip local community members with the skills to take up long-term positions in the operation.</li> <li>• Compile a skills inventory for temporary contractors so that the operation or other employers can identify opportunities for subsequent employment.</li> <li>• Establish post-demobilisation forums where workers can share ideas and experiences, and be helped through the transition.</li> </ul> <p>For a non-local workforce:</p> <ul style="list-style-type: none"> <li>• Ensure the workforce is aware of the duration of their employment, conditions, redundancy packages and support available to find alternative employment (e.g. opportunities at other projects). This includes being transparent about timeframes and terms for demobilisation and giving the workforce as much notice as possible.</li> <li>• Facilitate transport of demobilised workers to their area of origin to ensure that workers do not remain in the project / operation area if they no longer have jobs.</li> <li>• Provide remote payment of the workforce (in their home areas) to act as an incentive to leave the area.</li> <li>• Establishment of post-demobilisation forums, as described above.</li> </ul>

IMPACT ISSUES	IMPACT DESCRIPTION	MANAGEMENT STRATEGIES / POTENTIAL REQUIREMENTS TO PLACE ON CONTRACTORS
<b>Positive Impacts</b>		
<b>Increased local employment</b>	<p>One of the key benefits of Anglo American operations (during construction and operation) is increased local employment. Often the extent of these benefits can be limited by the lack of suitable skills at the local level for semi-skilled and skilled positions. In such instances, Anglo American and its contractors need to illustrate commitment to developing the skills so that local employment benefits can be maximised.</p>	<ul style="list-style-type: none"> <li>• Write requirements for maximising local employment into the contractors' contracts.</li> <li>• Develop hiring guidelines that prioritise people resident in the project area, within the principles of non-discrimination, equal opportunity and fair treatment.</li> <li>• Conduct a skills census of settlements in the project area to identify suitable staff.</li> <li>• Keep a register of casual employees from the local area, and use this when casual labour is required, to help reduce in-migration of casual workers.</li> <li>• Advertise employment opportunities and associated skills requirements locally and make recruitment centres easily accessible to the local population.</li> <li>• In the years preceding decommissioning and closure, start to re-skill employees so they have broader skills that could be utilised by other employers.</li> </ul>
<b>Increase in skills and experience in the local area</b>	<p>Anglo American operations provide numerous opportunities for employees to improve their skills and experience, thereby enhancing their employability. This can include training courses for contractors on production, health, safety and environmental standards required for the operation, all of which are common to the mining and power sectors (and, therefore, transferable).</p>	<ul style="list-style-type: none"> <li>• Ensure that contracts include targets for local employment and training.</li> <li>• Establish or support existing training centres to develop the skills of the local workforce (see <i>Tool 5C – Local Workforce Development and Training</i>).</li> <li>• Provide environmental, health and safety training.</li> <li>• Re-skill contractor employees in the years preceding decommissioning and closure to enhance future employability.</li> </ul>
<b>Increased demand for goods and services and associated employment</b>	<p>Mines have large procurement budgets, both for on-going operations and capital projects. There is potential for national and local businesses to feed into this supply chain by supplying goods or services to an Anglo American operation. However, care should be taken to ensure that Anglo American purchases do not raise local prices or "crowd out" other businesses. Remember to assess impacts on the most vulnerable households and businesses as well as the average.</p>	<ul style="list-style-type: none"> <li>• See <i>Tool 5B – Local Procurement</i> for guidance on boosting local procurement.</li> <li>• Conduct an assessment of whether local purchasing is likely to increase prices or "crowd out" other businesses.</li> <li>• Develop remote sourcing strategies for any product or service categories where local procurement may cause negative local problems.</li> </ul>

# Tool 4G: Indigenous Peoples

## 4G.1 OBJECTIVES

Anglo American has worked successfully with indigenous peoples in many parts of the world, including aboriginal communities in Australia, First Nations and Inuit in Canada, Amerindian groups in Peru and the Sami in Scandinavia. The definition of indigenous peoples is discussed in *Box 4G.1*.

### BOX 4G.1: DEFINITION OF INDIGENOUS PEOPLES

There is no universally accepted definition of "Indigenous Peoples" because of the varied and changing contexts in which they live. Indigenous peoples may be referred to in different countries by such terms as "indigenous ethnic minorities," "aboriginals," "minority nationalities," or "tribal groups." For the purposes of SEAT, the World Bank's definition of the term "Indigenous Peoples" will be used to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees (no size limit is imposed):

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others.
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories.
- Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture.
- An indigenous language, often different from the official language of the country or region.

(Source: IFC Performance Standard 7, 2012)

Awareness of indigenous peoples' issues has greatly increased in recent years, and there has been a considerable focus on developing legal instruments and mechanisms for the protection of indigenous rights at both international and national levels.

Because of the historical disadvantage suffered by many indigenous groups, their distinctive situation and this increased awareness, management of indigenous peoples' issues has become increasingly important. The objective of this tool is to help Anglo American operations to:

- identify indigenous peoples;
- understand how indigenous groups' experiences of mining may differ from those of other local stakeholders;
- identify the distinctive cultural beliefs and practices of indigenous groups, which may influence approaches to engagement;
- gain an understanding of the key risks involved in not managing relationships with indigenous peoples sensitively;
- understand some of the overarching principles for managing these relationships; and
- develop a planning framework for managing engagements with indigenous peoples.

This tool aims to ensure that Anglo American operations develop respectful, long-term relationships with indigenous peoples to the mutual benefit of all parties.

This tool can be used as Anglo American personnel start to engage with indigenous peoples during exploration, or project development, or to develop further an operation's understanding and management of indigenous peoples' issues.

## 4G.2 RECOGNISING THE SPECIAL STATUS AND RIGHTS OF INDIGENOUS PEOPLES

Relations with indigenous groups require particularly careful attention for the following reasons:

- reliance of many indigenous groups on their land for traditional livelihoods, medicines and subsistence activities;
- close cultural and often religious or spiritual attachments to land, including the nature of particular landscapes;
- historic marginalisation from mainstream society, often including denial of access to economic opportunities;
- poor socio-economic status of many indigenous groups;
- vulnerability of some traditional cultures to an influx of migrants;
- unique and rich cultural heritage of many indigenous groups;
- different value systems, which may include approaches to negotiation and reaching agreement that are quite different to those in mainstream society;
- valuable traditional knowledge about fauna and flora held by many indigenous groups; and
- special legal status afforded to many indigenous groups.

Anglo American's policy, as stated in the *Social Way*, is to recognise the special status and vulnerabilities of indigenous peoples and, at a minimum, recognise formal legal or other generally accepted protections.

Given these vulnerabilities, careful consideration of potential impacts on human rights becomes essential in the context of indigenous peoples. This need for sensitivity with respect to indigenous peoples, and the specific challenges they face, is also reflected in the United Nations Guiding Principles on Business and Human Rights (2011).

Failure to respect the rights and interests of indigenous peoples may have several negative consequences including:

- legal problems when developing projects;
- project delays, particularly when companies underestimate the time it can take for indigenous groups to negotiate and reach agreements;
- protests and disruptions at operations or conflict in surrounding communities;
- reputational damage to the company; and
- failure to benefit from the knowledge and services offered by indigenous communities.

### 4G.3 IDENTIFYING INDIGENOUS PEOPLES

Operations will always have interactions with stakeholders in their local area, and more broadly within their wider zone of influence. Where these affected stakeholders include indigenous peoples, it is essential that the operation is able to understand the characteristics that differentiate indigenous peoples from other local stakeholders.

Indigenous peoples are often formally recognised in regulations or legislation. However, many indigenous peoples are not formally recognised. To identify the potential presence of indigenous peoples, community relations staff should answer the questions in *Table 4G.1*. Should groups assert self-identification and answers to one or more of the other questions are positive, the community may be an indigenous group and, unless there is credible evidence to the contrary, should be treated as such.

Table 4G.1 Identifying Indigenous Peoples

Does this group have:	Y / N
• Self-identification and / or identification by others (including formal government organisations) as members of a distinct cultural group?	
• A distinct language, different from the predominant language?	
• Traditional economic systems oriented towards subsistence production?	
• Traditional lifestyles, a close attachment to ancestral territories and the natural resources found in them?	
• A culture and way of life different from other segments of the national population, e.g. livelihoods, language and customs?	
• Customary social and political institutions?	
• Historical continuity in the area, or a longstanding presence that pre-dates that of others who settled in / moved to the area?	
Note: This list of characteristics is based on the International Labour Organisation (ILO) Convention 169 on Indigenous and Tribal Peoples, and World Bank and International Finance Corporation (IFC) standards.	

Legal and other instruments that safeguard indigenous peoples' rights are set out in *Box 4G.2*. The references listed in *Section 4G.6* provide further information.

#### BOX 4G.2 LEGAL INSTRUMENTS AND STANDARDS RELATING TO INDIGENOUS PEOPLES

- ILO Convention 169 Concerning Indigenous and Tribal Peoples in Independent Countries
- ILO Convention 107 Concerning the Protection and Integration of Indigenous and other Tribal and Semi-Tribal Populations in Independent Countries
- UN Declaration on the Rights of Indigenous Peoples
- IFC Performance Standard 7 on Indigenous Peoples World Bank's Indigenous Peoples' Policy (OP 4.20)
- World Council of Indigenous Peoples
- Rio Declaration on Environment and Development
- International Convention on the Elimination of All Forms of Racial Discrimination
- OAS Declaration on the Rights of Indigenous Peoples
- UN Convention on Biological Diversity
- Numerous national regulations requiring identification of affected indigenous groups, stakeholder engagement processes and management plan preparation

It is important to note that while many customary rights are protected internationally, they may not be recognised or enforced nationally, even by governments that have signed the relevant international conventions. In such circumstances, Anglo American operations should aim to follow established good practice (as outlined in this tool), unless doing so would break national laws.

Operations in Africa, in particular, should note that many stakeholders, including most governments, regard all black Africans as indigenous and, therefore do not advocate special treatment for groups claiming indigenous status. Under these circumstances, specialist advice should be sought, but in general the steps outlined in this tool to protect cultures and livelihoods should still be followed. If necessary, this can be presented as good practice in social impact management, rather than paying special regard to the status of indigenous peoples.

### 4G.4 OVERARCHING PRINCIPLES FOR ENGAGEMENT

The special status of indigenous peoples, with regard to engagement, is specifically captured in the notions of Free, Prior and Informed Consultation, and Free, Prior and Informed Consent. *Box 4G.3* defines these terms.



#### BOX 4G.3 FREE, PRIOR AND INFORMED CONSULTATION AND CONSENT

- **Free:** Free from any hindrances or reasons why indigenous peoples may not take part in consultation.
- **Prior:** From as early as possible in the project planning and throughout the life of the project. They must be given enough time to go through the traditional processes of decision-making.
- **Informed:** Indigenous peoples must be given enough information and in such a way that allows them to understand fully the impacts being discussed with them and feed into the decision-making process where appropriate.
- **Consultation:** This must be a two-way process that allows indigenous peoples to participate meaningfully in: decisions that affect them directly; proposed management and mitigation measures; and sharing of development benefits.

The principle of “consent” implies a greater degree of decision-making about development by indigenous groups including, potentially, a right of veto. Legal or de facto consent provisions exist in many, although not all, countries. At present, “consent” does not have well-accepted definitions, although it is generally acknowledged that any consent does not mean unanimity of all participants (see IFC Performance Standard 7 for guidance).

The principle of Free, Prior and Informed Consultation is key to how Anglo American approaches engagement with both indigenous and non-indigenous peoples.

Even where there is no provision in law, Anglo American acknowledges the importance of Free, Prior and Informed Consultation and the importance of maintaining good relations with indigenous peoples. Anglo American also recognises that pursuing a project where there is major opposition may carry reputational risks and affect the company’s social licence to operate. This position is aligned with the International Council on Mining and Metals (ICMM) standpoint, as stated in its Position Statement on Mining and Indigenous Peoples (see *Box 4G.4*).

Anglo American does not have a policy that grants indigenous peoples Free, Prior Informed Consent, but it supports the notion where the relevant government authority has granted or recognised the rights of indigenous peoples.

#### BOX 4G.4 ICMM STANDPOINT ON MINING AND INDIGENOUS PEOPLES

Through ICMM’s Position Statement on Mining and Indigenous Peoples ([www.icmm.com/document/293](http://www.icmm.com/document/293)), member companies commit to “engage and consult with Indigenous Peoples in a fair, timely and culturally appropriate way throughout the project cycle. Engagement will be based on honest and open provision of information”, and in a form that is accessible to Indigenous Peoples. Engagement will begin at the earliest possible stage of potential mining activities, prior to substantive on-the-ground exploration. Engagement, wherever possible, will be undertaken through traditional authorities within communities and with respect for traditional decision-making structures and processes (Commitment 3). This is consistent with the “Free, Prior and Informed” elements of FPIC. Members commit to “design projects to avoid potentially significant adverse impacts of mining and related activities and where this is not practicable, minimizing, managing and / or compensating fairly for impacts. Among other things, for example, special arrangements may need to be made to protect cultural property or sites of religious significance for Indigenous Peoples” and also to “seek agreement with Indigenous Peoples and other affected communities on programs to generate net benefits (social, economic, environmental and cultural), that is benefits and opportunities which outweigh negative impacts from mining activities. Specific consideration will be given to customary land and resource use in situations where formal title may be unclear or where claims are unresolved. ICMM members will measure progress to ascertain that specified social benefits are being achieved and if programs are not achieving stated goals, seek agreed modifications to improve program effectiveness. In general, ICMM members will seek to build long-term partnerships with Indigenous Peoples, to find ways to increase their participation as employees and suppliers, and to support self-empowered regional and community development such as through education, training, healthcare, and business enterprise support.” (Commitments 6 and 7).

Furthermore, members commit to “through implementation of the preceding actions, seek broad community support for new projects or activities. ICMM members recognize that, following consultation with local people and relevant authorities, a decision may sometimes be made not to proceed with developments or exploration even if this is legally permitted.” (Commitment 9).

Where Free, Prior and Informed Consent for Indigenous Peoples has been legally provided for by national governments, ICMM members are expected always to comply with the law. At the same time, it is the view of ICMM’s members that a blanket endorsement of the right to Free, Prior and Informed Consent is not currently possible, particularly given the difficulties entailed in applying the concept in practice (for example, situations where consent has not been secured but is not required under national law, meaning that other mining companies would be able to develop regardless of the lack of consent).

ICMM’s members, however, are committed to participating in national and international forums on FPIC, and welcome opportunities to explore further engagement with Indigenous Peoples and consent processes in relation to mining projects.

The principle of Free, Prior and Informed Consent is specifically addressed in the IFC Performance Standard 7 on Indigenous Peoples. Performance Standard 7 recognises that indigenous peoples should be informed (in appropriate, accessible language) about projects that may take place on their land, and requires that they be given the opportunity to give or withhold their consent to a project before it commences.

*Box 4G.5* provides a summary of overarching engagement principles, as they relate to indigenous peoples. Application of these principles will help to ensure a successful relationship with the indigenous peoples in your area of influence. *SEAT Tool 2B – Developing a Stakeholder Engagement Plan* provides general guidance on stakeholder engagement. These should also be referred to when planning and preparing for engagements with indigenous peoples.

## BOX 4G.5 SUMMARY OF OVERARCHING ENGAGEMENT PRINCIPLES

- **Prepare properly:** Ensure you have identified indigenous groups and build an understanding of their cultures, history, livelihoods, relationships with natural resources, vulnerabilities, etc. as well as the legal and regulatory regime.
- **Be culturally sensitive:** Do not assume that conventional engagement methods will be appropriate. Learn how the indigenous community wants to be engaged and identify their representatives. Ensure, however, that you are able to seek the views of all sections of the community (i.e. not just leaders or men, for example) and seek local advice on how best to do this. Learn and respect customs and traditions, (e.g. only use indigenous symbols in company literature with community permission). Be aware that it may be culturally inappropriate to go straight into business talk without following cultural protocols and “affirming the relationship” through initial side conversations and interactions. Make time for this. An attitude of respectful listening will help to build trust and confidence between parties.
- **Be honest and transparent:** As part of the ongoing engagement, hold information-sharing meetings with indigenous peoples to update them on progress as well. Ensure that all engagement, information sharing and consultation are culturally appropriate. Respect the concerns that arise from these meetings, and be open to different ways of approaching matters.
- **Build capacity to engage.** Particularly where mining is new to an area, assistance may need to be given to help indigenous groups understand the impacts of mining, the permitting regime and their legal rights. It may be useful at this stage to bring in NGOs or other organisations currently working with indigenous peoples to assist with this. Similarly, build the capacity of Anglo American staff, consultants and contractors.
- **Allowing time for deliberation:** Indigenous groups may take time to consider the consequences of project propositions, particularly if they have not previously had any previous experience of mining projects. It is important to remember that respect and mutual understanding develop over time, and are unlikely to emerge from discussions that are solely focused on issues of interest to the company. Therefore, it is best for a company not to rush the engagement process.
- **Be consistent and build relationships:** To build relationships and trust it is important that the same personnel interact with the indigenous community. It may be useful to engage consultants to assist with this initially, but it is essential for Anglo American staff to develop the skills in engaging with indigenous peoples and own the relationships. Move at a pace that indigenous groups are comfortable with, be clear and consistent in your messages and do not make promises you cannot keep. It is also valuable to learn a “courtesy level” of the local language, and to accept invitations to join in local celebrations, activities and meals with members of the community.
- **Understand indigenous calendars of events:** Identify the implications of seasonal activities, such as hunting, fishing or gathering seasons and festival periods for engagement activities. Ensure that mining activities, such as exploration, do not interfere with these events.
- **Respect local knowledge.** Recognise indigenous groups as valuable keepers of local social and environmental knowledge. Also respect the fact that communities may attach considerable value to this information, and may only be willing to share it under particular circumstances or once trust has been established.
- **Keep good records.** Maintain records of all meetings and issues identified, how these were addressed and what commitments are made.
- **Involve indigenous groups in decisions that affect them:** Never assume that you know what is best for indigenous groups and recognise that, as with other stakeholders, indigenous groups should be allowed informed participation in decisions that may affect them, (e.g. through the provision of independent advice).

Source: ICMM Good Practice Guide: Indigenous Peoples and Mining, 2010.

## 4G.5 DEVELOPING AN INDIGENOUS PEOPLES MANAGEMENT PLAN

If indigenous peoples are within an operation's zone of influence, an indigenous peoples management plan should be developed. This should be an addition to the Social Management Plan (SMP) for the operation (but may be integrated within it). An indigenous peoples management plan should contain the following sections:

1. Baseline information about affected indigenous communities (as gathered through impact assessments or *Tool 2A – Profiling the Local Area*).
2. Impact, risk and opportunity analysis (as gathered through impact assessments or the *Tool 3A – Assessment of Issues and Impacts*).
3. Indigenous peoples engagement process and plan, including the grievance mechanism (as set out in the impact assessment or *Tools 2B – Developing a Stakeholder Engagement Plan* and *4A – Complaints and Grievance Procedure*).
4. Management, mitigation and optimisation of impacts, risks and opportunities (see *Tool 6A – Developing a Social Management Plan*).
5. Monitoring, evaluation and reporting plan (see *Tool 6A – Developing a Social Management Plan*).

### Section 1: Baseline Information

This section of the plan should contain information that provides an understanding of local indigenous groups and their characteristics. It should describe what differentiates indigenous peoples from non-indigenous communities in the region, and look at any vulnerabilities that may make them more susceptible to impacts from mining development.

One of the objectives of IFC Performance Standard 7 is to “foster full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of indigenous peoples”. It is important that the baseline provides an understanding of these issues. Besides typical baseline information (see *Tool 2A – Profiling the Local Area*), the following information should be included in an indigenous peoples management plan:

- social and economic structures, mechanisms and institutions;
- cultural traditions, characteristics and practices;
- political and / or administrative structures and procedures (e.g. the role of women in decision-making), including decision-making and dispute resolution processes;
- other aspects of indigenous culture that require understanding, respect and conservation;
- extent of dependence on the land and natural resources;
- types of land tenure; and
- experience of extractive industries in the area.



By the time a baseline has been established, anyone engaging with indigenous peoples should be able to answer the questions in *Box 4G.6*.

#### BOX 4G.6 KEY INFORMATION REQUIREMENTS

- Who are the communities of interest?
- Who can provide information on these communities?
- Where are they located?
- Have they been relocated in the past?
- Are there historical issues or grievances that need to be considered before discussions commence?
- Do the communities have the capacity to deal with you? If not how are you going to manage this?
- What other companies have they engaged with, what lessons can be learned and what precedents have been established?
- What is the relationship between the communities and local, provincial or national government?
- What is the relationship between the communities and landowners, if these are different?
- Do you have a local liaison person or organisation that can help make introductions and offer advice on local customs? If not, where can you find one?
- Who should you be dealing with?
- Are there cultural or religious taboos or customs that you need to be aware of, such as exchange of gifts, dress codes, the appropriateness of men speaking to women outside their families, the way meetings are run or paying respects to elders?
- Do you understand the dynamics of the community? Are there unelected decision-makers?
- Is the community matriarchal or patriarchal? What are their values and priorities?
- What is the role of the community's elders?
- How are decisions made in the community? Is this by consensus, by a majority vote, by an elected leadership or some other manner?
- Where are the traditional and customary lands of the community / communities that you want to work with?
- What is the local language?
- Do people understand and comprehend the language of the Anglo American team if this is different?
- Are there words in the local language for the technical or other terms that you want to use?

The indigenous peoples plan should also cite any relevant local Anglo American policies with respect to indigenous peoples. As an example, Anglo American Metallurgical Coal Business Unit's *Indigenous Peoples Policy* is presented in *Box 4G.7*.

#### BOX 4G.7 ANGLO AMERICAN METALLURGICAL COAL BUSINESS UNIT'S INDIGENOUS PEOPLES POLICY

##### Our Approach to Resource Projects

Anglo American respects the traditions and cultures of Australia's Indigenous Peoples. We fully recognise their rights and their special relationship with their traditional lands. Our goal is to work in partnership and close cooperation with the Indigenous Peoples of the lands in which we operate, in a relationship of care, respect, understanding and trust.

##### To achieve this goal we will:

- establish open and constructive engagement with Traditional Owners;
- adopt consultation procedures that are developed with Indigenous Peoples as the foundation for achieving mutually beneficial outcomes;
- join with Traditional Owners in devising management plans to integrate consideration of cultural heritage into every aspect of the planning and operation of our developments.

**We will actively promote the endorsement of this Policy by our Joint Venture partners and contractors.**

#### Section 2: Impact, Risk and Opportunity Identification

When determining environmental and social impacts, the strong links between indigenous peoples, culture, livelihoods and lifestyles must be taken into account.

The potential negative impacts of typical mining activities, such as building roads, moving machinery and the migration of workers, need to be carefully considered and avoided, minimised or mitigated.

For example, reduced water quality or quantity and the loss of biodiversity may be significant to indigenous peoples, and may interfere with livelihoods, traditional medicines, cultural activities and / or the spiritual ties that indigenous peoples have to their environment.

Similarly, when non-indigenous peoples live within or near indigenous communities it may result in hazards such as alien diseases or the introduction of alcohol and drugs, which have proven to be particularly problematic in many indigenous communities.

Conversely, indigenous communities may be valuable sources of cultural and environmental knowledge, and important suppliers of both employees and goods and services (particularly in remote areas).

For new projects, these risks and opportunities should be analysed thoroughly as a part of pre-development impact assessments. For existing operations, and particularly for older sites that did not undertake pre-development social impact assessments, indigenous groups should be consulted as a part of the SEAT process or as a stand-alone exercise.

### Section 3: Indigenous Peoples Engagement Process and Plan, Including Grievance Procedures

Sites must ensure ongoing interaction with local indigenous peoples. This does not necessarily need to be a separate exercise from the overall community / stakeholder engagement processes at the operation, but it must respect indigenous culture and norms. The level of engagement should be appropriate to the types of impacts the operation may have on the indigenous peoples' livelihoods, as well as cultural and traditional practices. Although extensive engagement may be costly and time-intensive, it can have many benefits, including:

- better project design;
- easier and less risky project implementation; and
- reputational benefits.

It is important that indigenous peoples understand complaints and grievance procedures, but also that such procedures are respectful of customary approaches to dispute resolution. Given that there are likely to be differences between corporate and indigenous cultures, the outlined complaints and grievance procedure presented in *Tool 4A – Complaints and Grievance Procedure* should be adapted as required for local circumstances. This may include using processes that focus on dialogue, building cross-cultural understanding and through this, finding mutually agreeable solutions.

### Section 4: Management of Impacts, Risks and Opportunities

Management, mitigation and optimisation measures should be developed according to the operation's annual SMP as set out in *Table 6A.2* in *Tool 6A – Developing a Social Management Plan*. This plan should contain the following components:

- impact to be managed;
- objective (i.e. what Anglo American and its stakeholders want to achieve);
- management actions to achieve stated objectives;
- performance target;
- resources to be deployed – human and financial;
- roles and responsibilities (including Anglo American management and other relevant stakeholders);
- timing; and
- Key Performance Indicators (KPIs).

It is important that operations develop mutually beneficial relationships with indigenous groups; one way to do this is through a formal agreement to ensure that indigenous groups benefit from the mining operation in some way.

Such agreements, often called Impact and Benefit Agreements (IBAs) or Participation Agreements, are a legal requirement in some countries, particularly where indigenous groups have legal rights to surface or sub-surface resources. There are also countries such as Canada where, whilst not always a legal requirement, it is expected that mining companies will negotiate such agreements with indigenous groups when projects occur on their lands. IBAs can cover a broad spectrum of benefits:

- Financial agreements, including:
  - equity stakes in operations;
  - royalties, based on the value or volume of output;
  - profit shares; and / or
  - payments not linked to financial or production performance.
- Preferential hiring procedures and / or quotas.
- Preferential procurement procedures and / or quotas.
- Contributions in-kind, e.g. construction or operation of schools and clinics or other types of socio-economic contributions (see *SEAT Step 5* for examples).

Key considerations for IBAs are set out in *Box 4G.8*.

#### BOX 4G.8 CONSIDERATIONS FOR IBAS

The De Beers Victor Project negotiated an IBA with Attawapiskat First Nation and Moose Cree First Nation, focused on business, employment and training opportunities created by the construction and operation of the Victor Mine. As part of this, De Beers funded the construction of a training centre to help community members to prepare for employment at the mine. The Centre is run by a Training Centre Committee, which manages the facility and its programmes. Some benefits of having the Victor IBA have included:

- The IBA created clarity, comfort and certainty for all parties concerned.
- Having a prior agreement (the IBA) shortened the community approval process for permit applications, thereby shortening the permit application processes as well.
- Communities have a strong feeling of empowerment which goes beyond just having their views heard and respected.

Issues that the Victor Project IBAs addressed were:

- Employment
- Education and training
- Workplace conditions
- Business opportunities
- Environment
- Social and cultural issues
- Financial issues
- Implementation of the agreement
- Future exploration
- Dispute resolution

Where community development projects are supported these should be implemented in line with the guidance and general principles set out in *Step 5* of *SEAT*.

Successful agreements build on and sustain positive, mutually beneficial relationships and partnerships between indigenous groups and an operation. While this may vary from operation to operation, there are common elements that have contributed to successful agreements, as outlined in *Box 4G.9* below.

#### BOX 4G.9 ELEMENTS OF SUCCESSFUL AGREEMENTS

- **Recognition from all parties involved that the process that led to the agreement was fair and equitable.** If people feel that an agreement has been imposed on them, or they were not properly informed of their rights and obligations under the agreement before signing it, they are much less likely to commit to making it work.
- Successful agreements go **beyond a short-term focus** on compensation to address long-term livelihood goals and the issue of post-project sustainability.
- Effective agreements are treated as **flexible** instruments that provide a framework for governing the ongoing and long-term relationship between a mining project and affected indigenous communities.
- There should be a willingness from all parties to change and **improve the agreement** as circumstances require.

Source: ICMM Good Practice Guide: Indigenous Peoples and Mining, 2010.

A risk for operations working in or near indigenous groups, is that their employees / contractors may behave inappropriately. Actions such as showing a lack of respect for local customs, or destroying or damaging cultural heritage sites (even if inadvertently), can cause long-term harm to company-community relations, with implications for an operation's social licence to operate. Actions that can be taken to ensure that employees and contractors behave appropriately include:

- implementing programmes of cross-cultural training programmes for all employees and contractors (see *Box 4G.11*);
- ensuring employees and contractors understand what is expected of them (e.g. by communicating policies that define acceptable behaviour);
- taking disciplinary action where there are significant breaches of these standards up to and including dismissal and termination of contracts; and
- ensuring that contracts with employees, subcontractors, agents and joint venture partners contain appropriate provisions to govern their behaviour.

*Tool 4F – Contractor Management* provides additional guidance on managing the social performance of contractors.

#### BOX 4G.11 CROSS-CULTURAL TRAINING

Companies conducting mining-related activities in areas with significant indigenous populations should mandate some form of cross-cultural training for company and contractor personnel. These training programmes should:

- Focus on giving a historical understanding of the relevant community and providing practical advice that can enhance cross-cultural communication and understanding (e.g. advice on body language, initiating and ending conversations, culturally respectful and disrespectful actions, etc.).
- Where possible, involve local indigenous men and women in delivery and teaching of the programme (e.g. in conducting welcoming ceremonies and sharing their experiences).
- Differentiate one's approach according to the target audience (e.g. more intensive tailored programmes for company personnel who supervise indigenous employees).
- Include follow-up and refresher sessions, rather than just being delivered as a one-off.
- Where Indigenous Peoples use a different language, develop the capacity of project supervisors to communicate in that language.

Source: ICMM Good Practice Guide: Indigenous Peoples and Mining, 2010.

### Section 5: Monitoring, Evaluation and Reporting Plan

As per the monitoring process set out in SEAT (see *Table 6A.2* in *Tool 6A – Developing a Social Management Plan*), the following should form key components of a monitoring plan:

- impact and the associated management measures;
- monitoring measures – how progress will be monitored;
- responsibility – who will be accountable for monitoring progress;
- timing / frequency of monitoring; and
- how KPIs will be reported.

If this tool is being used at an existing operation, then indigenous peoples' issues can be included as a part of the operation's annual SMP. If this tool is being used during the exploration, development or closure phases, then a stand-alone plan may be required.

#### 4G.6 FURTHER INFORMATION

The following organisations can provide advice and assistance with indigenous peoples' issues:

- Centre for Indigenous Environmental Resources (CIER). Available at: [www.cier.ca/Default.aspx](http://www.cier.ca/Default.aspx).
- International Finance Corporation (IFC). Available at: [www.ifc.org](http://www.ifc.org).
- United Nations Permanent Forum on Indigenous Issues (UNPFII). Available at: [www.un.org/esa/socdev/unpfii/en/declaration.html](http://www.un.org/esa/socdev/unpfii/en/declaration.html).
- The World Conservation Union (IUCN). Available at: [cms.iucn.org](http://cms.iucn.org).
- International Council on Mining and Metals. Available at: [www.icmm.com](http://www.icmm.com).

Other useful sources that have been used for the compilation of this tool include:

- Government of Canada, Prospectors and Developers Association of Canada, Mining Association of Canada and Aboriginal Minerals Association, 2006 Mining Information Kit for Aboriginal Communities, Canada, Available (in English and French) at: **[www.nrcan.gc.ca/minerals-metals/aboriginal/bulletin/3059](http://www.nrcan.gc.ca/minerals-metals/aboriginal/bulletin/3059)**.
- International Finance Corporation, January 2012, Performance Standard 7: Indigenous Peoples. Available at: **[www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards](http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards)**.
- International Labour Organisation (ILO) Convention on Indigenous and Tribal Peoples (No. 169), 1989. Available at: **[www.ilo.org/ilolex/cgi-lex/convde.pl?C169](http://www.ilo.org/ilolex/cgi-lex/convde.pl?C169)**.
- International Council on Mining and Metals, Good Practice Guide: Indigenous Peoples and Mining, 2010. Available at: **[www.icmm.com](http://www.icmm.com)**
- World Bank Operational Policy on Indigenous Peoples 4.10, January 2007. Available at: **[web.worldbank.org/WBSITEEXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTINDPEOPLE/0,,menuPK:407808~pagePK:149018~piPK:149093~theSitePK:407802,00.html](http://web.worldbank.org/WBSITEEXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTINDPEOPLE/0,,menuPK:407808~pagePK:149018~piPK:149093~theSitePK:407802,00.html)**.
- World Resources Institute (WRI), May 2007, Development Without Conflict: The Business Case for Community Consent. **[pdf.wri.org/development\\_without\\_conflict\\_fpic.pdf](http://pdf.wri.org/development_without_conflict_fpic.pdf)**.

# Tool 4H: Voluntary Principles on Security and Human Rights

## 4H.1 OBJECTIVES

The Voluntary Principles on Security and Human Rights (VPSHR), jointly developed by governments, companies and NGOs, provide guidance to extractive sector companies on maintaining the safety and security of their operations within a framework that ensures respect for human rights.

Anglo American, as a signatory company, aims to operate in a manner that is consistent with the VPSHR. This relates to many aspects of security management, including risk assessment and interactions with public and private security providers. It is most applicable in high risk areas. The VPSHR represent international “best practice” in the management of security / community risks, including, for example, wherever Anglo American retains armed security providers.

This tool provides an overview of steps to implement the VPSHR. Detailed guidance on the implementation of the VPSHR is outlined in the Implementation Guidance Tool (IGT)<sup>(1)</sup>. The IGT was developed with the support from the International Council on Mining and Metals (ICMM), the International Committee of the Red Cross, the International Finance Corporation and IPIECA, the global oil and gas industry association for environmental and social issues. The IGT builds on extensive consultations with the extractive sector. **The IGT should be the primary reference document for the implementation of the VPSHR; this tool should not be used in isolation.**

The core elements of the VPSHR are risk assessment, relations with public security and relations with private security. These are described below:

- **Risk assessment:** All operations should assess whether there are any risks to fulfilling the main objective of the VPSHR (i.e. manage company security in accordance with the respect for human rights and humanitarian law).
- **Interactions between Anglo American and public security forces:** In countries where Anglo American's operations directly or indirectly involve public security forces (army, police, special units, etc.), mechanisms and procedures are required to ensure that the actions of public security providers protect human rights. This is particularly relevant to operations in conflict-affected and high risk areas where human rights abuses occur frequently.

- **Interactions between Anglo American and private security forces:** In situations where host governments are unable or unwilling to provide adequate security to protect a company's personnel or assets, it may be necessary to engage private security providers “as a complement to public security”. In these cases, it is Anglo American's duty to ensure that private security providers adhere to the VPSHR.

## 4H.2 RISK ASSESSMENT

A VPSHR risk assessment analyses security risks to the company and human rights risks to communities in which the company is operating. It also considers the risk of company complicity in human rights abuses that public or private security can commit, often against local community members. A VPSHR risk assessment should be included in the operation's annual risk assessment (see *Tool 3A – Assessment of Issues and Impacts*) as well as following major events or incidents.

Linking the VPSHR risk assessment to the conflict analysis (*Tool 4C – Conflict Assessment and Management*) is crucial, as events that trigger violence may be accompanied by increased security and human rights risks. The process of conducting a risk assessment is described in detail in the IGT<sup>(2)</sup>. The sections below provide a high-level summary of this process.

(1) [www.voluntaryprinciples.org](http://www.voluntaryprinciples.org)

(2) For the details of the process, see IGT module 2

Figure 4H.1 Key Tasks Required for Implementing the Core Elements of the VPSHR



## Task 1: Establishing the Scope and Scale of the Risk Assessment

Risks associated with the VPSHR may be prevalent at the national level or local level. At the national level, the Government Relations Country Plan<sup>(1)</sup> is used to identify and assess any national security risks. The operational risk assessments and the Social Management Plan (see *Tool 6A – Developing a Social Management Plan*) should be used to assess and respond to local security risks.

A cross-functional team (e.g. security, community relations, government relations, environment, legal, external affairs, communications, etc.) should be established to conduct the assessment.

## Task 2: Identifying Risks and the Root Causes

The country and operational risk assessments and conflict analysis will identify risks and their root causes relevant to the operation (see IGT, Tool 2.2).

## Task 3: Developing Risk Scenarios

Guidance on developing risk scenarios is also outlined in the IGT (see IGT, Tool 2.3). Each risk scenario identifies the security and human rights risks alongside stakeholders and the potential consequences. The table below has been adapted from the IGT as an example.

Table 4H.1 Risk Scenarios / Statements

Type of risk	Poor human rights record by public security providers.
Risk statement	Signing an MOU with public security providers with a poor human rights record can lead to reputational damage for the company and even legal liabilities.
Stakeholder(s) affected	<ul style="list-style-type: none"> <li>• Company</li> <li>• Shareholders</li> <li>• Communities in areas where public security providers are present</li> </ul>
Actors	<ul style="list-style-type: none"> <li>• Public security providers</li> <li>• Interior Ministry</li> </ul>
Potential consequences	<ul style="list-style-type: none"> <li>• Violations of community members' human rights</li> <li>• Reputational damage to the company at local, national and international levels</li> <li>• Legal liabilities for the company related to allegations of complicity</li> </ul>

## Task 4: Prioritising Risks

Conflict-affected areas can present a multitude of risks. It is preferable to identify the widest possible range of risks, even if they seem minor, in order to develop appropriate mitigation measures and to prevent them from escalating. The risk rating will facilitate the prioritisation of the risks<sup>(2)</sup>.

## Task 5: Risk Mitigation Plan

Once the risks have been identified, assessed and prioritised it will be possible to develop a risk mitigation plan. The plan should be developed by a multi-disciplinary team, as different aspects of risks will require different functional responsibilities and should be integrated within the SMP.

(1) Government Relations Handbook

(2) This step corresponds to IGT, Step 2.4



The VPSHR state that “although governments have the primary role in maintaining law and order, security and respect for human rights, companies have an interest in ensuring that actions taken by governments, particularly the actions of public security providers, are consistent with the protection and promotion of human rights”.

#### BOX 4H.1 CAPACITY DEVELOPMENT WITH COLOMBIA'S SECURITY FORCES

Colombia has been facing internal conflicts for many years, and the Cerrejón coal mine's operations are exposed to these threats. Concerned by these conflicts and their potential impacts, Cerrejón (which is jointly owned by Anglo American, BHP Billiton and Xstrata) is actively engaged in the promotion of, and respect for, human rights within its operation, its local area and in the country.

Cerrejón initiated a human rights training programme for its security personnel, private security contractors, public security forces and its neighbouring community. The initiative consists of a comprehensive plan aimed at creating human rights awareness, education and promotion. Training is provided by local NGOs, the Colombian Red Cross, and the International Committee of the Red Cross. By the end of 2005, over 500 individuals had received training. This training meets the requirements of the Voluntary Principles on Security and Human Rights.

As a result of the programme, political and civic leaders and neighbouring municipal administrations have stated that there is a significant, positive change in the attitude and vision of the public security forces. As a representative of the local Wayuu indigenous people noted, “Thanks to the implementation of the human rights programme, a really big change has occurred, above all in the treatment of the Public Forces towards us and ours towards them. It is not the same treatment as before that led us to look at them with fear because we thought that the Armed Forces came here to harm us, to humiliate us; now, we look at them with trust – quite different from what it was before.”

#### 4H.3 INTERACTIONS BETWEEN ANGLO AMERICAN AND PUBLIC SECURITY PROVIDERS

Anglo American operations may be required to engage with public security for the protection of company personnel or assets. Any abuses committed by state security actors either directly (in the execution of ostensibly protective duty) or indirectly (in other contexts stemming from the provision of funding, logistical training and equipment to forces implicated in such misconduct) may present legal and reputational risks to the company (e.g. complicity in human rights abuses). To avoid complicity, “the company must take all reasonable steps to ensure that the actions of its security providers protect human rights.”

In doing so, Anglo American operations should conduct regular consultations with public security officials and communities on issues related to the VPSHR; implement protocols in order to respond to allegations of human rights abuses; and conduct monitoring to ensure overall compliance.

##### Task 1: Regular Consultations

Consultation is a key element of the VPSHR. Each Anglo American operation should establish a pattern of regular, formal meetings with public security officials in order to exchange security information, address concerns regarding human rights and humanitarian law and raise any other issues of interest. The regular consultations will allow Anglo American operations to:

- communicate company policies and expectations on the VPSHR;
- share information on the security and human rights issues;
- raise concerns regarding human rights issues, including deployment and conduct of public security officials (see Tool 3.4 of IGT); and
- establish if there are existing training programmes in human rights, international humanitarian law and rules of engagement for public security providers and, where appropriate, identify opportunities to strengthen such efforts.

##### Task 2: Stakeholder Engagement

Each Anglo American operation should engage with stakeholders regarding security and human rights issues (see *Tool 2A – Profiling the Local Area*; and *Tool 2B – Developing a Stakeholder Engagement Plan*). This should cover:

- community concerns regarding security arrangements and human rights; and
- disclosure, to the extent possible, of information on security arrangements.

Public security providers should be encouraged to send a representative to any stakeholder engagement sessions that specifically focus on security.

##### Task 3: Response to Allegations of Human Rights Abuses

In the event of an allegation of a human rights abuse by public security forces involving an Anglo American operation, its employees or its contractors, the following actions should be taken:

1. Report the allegation to your Business Unit CEO, copied to Group Government and Social Affairs (GSA) at [gsa@angloamerican.com](mailto:gsa@angloamerican.com).
2. Collect and consult all relevant documents concerning the relationship with the accused party. This should include all documents related to the Business Unit's risk assessment, particularly with regard to the human rights records of the party in question and communication of commitments under the VPSHR to concerned parties.
3. Collect information from key stakeholders.
4. Assess the credibility of the allegation:
  - If not credible, then a formal response should be communicated to interested parties and all relevant documentation should be retained.
  - If credible, proceed to step 5.
5. Do not engage directly with the accused party (or his / her immediate superior) on this issue. Similarly, do not seek recourse at the local level, and ensure that at all times the identity of the source of information is protected.



6. In discussion with Business Unit management and Group GSA, determine how the allegation / incident should be reported. This could be through the relevant embassy, the national human rights office where applicable, or other authority.
7. Consider the ability of local judicial instruments to handle the allegation in an impartial and practical manner.
8. Monitor any publicly-conducted investigation into the alleged abuse.
9. Report developments in the investigation of the allegation to Business Unit management and Group GSA.

#### **Task 4: Monitoring Efforts to Ensure Compliance**

To ensure compliance with the VPSHR, Anglo American must implement monitoring mechanisms to allow measurement of overall progress and monitoring specific issues such as:

- human rights records of public officials, including current allegations of abuse (and the state of the judicial process if applicable);
- equipment transfers;
- human rights and VPSHR obligations and dispositions contained in MOUs;
- human rights and conflict situations; and
- risk assessments and mitigation plans.

It is of critical importance that these efforts are well documented.

#### **4H.4 INTERACTIONS BETWEEN ANGLO AMERICAN AND PRIVATE SECURITY PROVIDERS**

The VPSHR acknowledge that in situations where host governments are unable or unwilling to provide adequate security to protect a company's personnel or assets, companies may find it necessary to engage private security providers "as a complement to public security." This section addresses issues surrounding the engagement of private security providers "as a complement to public security" and means of securing their adherence to the VPSHR.

##### **Task 1: Selecting a Private Security Contractor**

Once the need and scope for private security has been established (based on the results of the risk assessment), it is essential that operations undertake due diligence when selecting a private security provider. The IGT provides guidance on finding a competent security provider in conjunction with the VPSHR. This covers tendering, selection and contracting. Additional factors that the Company should take into consideration during selection process include<sup>(1)</sup>:

- history of respect for / violations of human rights law and international humanitarian law;
- personal and business reputation;

- management style and ethics of key executives;
- litigation and criminal offence history;
- training provided by the company to its employees on human rights and humanitarian law;
- business licences;
- equipment licences (particularly as these relate to weapons and firearms);
- procedures on use of force and firearms;
- undisclosed or misrepresented assets, losses, and projections;
- operational history;
- compliance with labour, health, safety and environmental regulations;
- conflicts of interest;
- corporate culture; and
- other liabilities and risks.

Once the contracting process has taken place, Anglo American operations must ensure that the following actions are undertaken<sup>(2)</sup>:

- coordination with public security and other government stakeholders;
- development of policies, procedures, and other guidelines;
- training, including testing and certification programmes for all private security personnel; and
- monitoring performance and managing gaps.

##### **Task 2: Governing Use of Force (Based Upon International Best Practice)**

In certain circumstances, private security providers may have to resort to force to protect people and assets. Guidelines should be implemented to ensure that security providers:

- observe Anglo American's policies regarding ethical conduct and human rights;
- use force only where necessary, keeping it proportional to the threat;
- operate in a lawful manner;
- minimise damage and injury;
- exercise restraint and caution in a manner consistent with international guidelines regarding the use of force;
- report any use of force as soon as possible to a supervisor; and
- render (or obtain) medical aid to injured persons, including offenders.

Such guidelines should be accompanied by training where required. These actions must be reported, fully documented and centralised within the Business Unit.

<sup>(1)</sup> For the details of the process, see IGT module 4.

<sup>(2)</sup> For the details of the process, see IGT module 4.

### **Task 3: Response to Allegations of Human Rights Abuses**

All credible security and alleged human rights abuse incidents that come to the security agency's attention should be reported to company management. A report should note:

- actors involved in alleged incidents;
- time and location of the incident;
- numbers and names of culprits;
- injuries where relevant;
- credibility of the source of the incident information, including motivations;
- short summary of actions taken; and
- date and time information was transmitted to a superior.

If the alleged abuse involves a private security contractor, the procedure is the same as with the public security (see *4H.3, Task 3*).

#### **4H.5 FURTHER INFORMATION**

Voluntary Principles on Security and Human Rights, Implementation Guidance Tools. Available at:  
**[www.voluntaryprinciples.org/files/VPs\\_IGT\\_Final\\_13-09-11.pdf](http://www.voluntaryprinciples.org/files/VPs_IGT_Final_13-09-11.pdf)**.



# STEP 5 – INTRODUCTION TO THE SOCIO-ECONOMIC BENEFIT DELIVERY TOOLS

## 5.1 OBJECTIVES

*Socio-economic development* – *Step 5* presents a suite of tools to deliver socio-economic benefits associated with Anglo American operations.

The term “socio-economic benefit delivery” (SEBD) refers to all the ways in which Anglo American contributes to socio-economic development, whether through core or non-core business activities. As such, SEBD includes local procurement, local employment, local infrastructure and corporate social investment (CSI).

This overview of the *Step 5* tools introduces key concepts, namely, the delivery of socio-economic benefits through core and non-core business activities; linking these interventions, wherever possible, to Anglo American’s key business needs; and providing generic guidance on aspects applicable to the planning and implementation of SEBD activities (e.g. business planning and employee volunteering).

## 5.2 THE STEP 5 SOCIO-ECONOMIC BENEFIT DELIVERY TOOLS

The *Step 5* tools reflect SEBD interventions that are focused on both core (e.g. procurement, employment, training and infrastructure development) and non-core (e.g. social investment) business activities, as illustrated in *Figure 5.1*. The *Step 5* Tools are:

- *5A – Approaches to Delivering Socio-Economic Benefit Delivery (SEBD);*
- *5B – Local Procurement;*
- *5C – Local Workforce Development and Training;*
- *5D – Local Infrastructure Development;*
- *5E – Local Institutional Capacity Development;*
- *5F – Developing Alternative Livelihoods;*
- *5G – Micro-Credit for SME Development;*
- *5H – Supporting Small Scale Water and Sanitation Service Delivery;*
- *5I – Supporting Sustainable Energy Delivery;*
- *5J – Supporting Community Health; and*
- *5K – Supporting Low Cost Housing.*

These tools should be used selectively, and in response to an identified local priority.

It is important, when planning SEBD initiatives, to recognise and seek to address the specific challenges that can prevent vulnerable groups from accessing the full benefits of community initiatives. Groups to consider include indigenous peoples, women, national or ethnic minorities, religious and linguistic minorities, children, persons with disabilities, and migrant workers and their families.

## 5.3 IMPLEMENTING STEP 5 TOOLS

Once the range of community needs has been identified through SEAT (or other relevant processes) a prioritisation exercise should be performed, ideally with input from external stakeholders. See *Tool 6A – Development of a Social Management Plan* for more information on prioritisation.

A summary of all the tasks in the tools is presented in *Figure 5.2* for easy reference.

## 5.4 SUPPORTING GUIDANCE

### Introduction

When implementing several of the tools, a number of common activities will be required. These activities include:

- ensuring compliance with Anglo American’s *Business Integrity Policy*;
- ensuring that interventions are strategic;
- preparing a business plan; and
- providing mentoring advice and other forms of employee volunteering, as appropriate.

Brief guidance on each of these topics is presented below.

### Anglo American Business Integrity Policy

Anglo American has strong safeguards in place to prevent corruption. All projects should be considered within the procedures set out by the relevant Business Unit (BU) or foundation social investment and sponsorship policies. These policies all include the following key requirements:

- determining what types of projects and beneficiaries may be funded;
- having all proposals for Anglo American-funded projects scrutinised by a dedicated committee;
- ensuring that all proposals are submitted with a completed “Anglo American Standard Social Initiative Project Record” before any funding can be advanced; and
- undertaking proportionate evaluations to ensure that the projects are delivering as intended.

Figure 5.1 The Step 5 Socio-Economic Benefit Delivery Tools

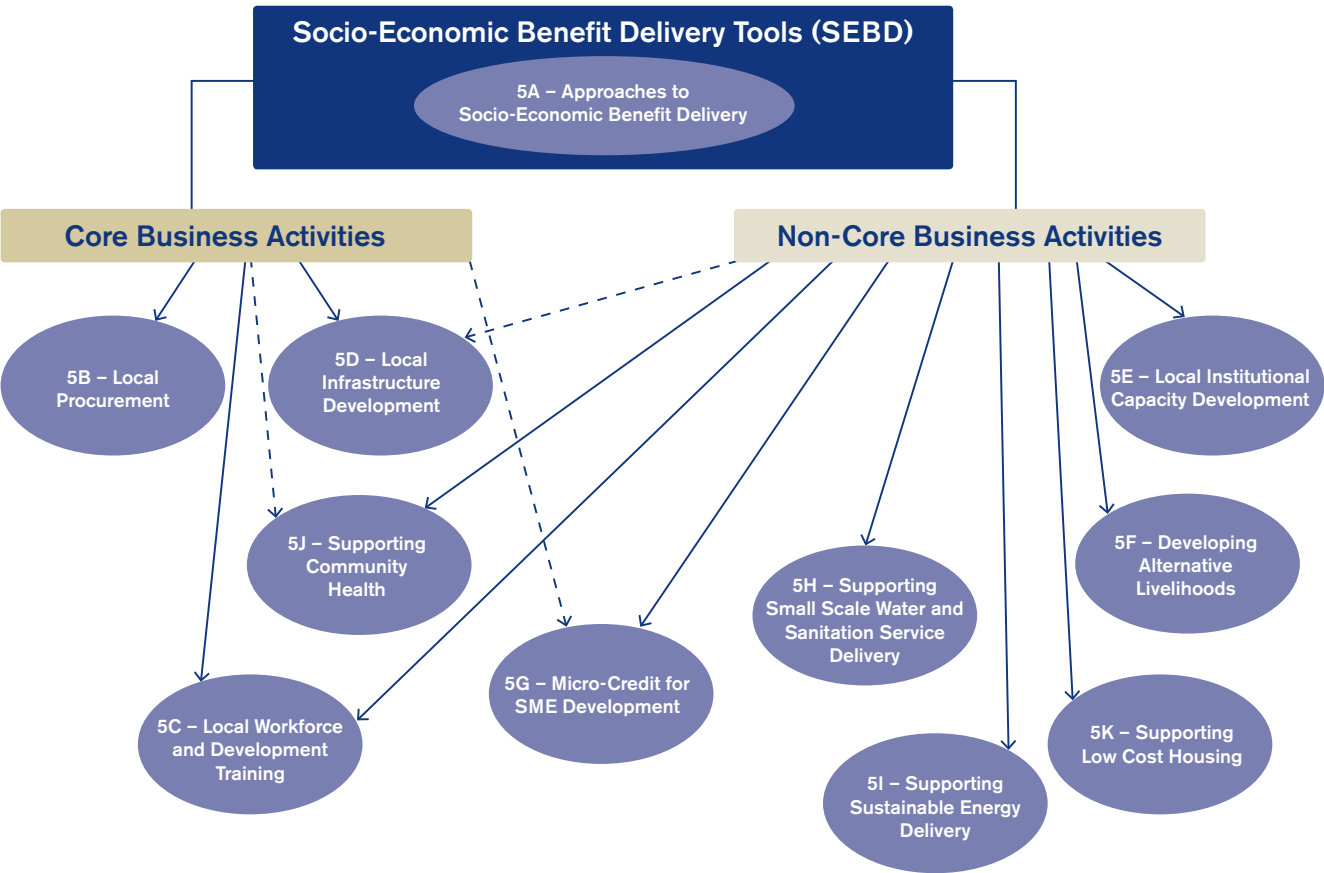
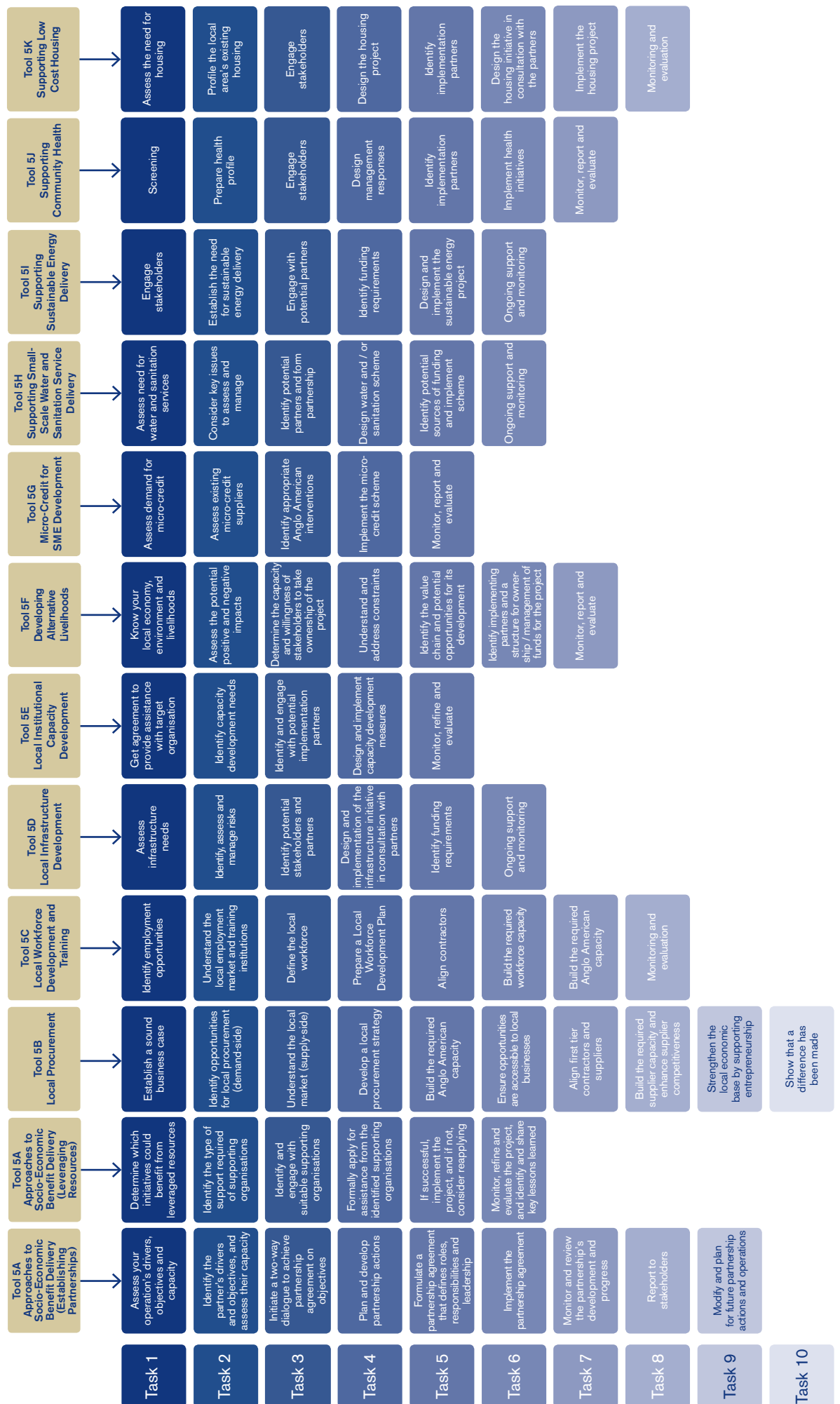


Figure 5.2 Community Development Tools – Summary of Tasks



## Ensuring Strategic Interventions

Support for socio-economic development tends to be most strategic when:

- projects are aligned with companies' core business activities (in the case of Anglo American, this would include developing local suppliers, workforce development, providing project management support, etc.);
- projects are aligned with stakeholder needs based on a needs assessment; and
- assistance comprises financial and non-financial forms of support. Non-financial resources such as mentoring (see section below), volunteering (see below), providing access to facilities (e.g. office space) and business contacts can significantly enhance the value of financial contributions.

## Basic Business Planning Requirements

Most potential SEBD initiatives will require an element of business planning. For relatively uncomplicated projects, simple plans may suffice. These plans should be developed by the beneficiaries, and reviewed by Anglo American as a basis for decision-making.

*Box 5.1* presents the basic information that should be presented in a business plan. These plans do not always need to be presented in a formal document, as some stakeholders may have low levels of literacy or numeracy, and requiring formal documentation may exclude the most vulnerable in society from measures designed to assist them.

However, the project proponent or entrepreneur should be able to discuss the topics knowledgeably. Anglo American staff can provide assistance with the development of these plans, where required. If in doubt, the operation's enterprise development or finance staff should also be able to provide simple guidance on business plan development.

## Mentoring Community Projects and Businesses

Mentoring is one of the most powerful, but also least expensive, ways of supporting SEBD initiatives, and in particular small business development. More information on mentoring is presented in *Box 5.2*.

The most important role of a mentor is to meet with a project's leaders or entrepreneurs on a regular basis, and to listen and engage in discussions about the project or business. Most middle level or senior managers in an Anglo American operation will have sufficient skills and experience to act as a mentor to local community projects.

### BOX 5.1 THE CONTENTS OF A SIMPLE BUSINESS PLAN

1. Brief summary of the project's history and goals.
2. Overview of project structure, including project leaders / managers, staff and volunteer involvement.
3. The qualifications or experience of senior project staff.
4. The project's target audience or market. For example, total number of beneficiaries / customers, and breakdown by age, gender, race / ethnicity, income levels, disabilities, geography, language spoken, or other criteria relevant to your organisation or project (see *Tool 2A – Profiling the Local Area* for guidance).
5. An overview of stakeholder engagement and participation in the project planning process.
6. A description of the community issue or business opportunity that the project will address.
7. The types and level of assistance sought from, or already committed by, any funding partners. Ensure there is clarity about the Anglo American operation's role in the project, and in particular what it will be contributing / receiving.
8. Specific activities and timetable for meeting objectives.
9. A clearly defined accounting model showing all costs and revenues, including investment and recurring costs, and requirements for working capital.
10. Strategy for building a sustainable funding or revenue base and developing the project over time.
11. If applicable, identification of other organisations that you will collaborate with to deliver the project.
12. The measures used to monitor and evaluate success.
13. An outline of the agreed upon exit strategy for identified partners (where relevant).

### BOX 5.2 KEY ROLES OF AN INDIVIDUAL PROJECT OR BUSINESS MENTOR

- Establish clear ground rules about what assistance will be offered, and what will not.
- Act without personal interest — do not accept payment or a stake in the business.
- Act as a friendly, supportive expert, not a person who has control.
- Help the client to find solutions, do not provide them.
- Meet on a timely basis and be available on an ad hoc basis when necessary.
- Check that essential actions are undertaken by the project manager / entrepreneur, such as preparing financial accounts, safety training or taking out relevant insurances.
- Ensure that any required progress reports are prepared in a timely manner.
- Highlight areas where the business needs training or professional advice (e.g. legal).
- Identify sources of information, funding, advice and training.
- Ask questions about future plans, but also be prepared to give your opinion.
- Accept that it is their business or project, not yours, and that failures do happen.
- If appropriate, establish timeframes for the mentoring relationship.



## Supporting Employee Volunteering

An employee volunteering programme is any structured effort by an employer to encourage staff to devote time (largely company time) to non-core business activities. Volunteering can have several benefits for operations:

- participants gain a greater appreciation of challenges facing local community members, and consequently better understand the local area;
- volunteering can be used to develop employee skills – technical, leadership or interpersonal;
- improved job satisfaction because of greater work variety;
- provides a low-cost route to helping local communities achieve development goals;
- reputation benefits; and
- offers a chance for operational skills to be transferred to local residents.

Key steps to develop a volunteering programme include:

- **Step 1 – Identify Priorities:** Local development priorities / concerns will have been identified during SEAT and other engagement processes (see *Tool 2B – Stakeholder Engagement Plan*), and analysed in *Tool 2A – Profiling the Local Area*, and *Tool 3A – Assessment of Issues and Impacts*.
- **Step 2 – Establish Internal Procedures for Managing Volunteering:** The operation will need to establish some simple guidelines on volunteering in conjunction with the BU or corporate guidelines / policy, including who may participate, how much company time any individual may devote to volunteering, who is responsible for volunteering, how volunteer time is recorded and accounted for, and how the volunteer programme is communicated to employees.
- **Step 3 – Determine Company Resources to be Devoted to the Programme:** This could include, for example, senior management commitment, allowing a certain number of work hours to be spent on volunteer activities each month, allowing activities to take place using company facilities and / or public recognition of volunteer efforts in internal communications. *Please note that staff time allocated to volunteering initiatives should be captured each year in the CSI returns made to the BU and Anglo American Corporate Head Offices.*
- **Step 4 – Launch and Monitor:** The volunteer programme should be made public, and information on how to participate should be disseminated to staff. Staff attitudes to the programme should be assessed, as should the views of their managers and the projects being assisted. Successes should be celebrated.

Many organisations can supply advice on how to establish volunteering programmes.



# Tool 5A: Approaches to Socio-Economic Benefit Delivery

## 5A.1 OBJECTIVES

Partnerships and leveraging resources are two primary mechanisms for improving the delivery of socio-economic benefit delivery (SEBD) projects:

- **Partnerships:** The sustainability of SEBD is most effectively achieved through partnerships which bring the necessary diversity in strengths, skills and expertise. Partnerships between government, business and civil society also encourage continued and shared responsibility.
- **Leveraging resources:** Anglo American may have access to funding partners that other stakeholders cannot easily access.

*Section 5A.2* outlines the key stages of partnership development, while *Section 5A.3* provides a summary of the key tasks involved in determining opportunities for leveraging the resources of supporting organisations.

## 5A.2 PARTNERSHIPS

### Benefits of Partnering

Partnerships can deliver a number of benefits to both the operation and stakeholders, including:

- diverse perspectives, insights, skills and solutions;
- improved understanding of partner organisations and stakeholders;
- credibility amongst stakeholders;
- reduced dependency on Anglo American and enhanced sustainability (particularly relevant in the context of mine closure);
- capacity-building among partners;
- opportunities to leverage resources from other partners (e.g. see *Section 5A.3*);
- reputational benefits; and
- opportunities to bring in additional resources.

### Identifying Partners

A potential partner will usually be an organisation with a direct interest in the issue being addressed. For example:

- a local skills development organisation may partner to roll out skills development programmes;

- another mining company or a large industrial partner may have shared interests in infrastructure development;
- a government body which has a direct interest in local economic development; or
- an NGO or community-based organisation (CBO) which has a direct interest in a specific issue being addressed.

The operation must, therefore, ensure that its objectives for the specific initiative(s) have been clearly defined. Once objectives have been defined, partnership development requires the identification of potential partners that have complementary competencies and similar objectives to those of the initiative that Anglo American wishes to support.

Once potential partners have been identified, they should jointly explore whether a partnership can more effectively meet their mutual objectives. Operations may find it helpful to involve an external facilitator during the exploratory phase of discussions. Exploring the potential for a partnership should include consideration of the following issues:

- current relationships with potential partners (extent of trust / understanding / communication);
- the extent to which objectives and aims are complementary;
- a thorough understanding of the potential partner's underlying interests and objectives;
- management capacity and division of responsibility;
- governance arrangements (e.g. decision-making processes and financial controls);
- availability of time to participate in the partnership (partnerships can be time-consuming, particularly during the development stages);
- resource allocation — how the partnership will be financed; and
- the likelihood of mutually reciprocal benefits, where each partner brings complementary resources (e.g. human, financial and social capital).

## Evaluating the Risks

Anglo American will need to assess the risks as well as the benefits of working with a particular partner. Similarly, potential partners will want to conduct due diligence on Anglo American. Potential risks of partnering include reputation impact, potential for conflict, slower decision-making, corruption, reduced control and, potentially, additional bureaucracy.

Anglo American and its partners may have different underlying drivers or motivations (e.g. the Anglo American driver may be to gain a social licence to operate by delivering benefits to local communities, whereas an NGO's driver may be solely to eliminate poverty). It is important for partners to understand these wider drivers, and to explore their compatibility. It is critical that the SEBD initiative has a clearly stated and agreed objective.

## Corruption Risk Factors

Corruption is a key risk that needs to be addressed when partnering. This includes during the selection, set-up and implementation of partnerships and in the leveraging of resources from supporting organisations. Anglo American's *Business Integrity Policy and Prevention of Corruption Performance Standards* requires careful due diligence with respect to corruption. **Box 5A.1** below provides an overview of warning signs and indicators of corruption which need to be considered.

A Partnership Assessment Template is provided in **Table 5A.1**. This table provides a structured approach to assessing the suitability of potential partnerships and should be used as a guide in the partner selection process. In the context of mine closure, Anglo American will also need to consider a partner's capacity and availability to take charge of the overall management of the SEBD initiatives (following Anglo American's withdrawal from the partnership after closure).

## Tasks in Partnership Development

This section identifies the key considerations for each of the stages identified in the partnership development process diagram (see **Figure 5A.1**). Training staff to ensure that they have awareness of the process of partnership development and engagement is important to avoid misunderstandings. The key tasks in developing a partnership are:

### Task 1: Assess Your Operation's Drivers and Objectives and Capacity.

**Task 2: Identify the Partner's Drivers, Objectives and Capacity, Including an Assessment of Capacity and Gaps in Fulfilling these (see the Partnership Assessment Template provided in **Table 5A.1** at the end of this tool).**

### Task 3: Initiate a Two-Way Dialogue to Achieve Agreement on Potential Objectives for the Partnership. This Dialogue Should be Underpinned by:

- transparent communication;
- open and honest discussion of aims, objectives and expectations from the potential partnership;
- discussion of the risks and opportunities; and
- agreement on partner roles and responsibilities, (especially with regard to specific expertise, finance, experience, etc.).

#### BOX 5A.1 BUSINESS INTEGRITY POLICY AND ASSOCIATED CORRUPTION RISK FACTORS

Anglo American's *Business Integrity Policy and Prevention of Corruption Performance Standards* set out the standards for conduct required at every level within Anglo American in combating corrupt behaviour.

During the set-up or implementation of any SEBD initiative, the following warning signs should be considered as potential indicators of corruption:

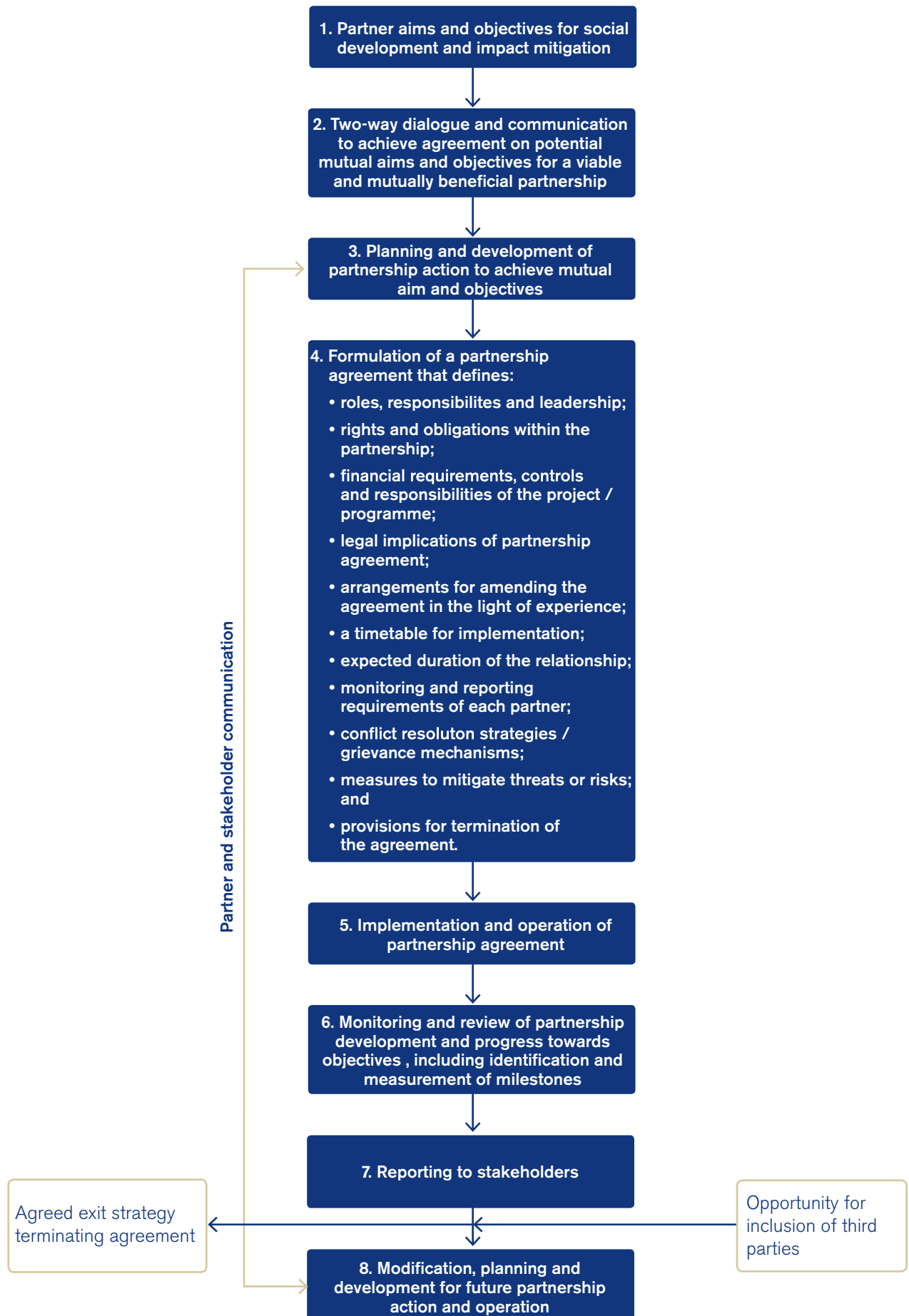
- Requests or proposals for funding / participation that are not supported by a structured, transparent needs assessment process.
- The amount of the requested donation from Anglo American is disproportionate to the initiative being supported.
- A public official or customer who is in a position potentially to influence the Anglo American operation has an interest in the initiative being considered.
- Requests that Anglo American's monetary contributions are made up-front, with lack of clarity on the manner in which the funds are to be applied.
- There is a significant time delay between the commitment of funds and the commencement of the project.
- Requests are received for funds to be transferred in cash and / or to private accounts.
- There is a lack of auditable files, and no monitoring processes in place to ensure spend is in accordance with expectations and objectives.
- There is an attempt to conceal or wrongly characterise payments, either by the donor or the recipient.
- The project eventually embarked upon is smaller in scope than the project which was originally approved and funded.
- The request for support comes from community members or professional advisers who are involved in a key role at an Anglo American operation (e.g. serving as part of a community liaison panel or providing oversight of a resettlement project) and whose performance in this role(s) has a direct and material impact on the Anglo American operation.

When developing and approving SEBD initiatives, Anglo American and its partners must ensure that all funds (including donations) are transparent – internally, to regulatory and supervisory bodies and to local community representatives.

Anglo American and its SEBD partners are prohibited from supporting any political parties' activities or candidates running for elected office.

Anglo American employees should consult the Business Integrity Compliance Department if they need any advice or are in doubt as to the appropriateness of an SEBD initiative from a corruption perspective.

Figure 5A.1 The Partnership Development Processes



#### Task 4: Plan and Develop Partnership Action to Achieve Objectives:

- discuss and assess options for partnership (e.g. roles and responsibilities, budgets, timeframes, etc.);
- appraise possible solutions;
- share related experience and knowledge;
- consider the results of stakeholder engagement;
- communicate with affected / interested stakeholders to discuss the proposed project / programme;
- develop targets and milestones to assist monitoring and review once the project begins; and
- where appropriate, agree on a timeframe for Anglo American's withdrawal from the SEBD initiative.

#### Task 5: Formulate a Partnership Agreement that Defines Roles, Responsibilities and Leadership:

- rights and obligations within the partnership; financial requirements, controls and responsibilities of the project / programme;
- legal implications of the partnership agreement;
- arrangements for amending the agreement in the light of experience;
- a timetable for implementation;
- the expected duration of the relationship (including possible withdrawal of Anglo American from the partnership, where appropriate);
- the monitoring and reporting requirements of each partner;
- conflict resolution strategies / grievance mechanisms; measures to mitigate threats or risks to the partnership; and
- provisions for termination of the agreement.

#### Task 6: Implement the Partnership Agreement:

- ensure regular communication between partners and stakeholders to ensure that the programme is working and achieving progress towards the agreed objectives; and
- assume responsibility for the agreed upon tasks.

#### Task 7: Monitor and Review the Partnership's Development and Progress:

- conduct a periodic measurement of milestones;
- delegate responsibility for improving performance;
- engage with stakeholders to obtain their views of the project / programme's performance;
- where appropriate, arrange for financial audits; and
- if necessary, make amendments to the partnership agreement.

#### Task 8: Reporting to Stakeholders:

- provide information on performance and future action; and
- facilitate open communication.

#### Task 9: Modify and Plan for Future Partnership Actions and Operations:

- discuss solutions to problems identified in the review stages;
- discuss the success of the partnership and its future objectives / direction; and
- evaluate the need / potential for other partners to become involved in the project / programme.

The format for a management and monitoring plan in *Tool 6A – Developing a Social Management Plan* may help with the above tasks.

### 5A.3 LEVERAGING RESOURCES

#### Introduction

Anglo American's reputation and size mean that it is well placed to leverage the support of other organisations for community initiatives and, in so doing, to enhance their overall impact. Six key tasks will help in determining opportunities for leveraging the resources of supporting funding or partner organisations. These are summarised in *Figure 5A.2*.

Figure 5A.2 Key Tasks for Leveraging Resources





### Task 1: Determine which Initiatives Could Benefit from Leveraged Resources

Consider the following:

- **The attitude of the local community.** Will stakeholders welcome additional organisations working in their communities and what groundwork might need to be undertaken before potential partners are deemed acceptable?
- **The scale of assistance required.** If a small amount of resources are required, it is unlikely to be worth the effort of involving other organisations. Conversely, if there is a significant socio-economic benefit that Anglo American cannot fully address itself, it may be worth trying to leverage resources.
- **Skills availability within the Anglo American operation.** Not having the skills required to implement projects is a key reason for leveraging the resources of other organisations.
- **The type of initiative being proposed.** Note that each funding or partner organisation will typically have specific priorities and criteria. Therefore, check to ensure that any Anglo American initiative for which additional resources are being sought meets eligibility criteria.

### Task 2: Identify the Type of Support Required

The most common types of assistance that can be leveraged from other organisations are:

- **Skills:** Permanent or part-time staff, advice and consulting, and business contacts.
- **Funding:** Grants, loans, equity and guarantees.
- **Assistance in kind:** Donations of materials, equipment and time.

Grant financing or funding will usually come with strict conditions, especially when the funding is provided by a national government. The conditions are set by the funding agency and they can, for example, involve the use of expertise and the purchase of goods and equipment from a funding country.

### Task 3: Identify and Engage with Suitable Organisations

There is a wide range of organisations that may be able to provide matched resources. However, programmes change regularly, and many initiatives have specific windows during which applications can be submitted.

Therefore, for operations in developing countries it would be worth contacting either national business associations or the embassies / high commissions of key donor countries (such as the US, the UK, Canada, Australia, Japan, Germany, France, Nordic countries and The Netherlands), or the in-country offices of multi-lateral organisations, such as the World Bank, the International Finance Corporation, the European Union or regional development banks (e.g. the Inter-American Development Bank or the African Development Bank).

For Anglo American operations in middle- and high-income countries the national associations for charities and foundations may be able to help.

It should be noted that cooperation with the private sector on issues other than as a service provider is still relatively unusual. However, donors are increasingly willing to work with the private sector on community development projects. USAID, the UK Department for International Development, the Canadian International Development Agency and Germany's GIZ are examples of official development agencies that are looking to work with responsible private sector companies.

*Box 5A.2* gives an example of a longstanding Anglo American collaboration with development agencies.

#### BOX 5A.2 THE ANGLO AMERICAN KHULA MINING FUND

The Anglo American Khula Mining Fund was jointly established by Anglo American and the South African Department of Trade and Industry's Khula Enterprises, with financial support from the United Kingdom's Department for International Development. This fund is managed by Anglo American Zimele and was created to support investments in small and medium-sized black-owned mining companies in South Africa.

The fund aims to support the growth of commercially viable new businesses in the mining sector, with a focus on companies preparing bankable feasibility studies. The fund invests up to R20 million (US\$ 2.4 million) per deal and takes a maximum equity stake of 49 percent. The fund insists on partnered Black Economic Empowerment entrepreneurial skill, day-to-day involvement by the partner, as well as a personal equity contribution.

In addition to equity financing, the Anglo American Khula Mining Fund provides centralised legal, financial and administrative support and mentoring from Business Development Managers. Anglo American Technical Division (ATD) also provides in-depth technical support that might not otherwise be available, such as advice on metallurgy, mining engineering and geology. ATD staff also ensure that Anglo American's environmental, health and safety and social standards and HIV / AIDS programmes are observed in the new companies.

### Task 4: Apply for Assistance

Although organisations typically receive more requests for assistance than they can provide, many applications are rejected because they are poorly prepared, or because the applicant cannot demonstrate the skills necessary to deliver the project. Operations may increase the chances of a successful application by committing matched funding and demonstrating on-going management capabilities and commitment. Key tips for successful applications include:

- Making personal or verbal contact with the potential organisation before submitting the application.
- Making contact should be led by senior Anglo American staff and should be viewed as an on-going task requiring recurrent management input.
- Being clear about objectives for seeking the funds. In particular, emphasise that funding is not being sought to replace Anglo American resources or mitigate impacts caused by the operation's activities
- Considering developing partnerships with other reputable organisations to deliver the project, as this will help to build trust.
- Understanding expectations: by gaining an understanding of what the funder expects of Anglo American and being clear about what is expected of them.



- Meeting fully all requirements set out by the supporting organisation, even when they seem to add little value – the first screening by funders may just be for completeness rather than quality.
- Tailoring each application to address the specific objectives of the supporting organisation.
- Supplying any supporting documentation, such as needs assessments, business plans and letters of commitment from Anglo American, in a clear and accessible format.

#### **Task 5: Implement the Project According to the Agreed Project Plan**

If the application is successful, implement the project according to the project plan. Note that failure to follow the agreed plan may result in the need to repay any support received.

If the application is not successful, evaluate the reasons (if possible with the funding organisation's input) and consider whether it is appropriate to reapply.

#### **Task 6: Monitoring, Refining and Reporting**

At the end of the project, or at regular intervals if the project is a continuing one, it is useful to evaluate performance (see *Tool 1C – Evaluating Existing Corporate Social Investment Initiatives* for guidance on project assessment). It is useful to share the evaluation with all relevant parties, including the supporting organisation(s).

**Table 5A.1 Partnership Assessment Template<sup>(1)</sup>**

Guidance on how to use the Partnership Assessment Template:									
<p>1. A quantitative rating system has been applied to this template in order to guide the assessment of potential partners. For each sub-category (e.g. 2.1 – Financial Resources), the user must assign a positive or negative (+ / -2), medium (+ / -1) rating. Only one score must be selected for each sub-category and then recorded in the corresponding block.</p> <p>2. These ratings should then be totalled at the end of each category (e.g. 2 - What is the partnership's potential impact on Anglo American's core interests?) and then an overall total calculated for the full assessment (to be recorded at the end of the table).</p> <p>3. The total score for the full assessment should be interpreted as follows:            A score of +90 to +135: Suitable partner, with no or minimal support required.            A score of +45 to +90: Potentially suitable partner, but support will be required.            A score of +45 to -135: Unsuitable partner, and should not be considered.</p> <p>4. Please note that this rating system is intended only as a guide to the selection of suitable partners. As such, the total score arising from the assessment should still be evaluated on a case-by-case basis.</p>									
ASSESSMENT CATEGORIES		HIGH		MEDIUM		LOW		TOTAL SCORE	
		+3	-3	+2	-2	+1	-1		
1	Provide an assessment of the following within Anglo American:								
1.1	Support of key internal stakeholders for a partnership								
1.2	Effectiveness of internal champions in developing and facilitating a partnership								
1.3	Internal opposition to partnership proposal								
1.4	Financial resources availability internally for the partnership								
1.5	Key staff support and availability for involvement in the partnership								
1.6	Technical resource availability for the partnership								
1.7	Internal level of agreement on purpose and outcomes of the partnership								
1.8	Internal level of agreement on how to proceed with the partnership								
1.9	Internal level of understanding of partnership planning effort required								
*	Sub-total for this category:								
2	What is the partnership's potential impact on Anglo American's core interests?								
2.1	Financial resources								
2.2	Project mandate / objectives								
2.3	Operational effectiveness								
2.4	Operational efficiency								

(1) This template is based largely on material within the ICMW's Community Development Toolkit (2005). See the Partnership Assessment in Section 12.

ASSESSMENT CATEGORIES		HIGH		MEDIUM		LOW		TOTAL SCORE
		+3	-3	+2	-2	+1	+1	
2.5	Community relations							
2.6	Capacity							
2.7	Human resources							
2.8	Legitimacy							
2.9	Sustainability							
*	Sub-total for this category:							
3	Provide an assessment of the following within your potential partner organisation(s):							
3.1	Financial resources available for the proposed project / initiative							
3.2	Technical resources available for the proposed project / initiative							
3.3	Human resources (staff, skills, etc.) available for the proposed project / initiative							
3.4	Common development goals with government, business and civil society							
3.5	Willingness to participate in partnerships							
3.6	Past performance in similar projects / initiatives							
3.7	Extent of current participation in similar projects / initiatives							
3.8	Legitimacy of partner organisation with target community							
3.9	Ability of partner to take charge of overall management of the project (as part of mine closure planning)							
3.10	Approach to business integrity							
*	Sub-total for this category:							
4	What are the main strengths of your potential partners?							
4.1	<i>Government</i>							
4.1.1	Financial resources							
4.1.2	Project mandate / objectives							

ASSESSMENT CATEGORIES		HIGH		MEDIUM		LOW		TOTAL SCORE
		+3	-3	+2	-2	+1	+1	
4.1.3	Operational effectiveness							
4.1.4	Operational efficiency							
4.1.5	Community relations							
4.1.6	Capacity							
4.1.7	Human resources							
4.1.8	Legitimacy							
4.1.9	Sustainability							
4.2	<i>Business</i>							
4.2.1	Financial resources							
4.2.2	Project mandate / objectives							
4.2.3	Operational effectiveness							
4.2.4	Operational efficiency							
4.2.5	Community relations							
4.2.6	Capacity							
4.2.7	Human resources							
4.2.8	Legitimacy							
4.2.9	Sustainability							
4.3	<i>Civil Society</i>							
4.3.1	Financial resources							
4.3.2	Project mandate / objectives							
4.3.3	Operational effectiveness							
4.3.4	Operational efficiency							
4.3.5	Community relations							

ASSESSMENT CATEGORIES		HIGH		MEDIUM		LOW		TOTAL SCORE
		+3	-3	+2	-2	+1	+1	
4.3.6	Capacity							
4.3.7	Human resources							
4.3.8	Legitimacy							
4.3.9	Sustainability							
*	Sub-total for this category:							
	TOTAL SCORE FOR OVERALL ASSESSMENT							

# Tool 5B: Local Procurement

## 5B.1 OBJECTIVES OF THE TOOL

Local procurement is the process of obtaining goods and services from targeted areas including host communities, regions and countries, as well as indigenous and previously disadvantaged communities.

Local procurement is defined and reported on three levels at Anglo American: national, provincial (or state / regional) and localised. The precise definition will depend on the local context at operations. Particular attention, including setting of targets, is given to localised procurement.

Anglo American's *Local Procurement Policy* sets out our requirements for sustainable, responsible local procurement. Such procurement positively contributes to a resilient, competitive supply chain and the socio-economic development of the communities in which Anglo American operates. Local procurement is of strategic importance, in that it plays a key role in securing and maintaining our licence to operate.

The value of goods and services purchased locally will typically far exceed the funds available for corporate social investment (CSI). Therefore, procurement can play a major role in uplifting neighbouring communities, particularly if disadvantaged individuals can be included in the procurement process.

In addition to creating business opportunities for direct local suppliers, local procurement stimulates local markets and attracts further investment, as Anglo American's suppliers engage their own suppliers, and their employees spend money locally, thereby creating a multiplier effect.

However, it is important to note that local procurement strategies can also lead to adverse social impacts. For instance, local people can be drawn from other businesses and services in the area; businesses can become vulnerable to Anglo American's business cycles; community dissatisfaction can be triggered by awarding only small contracts to local people; and targeting particular groups can negatively affect social cohesion.

Anglo American's *Local Procurement Policy* commits each operation and project to developing a strategy for local procurement. The strategy is required to: articulate clearly the value of local procurement to Anglo American and local communities; include an analysis of local supply; outline a plan to link local businesses with procurement demand; and assess local procurement risks to both Anglo American and the local communities. The local procurement strategy should be underpinned by the following fundamental principles, as contained within the Anglo American *Local Procurement Policy*:

- **Multi-faceted:** Local procurement opportunities should be explored in all parts of the supply chain, from the exploration stage through to post-closure, and in all areas of operation.
- **Inclusive:** Developmental opportunities should be explored through local procurement, including by targeting specific geographies as well as vulnerable and disadvantaged groups.
- **Sound governance:** Local procurement should be driven by sound business principles and good governance, with no compromise on quality, delivery, service, safety, health and environment, or any other technical requirements.
- **Working in partnership:** An enabling environment for local procurement requires collaborative working: across functions within Anglo American; with major suppliers; and with communities, governments and development institutions.

The objective of this tool is to maximise the potential socio-economic benefits of sourcing from local businesses, while minimising the undesirable effects of local procurement interventions. The target audiences for this tool are contractors and managers responsible for procurement and supply chain strategy, community relations and enterprise development. Anglo American's leaders, line managers and supervisors and all those who engage with suppliers on Anglo American's behalf are accountable for actively supporting responsible local procurement.

## 5B.2 KEY TASKS

There are 10 key tasks in delivering Anglo American's vision for local procurement. These are summarised in *Figure 5B.1*. Rather than discrete steps, there is a fair degree of overlap and iteration between these tasks. There is also a feedback loop between the first and the final task, which respectively represent the baseline and the measurement of impact.

### Task 1: Establish a Sound Business Case

Effective and successful engagement in local procurement depends on the development of a sound business case within which the parameters of local procurement are defined.

Figure 5B.1 Key tasks for Local Procurement



The unique business drivers may include: stage of mine development; the legislative and policy context in which the mine operates; community development agreements; local supply chain constraints; or the broader development aspirations of host communities.

Anglo American's overall business case for procuring from local businesses, which is illustrated in *Figure 5B.2*, may be helpful in developing the operation's own business case.

The development of the business case will require the definition of the specific localised area for that operation. The operation might use one or more parameters to identify areas for localised procurement depending on the priorities for that region. These are:

- defined radius (e.g. km);
- nearest town(s) with commercial capability;
- area within reasonable daily commute;
- area where employees live;
- immediate host communities; and
- other preferential groups (e.g. indigenous peoples, etc.).

## Task 2: Identify Opportunities for Local Procurement (Demand-side Analysis)

Identifying supplier opportunities involves an analysis of future demand for goods and services over a certain period (at least three to five years), and identifying the categories with potential to be sourced locally. This will guide the local procurement strategy and the evaluation of options for investment in local capability development. There are a number of considerations that guide decisions on whether a category is a good candidate for local procurement, such as:

- level of risk to the operation of supply interruptions;
- level of technical and managerial complexity;
- requirements for consistency;
- sustainability of demand;
- potential for direct job creation; and
- timeframes for when supply is required.

A further consideration is whether commitments have been made to communities regarding certain opportunities. For all these reasons, deciding whether a category is a good 'fit' for local procurement requires the input of community specialists, end-users of the goods or services, and the site supply chain team.

## Task 3: Understand the Local Market (Supply-side Analysis)

A comprehensive mapping of local businesses is useful to identify potential suppliers. An analysis of existing capabilities within the local area that are relevant to the opportunities offered by the operations will also help in identifying gaps and constraints preventing local businesses from accessing these opportunities. An example of a project where local suppliers have been mapped is included in *Box 5B.1*.

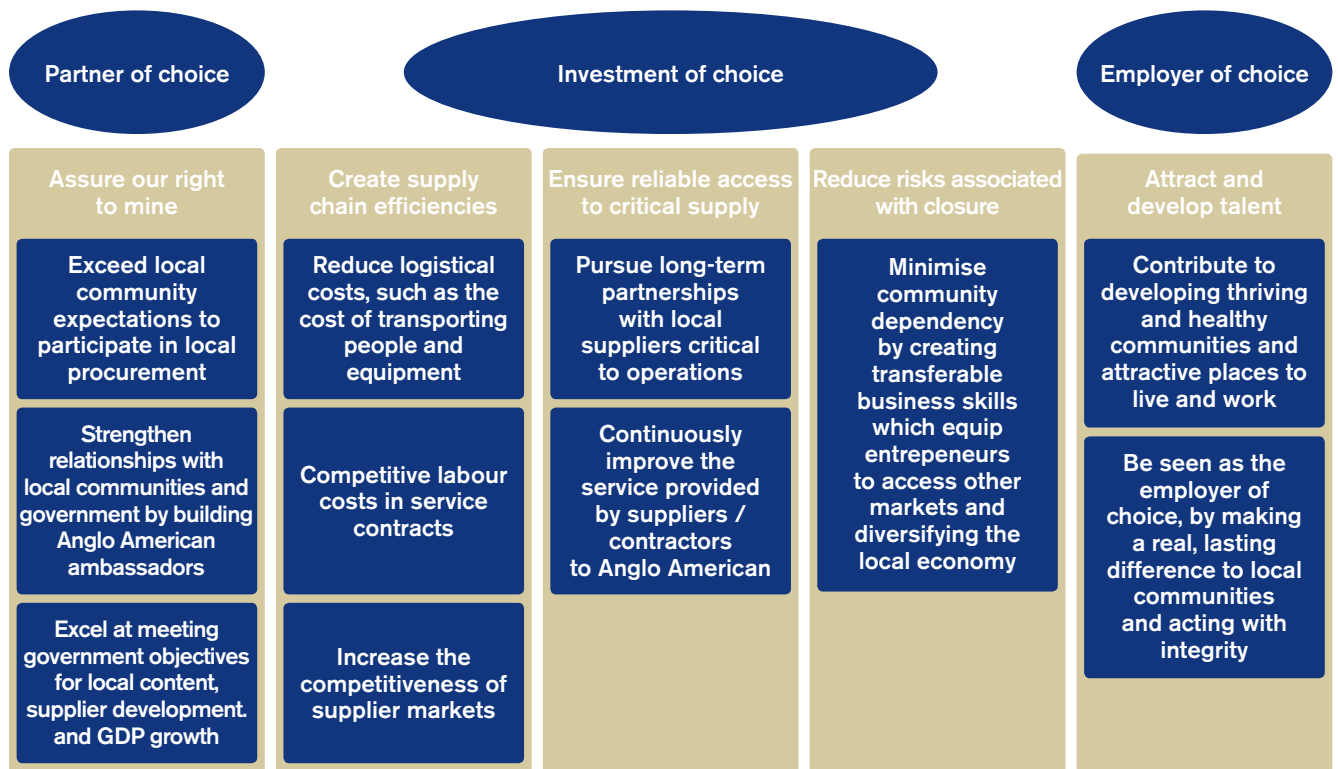
Engaging with communities and partnering with key stakeholders (e.g. local government, tier one contractors, financial services sector, chambers of commerce, internal customers, etc.) are critical for an effective supply-side analysis.

## Task 4: Develop a Local Procurement Strategy

A local procurement strategy should be developed as early as possible in the mine's life cycle, with at least a five year planning window. The results of the demand / supply analyses described in the previous steps are used to guide a strategy for each operation and project.



Figure 5B.2 Business Drivers for Local Procurement



#### BOX 5B.1 SUPPLIER MAPPING FOR THE QUELLAVECO PROJECT, PERU

The local procurement strategy for the Quellaveco Project was informed by a sample survey of formal and informal businesses in the area of project influence.

The sample was drawn from internal Anglo American data (e.g. vendor database, potential suppliers database) and external sources (National Tax Service, municipalities, and chambers of commerce). The output was a database of potential localised suppliers that could be accessed by procurement personnel and end-users. Businesses were profiled using the following dimensions:

- company profile (category, formality, number of employees);
- human resources (formalisation, training);
- sales and spend (financial stability, cash flow);
- management and production capacity (structure, education, experience);
- technology and innovation (production bottlenecks, access to innovation and IT);
- access to finance;
- access to training and perceived needs; and
- willingness to work as part of alliances, associations and cooperatives.

A local procurement strategy document should address the following topics:

- business case;
- demand-side analysis;
- supply-side analysis;
- priority opportunities for local procurement and supplier development (gap analysis);
- how to ensure accessibility and visibility of priority opportunities;
- building local SME capability;

- building internal capacity (resources, procedures, processes and systems, KPIs);
- risk assessment (to both host communities and the operation);
- stakeholder engagement; and
- exit strategy.

Local procurement is a complex activity, with numerous potential risks and benefits to anticipate and manage. Increasing opportunities for local businesses will normally have a positive impact on local communities. However, in some circumstances, increasing local purchasing or outsourcing could have negative consequences, and this needs to be factored into the strategy. For example, mining companies operating in a region might “crowd out” smaller businesses by consuming a high proportion of locally available skills or materials, pushing up the prices of local labour and materials.

It is also important to identify any potential negative impacts on the operation associated with local procurement. For instance, the performance of local suppliers, especially if new and inexperienced, is likely to require close monitoring and supervision, particularly with respect to health and safety practices. Again, such risks should be identified and managed as a part of the strategy.

### Task 5: Build the Required Anglo American Capacity

This task involves building the required Anglo American capacity for local procurement, including:

- Identifying a manager to implement the local procurement strategy and build appropriate human and financial resources.
- Considering providing business advisors to help existing businesses to build their capacity to supply Anglo American.
- Ensuring that Anglo American or other enterprise development programmes are aligned with the local procurement strategy (e.g. funding lines, training programmes, etc.).
- Ensuring ongoing communication between community relations supply chain and other relevant functions.
- Establishing KPIs and procedures to track progress.
- Incorporating local procurement metrics into management incentive and reward programmes.
- Communicating with end-users within the operation to encourage the use of local suppliers.

### Task 6: Ensure Opportunities are Accessible to Local Businesses

Small local businesses are often unable to meet the complex procurement requirements of large companies. Common reasons include contracts being too large for small businesses to tender for, payment terms that create working capital problems for small firms and requirements (e.g. ISO 9000) that small firms cannot meet. Methods to increase accessibility can include:

- ring fencing, or reserving, certain contracts for local suppliers;
- sole sourcing rather than formal competitive tendering;
- identifying smaller work packages in large tenders and unbundling them to create smaller contracts;
- weighting competitive tenders to give preference to local suppliers, as well as non-local suppliers that sub-contract locally, and / or establishing joint ventures with local businesses;
- assessing whether standard requirements (for example, requiring ISO certifications or extensive financial information) can be relaxed;
- simplifying tender documents and avoiding complex technical, financial or legal language where possible;
- facilitating joint ventures or alliances, associations and cooperatives; and
- adapting payment terms to allow for quicker payments.

It is also important to communicate forecast demand to local suppliers in enough time to enable suppliers to build the required capacity and access finance. This requires close collaboration between the community relations and supply chain professionals to apply effective communication tools. For example, this can be done through information workshops to inform businesses about demand opportunities; educating them about the standards and evaluation criteria; and introducing them to the company's procurement systems.

### Task 7: Align First Tier Contractors and Suppliers

Many opportunities for local procurement are influenced by major contractors. It may be necessary to strengthen the alignment between Anglo American's commitments to supporting local businesses and the design of major contracts. Evaluation and contracting arrangements will need to be adapted to include the right incentives so that the contracting company is more likely to source from local businesses. This will require establishing clear targets and objectives with defined incentives or penalties. *Box 5B.2* is an example of a situation in which Anglo American designed a major contract in such a way as to meet the objective of supporting a local supplier.

#### BOX 5B.2 LOCALISED BLACK ECONOMIC EMPOWERMENT (BEE) PARTICIPATION IN SOURCING EXPLOSIVES FROM CHINA

Anglo American's category strategy and tender process for shock tubes (a kind of explosive) incorporated BEE and local supplier requirements with the aim of introducing a localised BEE supplier into this market.

The category team took the initiative to unbundle the supply of shock tubes themselves from the logistical and technical support of the product. They then sought a South African explosives supplier that was prepared to become a BEE entity. Under the new arrangements, the detonators are sourced from China, and the BEE localised supplier provides the logistical and technical support.

There are a number of considerations in encouraging large contractors to support local hire and local procurement. For further details, please refer to *Tool 4F – Contractor Management*.

### Task 8: Build Supplier Capacity and Enhance Supplier Competitiveness

Supplier development programmes are valuable ways of working with local suppliers to deliver improved services to Anglo American, while also building their capacity and guiding them towards growth and increasing competitiveness.

Programmes typically involve preparing and supporting a detailed training plan that covers elements such as business management; quality management; environmental management; occupational health and safety (OHS); finance and costing; sales and marketing; product management; and administration. Training can be supported and enhanced by mentoring sessions.

Supplier development (including management training) has a strong overlap with enterprise development programmes, which are typically coordinated by the community relations function. The main difference is that a supplier development programme focuses on the managerial and / or technical training that meets the needs of the end-user of the good or service, whilst enterprise development is more usually focused on establishing new businesses and on providing growth finance. For these reasons, conducting supplier development requires close collaboration between supply chain, end-users and community relations functions.

Supplier development programmes are often run in conjunction with partners such as commercial service providers, large suppliers and government agencies that promote economic development.

### **Task 9: Strengthen the Local Economic Base by Supporting Entrepreneurship**

Local procurement, enterprise development and enhancing the competitiveness of suppliers are only three aspects of Anglo American's efforts to contribute to local economic development. In some host communities, the challenges faced by local stakeholders and enterprises are so large that broader efforts to strengthening the local economy are required. Some of these actions might be delivered through social investment, for example:

- supporting local economic infrastructure, such as transport and telecommunications infrastructure;
- mentoring and volunteering programmes;
- providing business incubator facilities;
- boosting the quality of local education and training;
- helping to convene community forums that address developmental challenges; and
- supporting efforts to reform regulations that may make it hard to run small businesses.

Creative ways of working are, therefore, required to overcome the barriers encountered by existing and potential small businesses. It is likely that such initiatives will require close collaboration between supply chain, community development and government relations teams.

### **Task 10: Show That a Difference Has Been Made**

Developing key performance indicators for local procurement and monitoring and evaluation processes should be done with stakeholders' involvement. The participation of Anglo American, key external stakeholders, partners and experts, provides opportunities for reflection, encourages ownership and increases the likelihood that findings will be acted upon.

Some measures that can be useful in tracking the socio-economic impacts of local procurement and supplier development are:

- local spend and proportion of procurement by Anglo American;
- localised and indirect spend from main contractors;
- levels of local employment in local suppliers;
- increase in local economic activity;
- increase in economic diversification;
- outcomes of skills development programmes;
- youth and women's participation in business ownership and workforce;
- government and industry investment in supplier development programmes;
- growth and competitiveness measures relative to global benchmarks (e.g. price, schedule risk, labour productivity, defects rates, Health Safety and Environment (HSE) performance, capital investment); and
- access to other markets post-closure or post-contract.

The outcomes of evaluation should inform the review of the business case (*Task 1*) to ensure the local procurement strategy is continuously adapted to create value for both business and communities.

### **5B.3 SOURCES OF FURTHER INFORMATION**

For a copy of the Anglo American *Local Procurement Policy*, refer to the Local Procurement tab on the Suppliers section of **[www.angloamerican.com](http://www.angloamerican.com)**.

In most countries in which Anglo American operates, there will be business development agencies which can provide support and assistance. In developing countries, such programmes are often sponsored by donors and other supporting agencies (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*). If there are programmes in your area, the local or regional government or chamber of commerce should be able to provide assistance.

The Centre for Social Responsibility in Mining at the University of Queensland has published a good practice guidance document for local procurement in the mining, oil and gas sectors. Procuring from SMEs in Local Communities can be downloaded from the publication section of their website: **[www.csr.uq.edu.au](http://www.csr.uq.edu.au)**.

In the United States of America (USA), the Minority Supplier Development Council acts as the lead agency for supporting corporate procurement from disadvantaged groups. Their website includes materials that are of use to those outside the USA. For more details, visit the publication section of their website: **[www.nmsdcus.org](http://www.nmsdcus.org)**.

The IFC has produced A Guide to Getting Started in Local Procurement. The guide is aimed at site level operators in the extractives industries. Available at: **[www.ifc.org/ifcext/sustainability.nsf/Content/Publications\\_Handbook\\_GuidetoGettingStartedinLocalProcurement](http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_Handbook_GuidetoGettingStartedinLocalProcurement)**.

See also briefing notes prepared by Engineers Against Poverty:

- Maximising the contributions of local enterprises to the supply chain of oil, gas and mining projects in low income countries. A briefing note for supply chain managers and technical end-users 2007. Available at: **[www.engineersagainstopoverty.org/\\_db/\\_documents/EAP\\_Briefing\\_Note\\_-\\_Local\\_Enterprise\\_Participation.pdf](http://www.engineersagainstopoverty.org/_db/_documents/EAP_Briefing_Note_-_Local_Enterprise_Participation.pdf)**.
- Modifying infrastructure procurement to enhance social development. Available at: **[www.engineersagainstopoverty.org/\\_db/\\_documents/Procurement\\_Report.pdf](http://www.engineersagainstopoverty.org/_db/_documents/Procurement_Report.pdf)**.

Most Anglo American business units have small business development officers who can help with increasing local procurement through business hubs.

In South Africa, the Mining Charter requires that companies source a percentage of the consumables, services and capital equipment they procure from companies owned or managed by historically disadvantaged South Africans (HDSAs) / BEE entities. For more details about Anglo American's procurement initiatives with HDSAs / BEE entities, refer to the Transformation section of the website: **[www.angloamerican.co.za/sustainable-development/transformation.aspx?p=1](http://www.angloamerican.co.za/sustainable-development/transformation.aspx?p=1)**.

# Tool 5C: Local Workforce Development and Training

## 5C.1 INTRODUCTION

Local workforce development and training is vital to economic growth, to poverty reduction and thriving host communities, and is one of the primary means by which Anglo American supports socio-economic development.

With employment and access to livelihoods commonly ranked among the main expectation of host communities, local workforce development and training also plays a strategic role in securing and maintaining Anglo American's social licence to operate.

## 5C.2 OBJECTIVES

This tool is divided into two parts:

- **Section 5C.3** provides guidance on how to increase the proportion of the local workforce employed at Anglo American operations.
- **Section 5C.4** provides guidance on the more general training initiatives that are not targeted at potential future employees.

The intention of local workforce development is to increase the ability of local residents to gain employment at Anglo American operations, and is directly linked to Anglo American's core business needs; whereas the training of local communities focuses on the general up-skilling of residents, with the aim being to improve their quality of life and livelihood opportunities. As such, training typically is delivered through corporate social investment (CSI).

Both local workforce development and the more general training programmes for local communities share a common process, namely:

- **Phase A:** Needs Assessment;
- **Phase B:** Prepare Local Workforce Development Plan; and
- **Phase C:** Implementation and Monitoring.

Within each of these phases, the specific tasks differ depending on whether the focus is on local workforce development or training of local communities (as illustrated in *Figure 5C.1* and *Figure 5C.2*).

## 5C.3 LOCAL WORKFORCE DEVELOPMENT

### Introduction

Whilst there is a strong business case for the use of the local workforce, local skills shortages are often an obstacle to reaching a targeted level of local employment. It is, therefore, necessary to plan local workforce development as early as possible in the mine's life cycle, and ideally with at least a five year planning window.

Whilst local workforce development plans are aimed at training the local workforce for employment at the operation, the skills developed should be considered a requirement for employment, rather than a guarantee of employment. It is important that this is clearly communicated to all target beneficiaries.

The key tasks for delivering on Anglo American's commitment to local workforce development are captured per phase in *Figure 5C.1*.

### Phase A: Needs Assessment

*Phase A* is focused on understanding the operation's baseline requirements and conditions: what skills and employment capabilities does Anglo American require; what skills currently exist in the local area; and, based on this, what a suitable definition of "local workforce" for the particular Anglo American operation might be? The key tasks in *Phase A: Needs Assessment* are:

- **Task 1:** Identify Employment Opportunities;
- **Task 2:** Understand the Local Employment Market and Training Institutions;
- **Task 3:** Define Local Workforce.

These are described in more detail below.

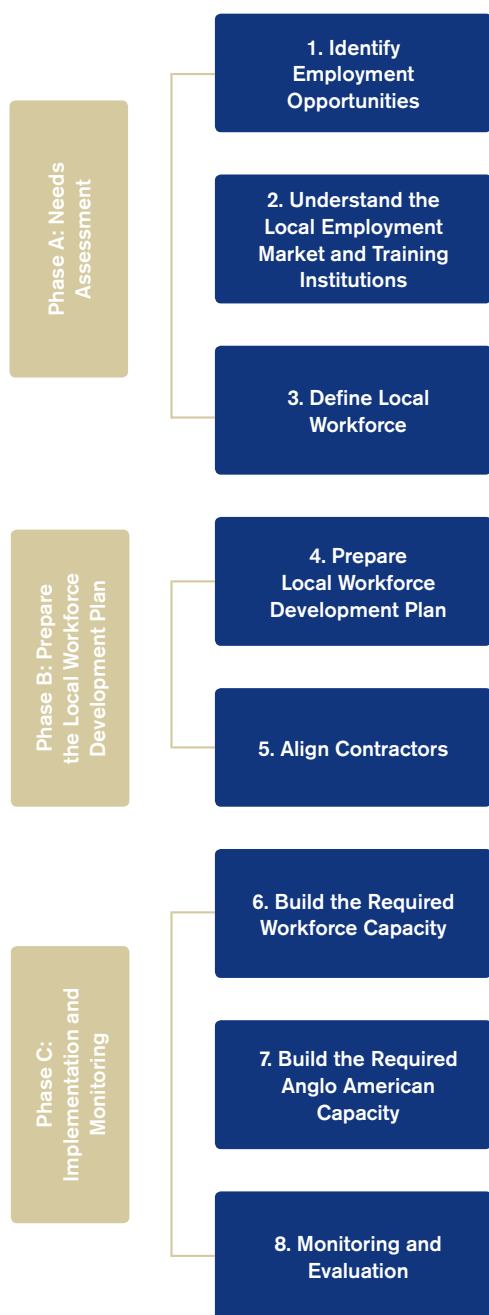
### Task 1: Identify Employment Opportunities

Identifying employment opportunities during the different phases of the life of mine will provide an overview of the current and future local workforce requirements. Any targets for local workforce participation, for example resulting from community agreements or local legislation, should also be identified at this stage.

For each activity associated with the operation, the numbers of existing and projected positions should be identified and categorised as unskilled / semi-skilled and skilled. For existing positions, it should be specified if they are held by local, regional, national or international workers. *Box 5C.1* provides a definition of these workforce categories.



Figure 5C.1 Key Tasks for Local Workforce Development



#### BOX 5C.1 DEFINITIONS OF UNSKILLED, SEMI-SKILLED AND SKILLED WORKFORCE CATEGORIES

**Unskilled:** Unskilled workers are individuals who lack any technical training and are engaged in work that does not involve any specific skill. Unskilled labour is often characterised by low wages and short-term contracts. Work requires performing simple duties which require the exercise of little or no independent judgement or previous experience. Examples of unskilled jobs include static guard, cleaner, basic labouring, etc.

**Semi-skilled:** Semi-skilled employees have sufficient knowledge of the particular trade to perform routine basic technical duties under supervision. These positions are held by workers with a theoretical knowledge and / or limited hands-on experience. Examples of semi-skilled jobs include administrative or trade assistants (such as electrician assistant, drilling assistant, welder assistant, etc.).

**Skilled:** Skilled workers perform technical duties with independent judgement and can supervise the work of others. They have a comprehensive knowledge of their specialisation. Skilled workers can be divided into subcategories: tradesmen (mobile crane operator, welder, vehicle mechanic); technicians (land surveyor, control room operator, explosive technician, conveyor service technician, etc.) and engineers and specialists (mining engineer, geologist, doctor, etc.).

During the construction and mine closure phases, the workforce breakdown should be assessed on a monthly basis. For operations, it is important to monitor the median age of workers, to anticipate when retirement will occur and how this will impact on employment opportunities.

#### Task 2: Understand the Local Employment Market and Training Institutions

Baseline community data are useful to understand both the number of potential workers from the local area as well as the qualifications held. Data regarding the levels of education and literacy and existing education infrastructure are also valuable. *Tool 2A – Profiling the Local Area* will provide this baseline data.

For technical skills, it is important to map institutions offering vocational training or engineering at local, regional or national levels. Curriculum, instructors and equipment available at each institution should be assessed by a competent professional. This information will provide an indication of the extent to which a Local Workforce Development Plan can leverage existing local training institutions, or whether their capacity first needs to be built in order to meet Anglo American's standards and requirements.

#### Task 3: Define Local Workforce

The information gathered during *Tasks 1* and *2* will assist in defining the geographic radius (and associated definition) of an operation's local workforce.

The local workforce can be defined and reported on several levels, namely local, provincial / regional / state, and national<sup>(1)</sup>. However, note that Anglo American's preference is generally for maximising the proportion of workers from host communities and regions.

(1) In some situations, workers from countries aligned with the host country by a freedom of movement for workers agreement will have a priority over other international workers. For example, any citizen of a European Union (EU) country has the right to work in any other EU country, whilst Australian and New Zealander nationals can work in each country without work permits.

Each operation or project must identify and specify the parameters used to define local workforce – this may differ across different workforce levels within the operation. Possible parameters include:

- radius around the operation (e.g. km);
- nearest town(s) with suitable training institutions;
- area within reasonable daily commute of the operation;
- immediate host communities; and
- including specific preferred groups (e.g. indigenous peoples, etc.).

It is also important to be aware of permitting, regulatory and legal considerations. Commitments regarding local workforce development and employment may have been made during the project phase and the negotiation of mining rights with the government. Managers should first refer to any local workforce commitments included in legal mining or investment conventions.

In some countries, national regulations may require some form of positive discrimination. In other contexts, the national constitution or regulations may ban any form of recruitment discrimination. In such cases, prioritising workforce from a specific geographic or indigenous group may be illegal.

## Phase B: Prepare the Local Workforce Development Plan

The key focus of *Phase B* is to use the information gathered in *Phase A* to prepare a Local Workforce Development Plan. The key tasks in *Phase B* are:

- **Task 4:** Prepare Local Workforce Development Plan; and
- **Task 5:** Align contractors.

These are described in more detail below.

### Task 4: Prepare Local Workforce Development Plan

A Local Workforce Development Plan should set out the future workforce composition (including jobs, skills, knowledge and behaviours) needed by the operation to achieve its objectives, and describe how this will be attained. The plan should cover a three to five year period. Key contents include:

- definition of local workforce and recruitment priorities;
- obstacles identified to local workforce development (e.g. description of skill shortages);
- number of job opportunities per employment category;
- commitments and targets, including projections of progressive increases in local workforce over time;
- a description of the prioritisation, selection and recruitment process;

- an outline of key training activities, including:
  - training / certification programmes (including a description of support to local vocational training institutions);
  - role of any local partnership arrangements; and
  - procedures for contractors (see *Task 5*).
- compliance with national legislation (where applicable);
- budget and description of human resources allocated to local workforce development, plus a schedule of internal capacity building activities, where required (see *Task 7*);
- milestones and timetables towards achieving the targets;
- methods for monitoring and reviewing progress, including Key Performance Indicators (KPIs).

The Local Workforce Development Plan may need input from key stakeholders (e.g. government departments concerned with labour, minerals and resources, as well as local communities, etc.). The plan should also be communicated to contractors (see *Task 5* below).

### Task 5: Align Contractors

Many opportunities for local employment are influenced by major contractors. It is necessary to strengthen the alignment between Anglo American's commitments to local workforce development with major contracts. Evaluation and contracting arrangements should include requirements or incentives to ensure that contracting companies actively source from the local workforce.

Requirements for local workforce development can also be included in the Request for Information (RFI) or Request for Proposal (RFP) during the tender process to help the contractor better align with Anglo American's local workforce and capacity building requirements. For further details, please refer to *Tool 4F – Contractor Management*.

*Box 5C.2* outlines construction phase considerations to be included when preparing a Local Workforce Development Plan.

#### BOX 5C.2 CONSTRUCTION PHASE CONSIDERATIONS

Developing a capable local workforce ready for construction-related employment can be a challenging task, particularly in remote areas where the skills base is low and expectations of employment is high. Putting effort into maximising local workforce development and associated employment is, however, essential for building community relations and securing the operation's social licence to operate. Failure to show a real commitment to maximising local employment benefits can result in community resistance to the project, and subsequent project delays, due to acts of sabotage by local residents, or government inertia in support of community discontent.

A specific Local Workforce Development Plan should be prepared for the construction phase. However, special emphasis should, however, be placed on raising awareness amongst local communities that employment during construction is only temporary (although for some, this may translate into employment during operation phase).



## Phase C: Implementation and monitoring

*Phase C* focuses on implementing the Local Workforce Development Plan, and ensuring the on-going monitoring of its performance against objectives and targets. The key tasks in *Phase C* are:

- **Task 6:** Build the Required Workforce Capacity;
- **Task 7:** Build the Required Anglo American Capacity; and
- **Task 8:** Monitoring.

These are described in more detail below.

### Task 6: Build the Required Workforce Capacity

Having finalised the Local Workforce Development Plan, the next task is to implement the identified training programme(s). There is a range of training programmes that can be adopted, depending on what is most suited to the local area and operational needs. These include:

- on-the-job training and apprenticeship programmes;
- certification programmes;
- in-house or external intensive training;
- e-training;
- national and international scholarships;
- exchange development positions within Anglo American; and
- training partnerships with local or national institutions or government agencies.

The design and implementation of training programmes should be guided by the different job categories, as well as by immediate and long-term training needs. For unskilled and semi-skilled jobs, the following types of training may be appropriate:

- **Immediate needs:** Health, Safety and Environment (HSE) training programmes can be provided to workers in the local area as a pre-requisite for working on site. Such training should be developed in partnership with the Human Resources and social performance teams (or equivalent) to establish selection criteria for the programme, and to communicate that the training is not a guarantee of employment, but a pre-requisite.
- **Long-term needs:** Literacy training and advanced courses in the national language or English can also be developed by the social performance team to increase the employability of localised workers.

For skilled jobs (tradespeople, artisans and technicians), the following types of training may be appropriate:

- **Immediate needs:** Qualification standards may not meet Anglo American requirements. In this context, short training programmes can be developed to build the capacity of potential employees, to certify them or to introduce them to new technologies. These training programmes can be provided in-house by internal or external trainers, and are usually combined with theoretical or on-the-job training.
- **Long-term needs:** An operation's long-term objective may be to increase the number of relevant workers in the local employment market or to increase the standard of qualifications of the next generation of tradesmen. In both cases, there is a need for supporting the local vocational education system.

Mining, civil work or environmental engineers with adequate qualifications and relevant experience are often the most difficult category to source locally. The training cycle is long and the number of graduates may be limited. Supporting tertiary engineering institutions is important when such skills are urgently required. If employment opportunities of this kind are limited at the operation, then individual solutions such as scholarships or exchange development positions within Anglo American are preferable.

There are a number of different ways in which Anglo American can build the capacity of local training / vocational institutions. Some examples are outlined in **Box 5C.3**.

### BOX 5C.3 POTENTIAL CONTRIBUTIONS TO LOCAL VOCATIONAL INSTITUTIONS

#### In Kind:

- Donation of new or refurbished equipment

#### Human:

- Provision of regular lectures or subject talks by Anglo American staff
- Allowances for part-time education / training for existing employees
- Mentoring students

#### Financial:

- Funding of "train the trainer" programmes
- Sponsorship of a class / subject
- Funding of new facilities

#### Partnerships:

- Training programmes are a potential area for partnership with local government. Companies can coordinate with government skills training or extension programmes to help train the local workforce. They can also work with government to expand training facilities and programmes into the area or make them more consistent with the needs of industry (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*).

### Task 7: Build the Required Anglo American Capacity

*Task 7* involves building the required capacity within the Anglo American operation to increase successfully the proportion of the local workforce employed at the operation. Key activities include:

- identifying a manager to implement the local workforce development strategy / plan, and building appropriate human and financial resources;

- identifying and training internal specialists to assist local educational institutions in developing training;
- establishing systems, procedures and processes to track progress (see *Task 8*); and
- incorporating local workforce development metrics into management incentive programmes.

#### Task 8: Monitoring and Evaluation

Developing key indicators for local workforce development and employment is essential for tracking performance against an operation's local workforce development strategy and plan. Some measures that can be useful for tracking local workforce and employment are:

- levels of local employment by job category;
- number of persons / households supported by local employees;
- total amount paid out every month for local payroll;
- youth and women's participation in the workforce;
- outcomes of skills development programmes; and
- government and industry investment in local workforce development programmes.

The performance of the Local Workforce Development Plan should be reported according to an agreed schedule. At the conclusion of a particular workforce development programme, a review should be held of key lessons learned. If the programme is ongoing, the evaluation should take place at least every three years. This review should include the programme beneficiaries, the project leader, relevant Anglo American personnel and other partners who have been involved in the project. Based on this feedback, the course should evolve over time to ensure that it continues to be effective in addressing the original training need identified.

*Box 5C.4* gives an example of a successful local workforce development strategy implemented at Anglo American's Barro Alto operation in Brazil's Goiás State.

### 5C.4 TRAINING FOR THE LOCAL COMMUNITY

#### Introduction

As mentioned in the introduction, training local communities is a key approach for improving livelihood opportunities in the local area and contributing to sustainable communities. This is particularly important in the context of mine closure planning. As such, training represents a key corporate social investment (CSI) opportunity. The provision of training in the local communities, as facilitated by Anglo American, usually takes the form of:

- provision of financial support for training and development; and
- identifying partner organisations specialising in the provision of the necessary training, and working with them and the target group to achieve identified objectives.

In many instances, operations can also provide in-house assets such as mentoring and technical support (e.g. in accounts, project management or marketing); and in providing access to company facilities for developing skills (e.g. computer literacy or workshops).

This section provides guidance on how to identify and assess community training needs, source relevant training providers and support them in achieving training goals. The key tasks for delivering on Anglo American's commitment to local community training are captured per phase in *Figure 5C.2*.

#### BOX 5C.4 BARRO ALTO CASE STUDY

##### Project Background

Barro Alto is a nickel mine and associated smelter located near the small town of Barro Alto in Brazil's Goiás State. When Anglo American acquired the mine in 2002, it consisted of only an open pit operation. In 2006, construction began on the extension of the existing open pit mine and an associated new ferronickel smelter and refinery.

##### Developing the Local Workforce

The need to develop the local workforce was identified early in the project lifecycle, with the training of potential new employees commencing at the same time as the expansion in 2006. Anglo American partnered with different entities to provide a variety of training programmes at various levels. These are outlined below:

- A partnership with SENAI (a federal programme aimed at providing technical training in rural development in Brazil enabled Anglo American to provide technical training to over 100 people at world-class facilities).
- With help from the mayor of Barro Alto, Anglo American selected 60 youngsters who were given basic training in order to empower the youth in the area and prepare them for potential future employment at the operation.
- Anglo American also collaborated with other mining operations in the area in order to provide skills training to the local communities.

The operation began to produce nickel in 2011. As a result of the above efforts, approximately 80 percent of the operational workforce at the Barro Alto operation is local (from within a 150 km radius of the operation). Ongoing training programmes ensure that the local communities can obtain the skills required to be employable at the Barro Alto operation. The Barro Alto mine continues to work with local NGOs and government entities to build capacity within the local community. Through social investment projects, Anglo American is able to support other entrepreneurial programmes within the local communities, including the development of the rubber industry and the improvement of agricultural techniques amongst local farmers. It is hoped that such programmes will provide sustainable livelihood options beyond the life of the mine.

##### Lessons Learnt

The success of local workforce and human capital development at Barro Alto can be largely attributed to the early stage at which training and up-skilling was undertaken, as well as strong partnerships between the operation, other operations in the area, government entities and NGOs.

## Phase A: Needs Assessment

A training needs assessment should be undertaken to understand the need for, and gather the information necessary to develop, an appropriate training programme. Many community issues are likely to have a training needs component. For example, concerns raised by community members about the inability to launch successful local businesses may be related to a lack of business management skills. An overview of key community training needs can be achieved through the key tasks in *Phase A*, namely:

- **Task 1:** Profile the Local Area;
- **Task 2:** Engage with Local Community Groups;
- **Task 3:** Undertake a Training Needs Assessment for the Target Group.

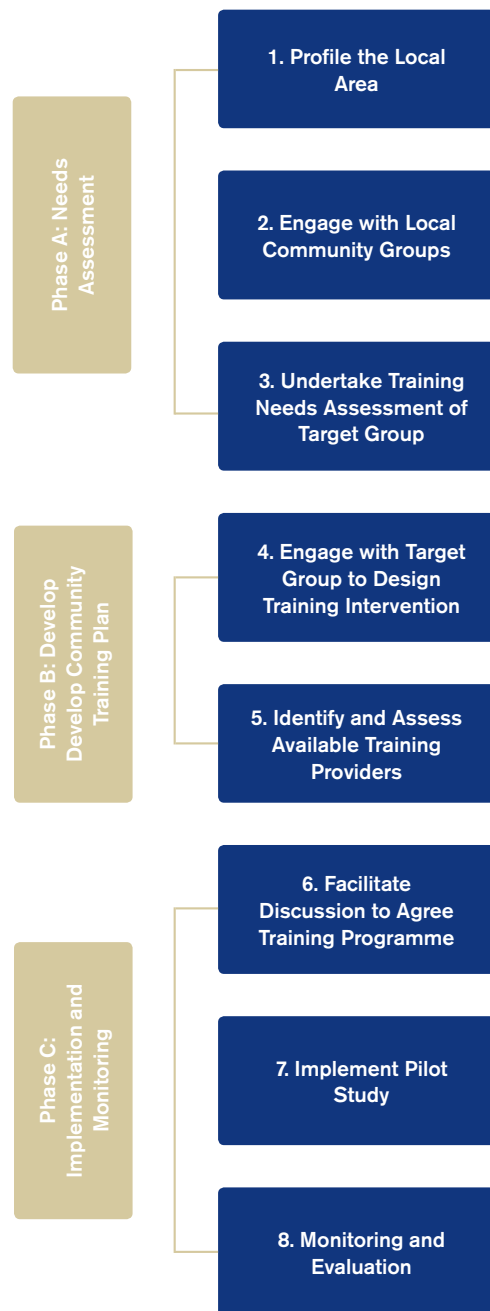
These are described in more detail below.

### Task 1: Profile the Local Area

Profiling your local area, as carried out during *Step 2* of the SEAT process, will highlight some opportunities for training. For example, it may reveal that literacy levels are low, unemployment is high and there are few skills suitable for employment in local sectors. *Box 5C.5* provides examples of potential needs in the local area.

BOX 5C.5 EXAMPLES OF POTENTIAL NEEDS IN THE LOCAL AREA		
TOPIC	INDICATOR	POSSIBLE TRAINING IMPLICATION
Employment	Employment and unemployment levels	High levels of unemployment can indicate a need for vocational skills training / small business development.
	Health	Main causes of mortality
Education	Child / adult literacy	If these are behavioural (e.g. HIV / AIDS, lung cancer caused by smoking, cirrhosis due to alcoholism), they can indicate a need for health awareness training.
	School leavers receiving final year high school qualifications	Low literacy rates indicate the need for child / adult literacy support.
Equality and diversity	Low pass rates can indicate the need for extra lessons / teacher training support.	Low percentage in a largely disadvantaged area can indicate an opportunity to develop the capacity of disadvantaged suppliers to meet Anglo American's procurement needs and standards.
	Percentage of supplies or contracts purchased from disadvantaged suppliers	
Strength of civil society	Number of local community-based organisations (CBOs)	Low numbers can indicate a need for training in the establishment and management of these organisations and / or the need for guidance on sourcing external funding.

Figure 5C.2 Key Tasks for Local Community Training



## Task 2: Engage with Local Community Groups

Engaging with a representative sample of the local community will help to identify local issues which may have an associated training need. The following questions can be asked through, for example, interviews or focus groups:

- What are the issues of greatest concern in the local area (e.g. low literacy levels)?
- What is the root cause of the issue (e.g. insufficient teachers / poorly qualified teachers)?
- For each issue, who / which group is most affected by this issue (e.g. final year high school students)?
- How are they affected (e.g. reduced chances of successful employment)?
- How could the issue be addressed (e.g. better trained teachers, provision of extra lessons)?

This process will generate a list of issues (represented by the dark blue boxes in *Figure 5C.3*) with associated training needs (represented by the pale blue boxes in the figure). Once the need of a specific target group has been identified as the focus of a training programme, it should be explored in more detail, as described below in *Task 3*.

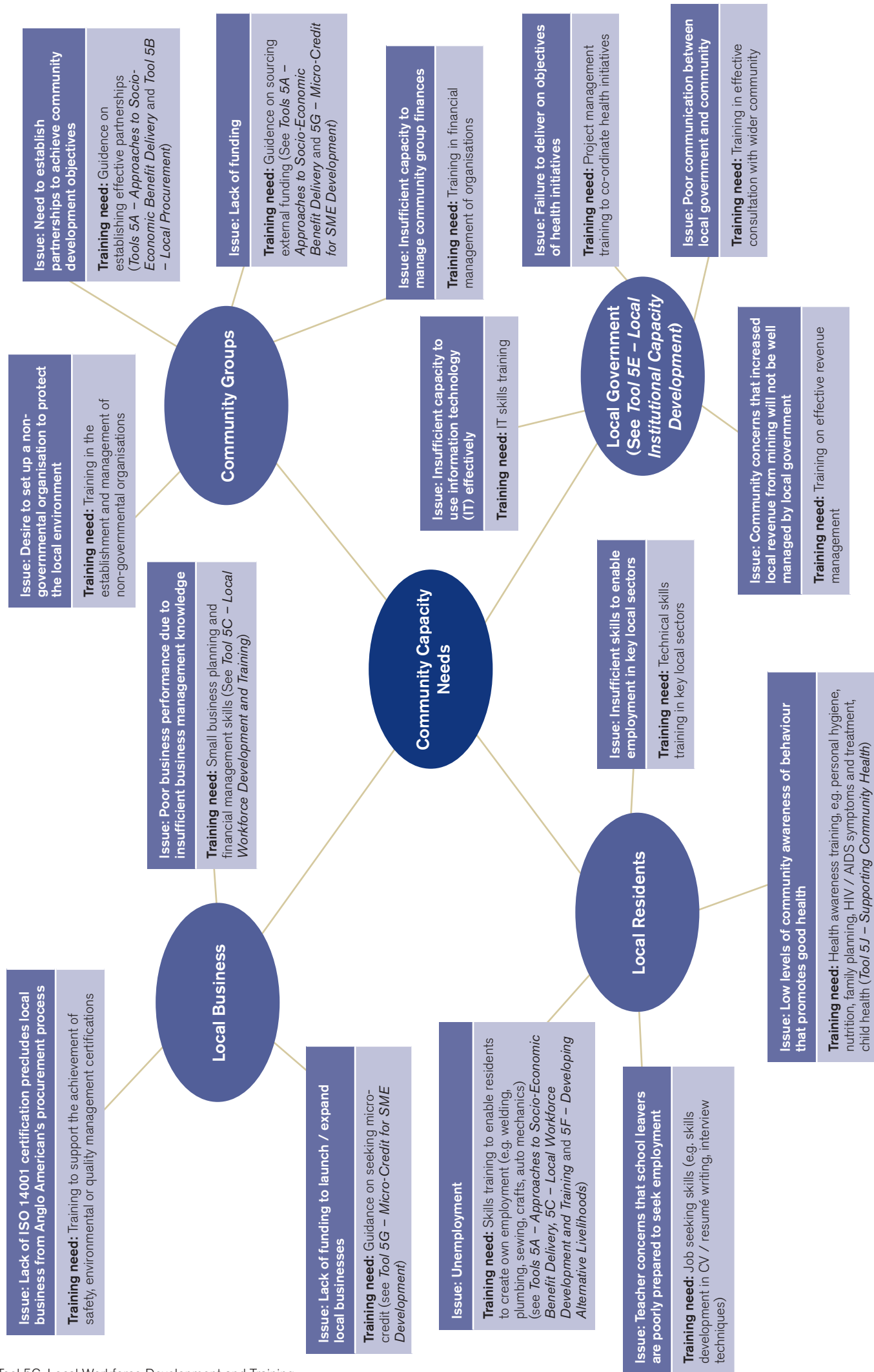
## Task 3: Undertake Training Needs Assessment for the Target Group

It is important that the training objective is well understood if an intervention is to be effectively designed. The following questions are relevant to understanding the need better:

- What outcome would you like to achieve (e.g. increase in the final school year pass rate)?
- What specific skills are required to achieve this outcome (e.g. greater proficiency in the two weakest subjects of maths and science)?
- How could these skills best be provided to the target group (e.g. train teachers to teach these subjects more effectively / provide extra lessons in these classes after school)?
- Do any trends in the local economy suggest that there is a likely demand for specific skills?

If it is agreed at this stage that an Anglo American supported training programme can usefully assist in achieving desired outcomes, proceed to *Phase B, Task 4*.

Figure 5C.3 Examples of Common Issues and Related Training Needs in Developing Countries





## Phase B: Develop Community Training Plan

The key focus of *Phase B* is to use the information gathered in *Phase A* to develop a training plan. The key tasks in *Phase B* are:

- **Task 4:** Engage with the Target Group to Design the Training Intervention;
- **Task 5:** Identify and Assess Available Training Providers; and
- **Task 6:** Facilitate Discussion to Agree Training Programme.

These are described in more detail below.

### Task 4: Engage with the Target Group to Design the Training Intervention

Further engagement should be undertaken to design a training intervention that will be appropriate for the target group, and that will support the achievement of the outcome they have identified. The following questions can be asked during this process:

- How would you like to participate in programme development (e.g. selection of provider, development of programme contents, programme success evaluation)?
- What would the target group look for in trainers (e.g. women participants in some communities might prefer women trainers)?
- What duration and timing of training / capacity development would be appropriate for the target group (e.g. some participants may have day-time commitments which would make evening classes more appropriate)?

### Task 5: Identify and Assess Available Training Providers

This task requires the identification of appropriate training providers (i.e. organisations that can offer the necessary training and capacity-building to develop the skills identified in consultation with the target group). The type of provider will vary depending on need, and may be sourced, for example, through local government, universities, technical training colleges, business development agencies, NGOs or private business training companies. It is possible that these organisations already have programmes in place that could assist in addressing the need. If this is the case, it may be possible to form a partnership to achieve the desired outcomes (as described in *Tool 5A – Approaches to Socio-Economic Benefit Delivery*).

Once identified, the potential provider can be assessed using questions such as those provided in *Box 5C.5*.

#### BOX 5C.5 ASSESSING POTENTIAL TRAINING PROVIDERS

- Are they content experts as well as trainers (i.e. can they both apply the necessary training techniques and be knowledgeable about the content)?
- Can they demonstrate extensive experience in the provision of training in this regard?
- Will they make available references from previous clients so that their track record can be confirmed?
- Do they have experience in working with the target group and are the methods they wish to apply appropriate to this group?
- Are there any cultural, ethnic or religious reasons which would create a barrier to acceptance?
- Will the programme be off-the-shelf, or will it need to be tailored or developed from scratch?
- Are they willing to take a participative approach to programme development which will involve the target group?
- How have they evaluated the effectiveness of similar previous training programmes?
- Do the trainers balance taught sessions with applied sessions in which participants apply new tools and practice new skills?
- Will they leave you with the training materials so that you can run the course (or parts of it) yourself in future?
- How much will training provision cost?

### Task 6: Facilitate Discussion to Agree Training Programme

Once a suitable provider has been identified, discussions should be held, involving the target group and Anglo American, to discuss the details of the training to be provided in order to:

- ensure that both the training need and the means to address it are understood and agreed by all parties;
- clarify responsibilities for training delivery (e.g. training providers are required to supply quality trainers, and participants are required to attend all training sessions);
- agree training objectives, techniques used and outcomes to be achieved; and
- agree criteria for evaluating the success of pilot training (see *Task 7* below).

The full training package should be developed (or adjusted where necessary, if it is an off-the-shelf package), based on the approach agreed. The contents should be reviewed by both Anglo American and representatives of the target group for appropriateness prior to the implementation of the pilot study, and finalisation of the programme (see *Phase C*).

## Phase C: Piloting, Implementation and Monitoring

*Phase C* focuses on piloting the training plan, and developing a monitoring plan against objectives and targets. The key tasks in *Phase C* are:

- **Task 7:** Pilot Training; and
- **Task 8:** Monitoring and Evaluation.

These are described in more detail below.

### Task 7: Piloting

It is recommended that all training programmes be piloted, even if they are off-the-shelf and have had proven success with other target groups. Piloting will allow programmes to be adjusted in order to best meet the needs of the target group. Success criteria should be established in consultation with the target group and training providers.

The pilot should be run under 'real-life' conditions, but time should be spent with participants to understand its strengths and weaknesses, and identify improvements. The training provider should either participate in this discussion or should be provided with findings that will enable them to update the programme accordingly.

Once the pilot study has been run, the necessary amendments to the training programme should be made. Thereafter, the programme should be ready for roll-out and implementation.

### Task 8: Monitoring and Evaluation

The final task is to prepare a monitoring plan for your training programme. A range of KPIs should be developed. Example KPIs include:

- number of beneficiaries;
- profile of beneficiaries (e.g. by income, gender ethnic or cultural group); and
- administrative costs and management issues (e.g. training, recruitment).

The performance of a project should be reported according to an agreed schedule. For small projects, this may involve an annual interview with the project leaders, whilst for larger projects monthly or quarterly reporting may be necessary.

At the conclusion of the project, a review should be held to identify key lessons learned. The suggested frequency of this review, and the range of stakeholders to include is discussed in **Section 5C.3**, within the Local Workforce Development section. Based on this feedback, the course should evolve over time to ensure that it continues to be effective in addressing the original training need identified.

## 5C.5 RESOURCES FOR LOCAL WORKFORCE DEVELOPMENT AND TRAINING

- International Finance Corporation (IFC), Environment Division, 2000. Investing in People: Sustaining Communities through Improved Business Practice – A Community Development Resource Guide for Companies. Available at: [www.ifcext.ifc.org/ifcext/sustainability.nsf/Content/Publications\\_Handbook\\_InvestinginPeople](http://www.ifcext.ifc.org/ifcext/sustainability.nsf/Content/Publications_Handbook_InvestinginPeople).
- The IFC in association with Lonmin has produced a Guide to Integrating Women into the Workforce (Women in Mining). Available at: [www.commdev.org/content/document/detail/2582](http://www.commdev.org/content/document/detail/2582).
- The Canadian Aboriginal Minerals Association, the Mining Association of Canada, the Prospectors and Developers Association of Canada and the Government of Canada have produced the Mining Information Kit for Aboriginal Communities. Available at: [www.aboriginalminerals.com](http://www.aboriginalminerals.com).
- The International Petroleum Industry Environmental Conservation Association (IPIECA) published a note on an example of Oil Industry Workforce Development in Yemen which illustrates the strategy to increase and develop the local Yemeni workforce. Available at: [www.commdev.org/content/document/detail/1052](http://www.commdev.org/content/document/detail/1052).



# Tool 5D: Local Infrastructure Development

## 5D.1 OBJECTIVES

Anglo American operations typically need sophisticated supporting infrastructure. Where they are located in remote or poor areas, infrastructure will often be developed specifically for an operation's needs. Sometimes elements of this infrastructure can be shared with local communities at marginal cost and, in the process, provide significant socio-economic and development benefits (without creating high levels of dependency on the Anglo American operation post-closure).

This tool aims to provide guidance on identifying such synergies. It can apply to planned or existing infrastructure that can deliver development benefits to communities. The tool **does not** suggest that Anglo American operations should assume primary responsibility for providing infrastructure for the community.

## 5D.2 OVERVIEW OF POTENTIAL INFRASTRUCTURE LINKAGES

Examples of the type of infrastructure typically required by operations, which may provide opportunities to create community benefits, include:

- road and rail links;
- electricity supplies;
- fresh water supplies;
- sewage treatment facilities;
- solid waste management sites;
- telecommunications network coverage;
- sporting and recreation facilities;
- education and training infrastructure; and
- health services.

*Tool 5H – Small Scale Water and Sanitation Service Delivery* and *Tool 5I – Sustainable Energy Delivery* provide further guidance on initiatives related to water and sanitation projects and energy delivery.

## 5D.3 POTENTIAL BENEFITS OF INFRASTRUCTURE-RELATED INITIATIVES

Local communities may gain significant benefits from improved infrastructure. These benefits may take the form of time savings in the case of transport or communications infrastructure, health benefits for medical or water and sanitation infrastructure, or business diversification and educational benefits in the case of power supplies. There are a number of potential benefits for sites in identifying infrastructure synergies:

- Careful planning of infrastructure development, in parallel with consideration of the needs of local communities, can highlight simple win-win opportunities and help to maximise the longer-term benefits for both the operation and community, as well as enhancing the operation's social licence to operate.
- Provision of key infrastructure may help improve the productivity of the workforce. For example, the supply of potable water may help reduce the level of water borne diseases in an area and thus reduce absenteeism, whilst supply of grid electricity may improve education or create opportunities for local suppliers.
- By designing infrastructure with community uses in mind, or extending existing company infrastructure to service local communities, external funding from governments and donor agencies may be accessed (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*).
- Reducing conflicts over scarce or over-burdened resources (such as water supply).
- Finally, infrastructure that has a community benefit may not need to be decommissioned or removed when the operation closes, thereby creating potential savings.

There are potential risks to the operation and stakeholders if such projects are not implemented carefully. These are discussed in *Section 5D.5, Task 2*.

## 5D.4 APPROACHES TO DELIVERY OF INFRASTRUCTURE-RELATED PROJECTS

Partnerships between government, NGOs and the private sector can be especially effective at delivering infrastructure-related services. Key aspects about each of these potential partners to be considered are outlined in *Tool 5A – Approaches to Socio-Economic Benefit Delivery*. With respect to partnerships focusing on infrastructure, it is important to consider the following:

- In most countries, government (national, regional or local) holds primary responsibility for service provision and may serve an important regulatory function, particularly where piped water and sanitation services are being considered.
- Infrastructure will need to be designed in a sustainable way to ensure that stakeholders have adequate capacity to maintain the infrastructure following handover (e.g. handover of school buildings, road maintenance post closure, etc.).

A multi-stakeholder approach may be most appropriate for the construction of large infrastructure projects. For more modest projects, an operation may work bilaterally with a community-based organisation / locally-based NGO.

## 5D.5 PROCESS FOR IDENTIFICATION, DESIGN AND IMPLEMENTATION OF INFRASTRUCTURAL INITIATIVES

The following steps outline a recommended approach to developing the types of initiatives described in *Section 5D.2* above.

Figure 5D.1 Key Tasks for Infrastructure Initiatives



### Task 1: Assess Infrastructure Needs

The first task requires an understanding of the overall context in which an operation is active. To achieve this, the following steps are recommended:

**a) Assess community infrastructure priorities:** *Tools 2A – Profiling the Local Area* and *3A – Assessment of Issues and Impacts* will assist in assessing local priorities and needs. Such prioritisation, coupled with an appreciation of where the operation may be able to contribute, is important since operations cannot satisfy all stakeholder needs. Therefore, in using this tool, some key questions (see *Box 5D.1*) should be considered.

### BOX 5D.1 KEY QUESTIONS TO ASK DURING ENGAGEMENT

- What are the primary infrastructure needs in the community?
- Why is this infrastructure not already in place?
- What are the barriers to introducing such infrastructure?
- How do people in the community normally satisfy these infrastructure needs, and who is currently responsible for delivering these services?
- How reliable is the service delivery?
- What is the community's "willingness / ability to pay" for access to these services?
- What are the socio-economic, environmental or health problems caused by current services?
- Are local businesses constrained by inadequate services?

### b) Review local / regional development plans

for infrastructure related activities, to ensure that any Anglo American initiatives complement these plans.

**c) Map potential options** for adapting / extending company infrastructure in ways that contribute to community needs. Examples of infrastructural linkages that operations could build on for mutual benefit are presented in *Figure 5D.2*.

### Task 2: Identify, Assess and Manage Risks

From the above assessment, an operation should be able to identify any appropriate opportunities for meeting community infrastructure needs. However, there may be associated risks that need to be managed to ensure optimal outcome. Key risks to address within the design process include<sup>(1)</sup>:

- Ensuring that the infrastructure / service supply is of **acceptable (e.g. legislated) standard**. This requires an understanding of the particular legislative standards in your area. Any service supplied by an Anglo American supported project needs to be subjected to rigorous checks to ensure there are no harmful human or environmental effects. This is particularly important for power, water and sanitation projects.
- Ensuring that infrastructure is **safe for the general public to use**. For example, graded roads that are designed for robust and well-maintained company vehicles or vehicles observing site speed limits may not be safe for normal highway traffic.
- Ensuring that the infrastructure contribution or service can be provided within the Anglo American operation's **regulatory permits**. For example, if safety legislation requires all visitors to a site to go through a safety induction it may not be possible, without significant extra work, to allow the community to use on-site facilities.

<sup>(1)</sup> There are particular risks associated with water and sanitation projects. See *Tool 5H – Small Scale Water and Sanitation Service Delivery* for more detail.

- Ensuring the **long-term sustainability** of infrastructure / service supplies. There are four considerations here:
  - The infrastructure initiative should cause no significant cumulative human or environmental harm. This includes direct environmental impacts (through construction or use)<sup>(1)</sup>, or any harm that might be caused by opening up areas for development. For example, hunting or logging could be facilitated by improved road access.
  - There must be a technically and financially viable solution for maintaining service delivery during and after the closure (planned or otherwise) of the operation<sup>(2)</sup>.
  - The initiative should not increase the overall dependency of the community on Anglo American's operations.
  - There needs to be a well thought-through plan for handover and maintenance of the infrastructure.

It is vital for the long-term success of a project that each of these risks can be removed or managed. This will almost always require engagement with, and often permissions from, relevant regulatory authorities on topics ranging from service quality standards through to appropriate licences. Addressing each of these risks is likely to require advice from suitably qualified professionals.

### Task 3: Identify Potential Stakeholders and Partners

As described in *Section 5D.4*, the most effective implementation of an infrastructure initiative will generally be through a partnership approach. Moreover, a range of stakeholders will need to be consulted to optimise the initiative. The types of stakeholders who should be consulted at this stage include those that: have a strategic overview of community infrastructure requirements; have an understanding of other initiatives in the area (to identify synergies); and have knowledge of existing and future infrastructure development plans. Examples of such stakeholders include:

- Communities that will benefit from the infrastructure and may, therefore, want to participate in the design, planning and delivery.
- Local government departments, such as those related to planning / development and those pertinent to the relevant infrastructure type (e.g. health, education, transport, public works).
- NGOs involved in infrastructure and poverty alleviation projects.
- International donors and charities working in the region on infrastructure and development programmes.
- Any private sector actors (including local businesses) already involved in infrastructure / service provision.
- Other local businesses that may wish to contribute to projects (e.g. neighbouring mines).

The aim of this stakeholder engagement will be to:

- identify NGOs or local businesses that are already active in the relevant infrastructure / service sector (especially duplicate initiatives) and who could contribute in some way to expanded service coverage;
- identify key stakeholders in the community and government who may need to be part of the partnership to ensure local buy-in, fit with long-term strategic plans, help with the licensing or permitting processes, provide regulatory functions and post-closure ownership; and
- identify other public and private sector stakeholders who may be needed in an advisory capacity, or who can contribute to infrastructure provision.

Once potential partners have been identified, meetings should be held with them to formulate the ground rules and possibly to establish a formal agreement. It is recommended that *Tool 5A – Approaches to Socio-Economic Benefit Delivery* be referred to in order to facilitate the effective formation and maintenance of a partnership arrangement.

### Task 4: Design and Implementation of the Infrastructure Initiative in Consultation with Partners

The following factors should be considered when designing an infrastructure initiative:

- potential environmental and social impacts, both positive and negative, that may need to be assessed and managed;
- the type of technology / materials to be used;
- The cost, scope and scale of the proposed scheme;
- tariffs and financing, to ensure cost recovery and long-term financial sustainability;
- training needs for managers of the initiative;
- tendering and procurement procedures;
- proposed roles for the operation, government, businesses and community;
- procedures for seeking permissions (e.g. for construction of roads, water pipes) and for keeping records of permits / licences;
- arrangements for on-going engagement with other providers and planners of local infrastructure; and
- a long-term plan for maintaining, operating and monitoring the scheme, particularly if due diligence measures are required in order to meet funding and stakeholder obligations (see *Task 6*).

(1) See *Table 5J.3* in *Tool 5J – Supporting Community Health* for guidance on simple approaches to addressing health impacts that may be related to operations.

(2) See Anglo American's *Mine Closure Planning Toolbox* for more details on post closure planning. *Tool 4E – Planning for the Social Dimension of Mine Closure* provides a useful summary of the *Mine Closure Planning Toolbox*.

The outcome should be a basic business plan for the initiative. From the operation's perspective, a key part of such plans should be the creation of a viable public or private body that can manage the infrastructure after the Anglo American operation has closed. The financial plan should seek cost recovery to the extent possible, and training should be focused on reducing the need for support from Anglo American over time. The *Introduction* to the *Step 5* tools, *Box 5.1*, provides more detail on the requirements of a basic business plan.

### **Task 5: Identification of Funding Needs**

This task aims to identify gaps between the funding Anglo American and relevant partners are able to provide or leverage and the estimated cost of the selected initiative. Identifying the costs should be based on the business plan prepared as part of *Task 4*.

If a funding gap is identified, then potential alternative sources of finance may include additional government resources, donor funding (in developing or transition economies), private foundations or commercial banks. See *Tool 5A – Approaches to Socio-Economic Benefit Delivery* for more guidance on how to access these financial resources, and *Tools 5H – Supporting Small Scale Water and Sanitation Service Delivery* and *5I – Supporting Sustainable Energy Delivery* for sources specific to water and energy projects.

### **Task 6: Ongoing Support and Monitoring**

Ongoing support can take a number of forms, including: financial support, which should be time-limited; and technical and business support, (e.g. mentoring) to enhance local capacities. As noted above, all support should be provided with the aim of making initiatives self-sustaining.

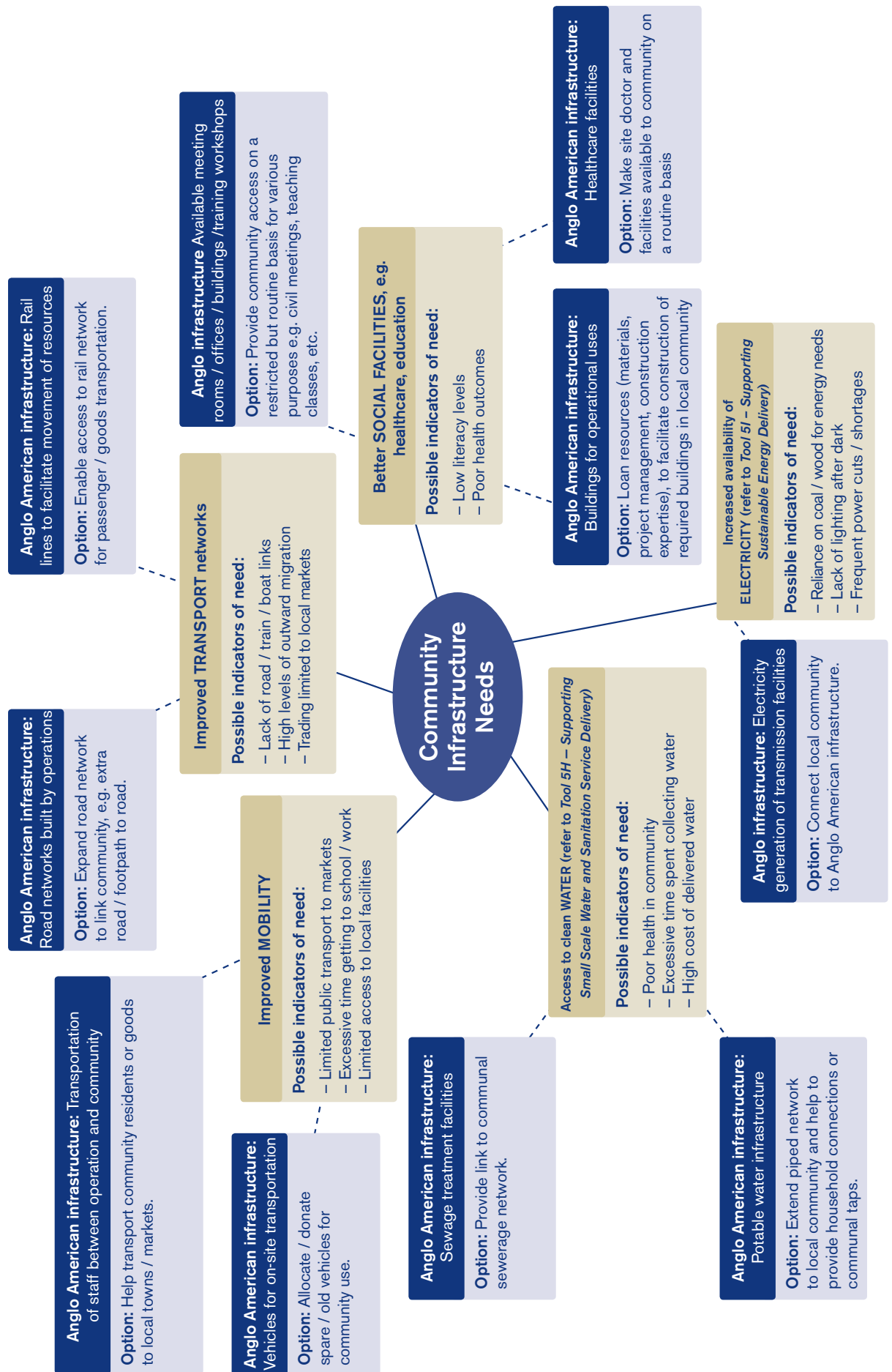
Monitoring and evaluation will be an important element of any infrastructure scheme, and should be incorporated into the planning stages. Incorporation of monitoring from a project's inception instils an environment of accountability, and is especially beneficial if owned by community stakeholders who are managing the project.

A monitoring plan should be established at an early stage, based on key performance indicators (KPIs) such as:

- the number of persons / households with access to the infrastructure and related service;
- the reliability and quality of the infrastructure provided;
- cost recovery of operational and maintenance expenditure;
- stakeholder satisfaction with the scheme; and
- any information required by funding or implementing partners.

Refer to *Tool 6A – Developing a Social Management Plan* for further guidance on developing a monitoring plan and KPIs.

Figure 5D.2 Examples of Potential Options for Managing Company Infrastructure for Community Benefit







# Tool 5E: Local Institutional Capacity Development

## 5E.1 OBJECTIVES

This tool is designed to help operations work with partners to raise the capacity of local organisations and institutions. “Capacity development” in this context means helping local institutions strengthen their effectiveness in addressing development and service delivery needs<sup>(1)</sup>.

This tool may be applicable to a wide range of institutions, including local government, education or health providers, and local community development organisations.

Ill-equipped local capacity is a common cause of poor access to basic services, such as clean water, electricity, basic healthcare and education. This can hinder socio-economic development, and at the same time make it more likely that stakeholders will look to companies, such as Anglo American, for support.

As operations increasingly work in partnerships to support socio-economic benefit delivery (SEBD) initiatives, they may find that potential partners also need support. Within this context, local institutions may need assistance prior to engaging in SEBD activities.

## 5E.2 WHEN TO USE THE TOOL

*Tool 5E* can be used when implementing any of the tools in *Step 5* to build capacity of delivery partners. It can also be used as a stand-alone tool to build local institutional capacities.

## 5E.3 OVERVIEW OF LOCAL CAPACITY DEVELOPMENT

Developing local institutional capacity is increasingly seen as a vital step in promoting good governance and sustainable development. Capacity development can encourage this by bringing local government closer to citizens, allowing constituents to participate more effectively, tailoring decisions to local needs, and enabling more effective provision of public services.

Institutional capacity development should be a continuous, flexible and responsive process. Good local institutional capacity depends on at least six building blocks<sup>(2)</sup>:

- Participation of citizens in the public processes and decisions that affect their lives, including planning and budgeting.
- Partnerships among local governmental institutions, community-based organisations (CBOs) and the private sector for transparent, accountable and equitable service delivery and local development.

- Capacity of local institutions to respond to peoples' needs and facilitate local development and governance processes.
- Effective information channels for communication between state and non-state actors.
- Accountability between local representatives and their constituents (including citizens and CBOs), and between government bodies (both local and national).
- Appropriate administrative, fiscal, political and legal frameworks for local governments to function effectively.

Through regular engagement with local stakeholders and the use of internal technical and managerial expertise, operations can contribute to capacity-development by helping to identify or respond to local institutional weaknesses, and by developing and supporting capacity building measures.

## 5E.4 IMPLEMENTING LOCAL CAPACITY DEVELOPMENT

The key tasks required to build local capacity are presented in *Figure 5E.1*.

### Task 1: Agreement with Target Organisation

The first task in the development of local institutional capacity is to ensure that there is buy-in from the target organisation. Ideally, the organisation itself should request support, but the need for institutional capacity development may have been identified by other stakeholders. For example, the engagement and assessment steps in SEAT (*Steps 2* and *3*) may have identified such needs.

Where a need for capacity development has been identified by stakeholders outside the target organisation, any approach to that organisation must be done with sensitivity. For example, the offer of assistance should make it clear that the target organisation has not been singled out as being a poor performer. Making the approach jointly with trusted third parties, such as local government institutions or well-regarded community organisations may be helpful.

(1) Required “capacity” may be lower for a local, single-function organisation than for a national multi-function institution. Many factors may inhibit organisations from being able to meet their objectives, including lack of skilled staff or training, inadequate physical infrastructure, lack of finance or inadequate processes or systems.

(2) UNDP: Pro-Poor Urban Governance: Lessons from LIFE, 1992-2005.



Figure 5E.1 Key Tasks Required to Build Local Capacity



If the target organisation does not wish to participate in a capacity development initiative it is unlikely that it is worth pursuing the matter further. In such circumstances, it may be better to attempt to work with other organisations or to choose other forms of intervention (such as those in the other *Step 5* tools).

### Task 2: Identify Capacity Development Needs

The second task is to identify specific capacity development needs, as highlighted during SEAT or through other means (such as requests from the target organisation). Where the need for support is expressed in only general terms it may be necessary to undertake a diagnostic exercise to identify capacity development opportunities.

*Table 5E.1* lists some features of successful local institutions. Through a comparative exercise, these features can be used to assess capacity development needs within the organisation under review. *Table 5E.1* should be worked through with the target organisation, as individuals within it are usually most aware of their development needs. A purely external assessment will rarely be accurate. Developing a simple ranking system (e.g. weak, moderate, strong) for each of the variables can help to focus on priority needs.

If major capacity development needs are identified across the spectrum of areas listed in *Table 5E.1*, it is best to work with the target organisation to identify a limited number of priorities. These priorities should then be focused on where support could have a rapid impact on the organisation's delivery capacity.

### Task 3: Identify and Engage with Potential Implementation Partners

Potential partners who can assist with the selected capacity development initiative(s) should be identified and engaged. These may include international development organisations (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*), NGOs with a capacity-building focus, or specialist academic or other professional resources. Examples of organisations that can assist with capacity development are listed in *Section 5E.5*.

### Task 4: Design and Implement Capacity Development Measures

Once capacity-building needs and potential partner organisations have been identified, specific capacity development measure(s) can be developed. There may be a range of capacity development needs that operations, with support from appropriate partners, can provide. Examples of practical responses to capacity development measures are given in *Table 5E.1*.

Once the required capacity-building measures have been agreed, a management plan should be developed and implemented. When developing the management plan, ensure that each measure has:

- objectives;
- a description of the actions to be undertaken;
- performance targets;
- a clear allocation of responsibilities between Anglo American, the organisation being supported and other implementation partners;
- a budget;
- timing; and
- Key Performance Indicators (KPIs) that will show progress against the target.

*Table 6A.3* in *Tool 6A – Developing a Social Performance Management Plan* provides a suitable format for recording this information.

Table 5E.1 Features of Successful Local Institutions

TOPIC	FEATURES OF ORGANISATIONS WITH STONG CAPACITY	ANY ISSUES LOCALLY
<p><b>Accountability<sup>(1)</sup></b></p> <p>Accountability is the extent to which the institution represents or is responsive to the views of its constituents.</p>	<ul style="list-style-type: none"> <li>• <b>Transparent and consultative:</b> <ul style="list-style-type: none"> <li>– free flow of information;</li> <li>– clarity of procedures, regulations and responsibilities;</li> <li>– processes, institutions and information are directly accessible to applicable organisations, and adequate information is provided to understand and monitor these (e.g. easily accessible policy papers and plans, naming all the stakeholders involved in developing policy goals, etc.);</li> <li>– corruption control: presence of mechanisms for prompt recourse on unfair practices; and</li> <li>– accountability to all relevant stakeholders.</li> </ul> </li> <li>• <b>Grievances:</b> access to an effective grievance redress to ensure fair and prompt action on suggestions and complaints by the public<sup>(2)</sup>. (See <i>SEAT Overview</i> and <i>Tool 4A – Complaints and Grievance Procedure</i>).</li> <li>• <b>KPIs</b> that monitor and review the performance of the organisation: <ul style="list-style-type: none"> <li>– financial performance;</li> <li>– compliance with legal requirements and administrative policies; and</li> <li>– appropriate allocation of resources and efficient and economical use of funds, property, manpower and other resources.</li> </ul> </li> <li>• <b>Communications:</b> <ul style="list-style-type: none"> <li>– systems in place to ensure that goals are clearly communicated to constituents or stakeholders;</li> <li>– sufficient availability of information which allows the public to give feedback on how the institution responds to demands articulated by constituents; and</li> <li>– inter-authority coordination and liaison e.g. horizontal and vertical co-planning with other government bodies.</li> </ul> </li> </ul> <p><b>Examples of capacity development initiatives:</b></p> <ul style="list-style-type: none"> <li>• Share Anglo American's processes with respect to engagement (see <i>Tool 2B – Developing a Stakeholder Engagement Plan</i>), and provide support in developing a grievance mechanism (see <i>Tool 4A – Complaints and Grievance Procedure</i>).</li> <li>• Provide assistance in developing KPIs to monitor performance.</li> <li>• Provide advice on the development of effective communications processes.</li> </ul>	
<p><b>Organisation</b></p> <p>This encompasses effective organisational structure and administrative procedures.</p>	<ul style="list-style-type: none"> <li>• <b>Human Resources:</b> <ul style="list-style-type: none"> <li>– suitably qualified staff to fulfil the full range of managerial, administrative and technical occupations required to run the organisation;</li> <li>– each employee has a job description and an understanding of their roles, responsibilities and performance targets;</li> <li>– policies prohibiting child labour or forced / bonded labour;</li> <li>– clear policies on working hours, holidays, sick leave, maternity arrangements, benefits, retirement and retrenchment;</li> <li>– clear performance standards and disciplinary procedures;</li> <li>– a logical and fair employee pay scale and evidence of salaries being paid on time; and</li> <li>– a non-discriminatory framework governing recruitment and promotion<sup>(3)</sup>.</li> </ul> </li> <li>• There is a <b>basic office infrastructure</b> (e.g. suitable work-spaces, computers, telecoms, vehicles, etc.).</li> <li>• The institution has <b>the necessary skills to implement its required functions</b> (e.g. regulation, land title administration, tax collection).</li> <li>• The institution has a secure <b>knowledge management system</b> in place (e.g. systematic record-keeping).</li> <li>• <b>Capacity for delivery</b> of services.</li> </ul> <p><b>Examples of capacity development initiatives:</b></p> <ul style="list-style-type: none"> <li>• Share Anglo American's human resources expertise (e.g. job descriptions, career development planning).</li> <li>• Share Anglo American's management, stakeholder engagement or technical training capabilities.</li> <li>• Identify training requirements (see <i>Tool 5C – Local Workforce Development and Training</i>).</li> <li>• Provide financial support to procure basic office infrastructure (e.g. computers, telephones, office furniture, etc.).</li> <li>• Provide advice on implementing basic IT systems.</li> </ul>	

(1) If the focus of this tool was solely on local government, democracy could also be considered to be a characteristic of a successful organisation; however, this tool is designed to help a broader range of organisations. In addition, local government is structured differently across the many countries in which Anglo American operates, and in some countries local or regional tiers of government are appointed rather than elected.

(2) The United Nations "Protect, Respect and Remedy" Framework for Business and Human Rights (2011) provides specific guidance in the development of grievance mechanisms, as well as six key principles which should underpin this, namely: legitimacy, accessibility, predictability, equitability, rights-compatibility and transparency.

(3) These human rights are referenced in the United Nations "Protect, Respect and Remedy" Framework for Business and Human Rights (2011). For more information, see *SEAT Overview* for additional detail on this human rights framework.

TOPIC	FEATURES OF ORGANISATIONS WITH STONG CAPACITY	ANY ISSUES LOCALLY
<b>Planning</b>  An indication of the organisation's ability to plan and implement projects and deliver services as well as business continuity capabilities.	<ul style="list-style-type: none"> <li>• The institution has a good <b>understanding of local governmental development needs</b> and priorities, in alignment with national or regional legislation, policies and strategies, and has mechanisms to determine constituents' needs (e.g. surveys, public forum, telephone hotline, etc.).</li> <li>• The institution ensures <b>regular and ongoing citizen and stakeholder</b> input through mechanisms by which people can make their needs heard, and which allows participation in planning and implementation of plans, programmes and projects (e.g. engagement in its variously appropriate forms).</li> <li>• <b>Plan development processes</b> to ensure that stakeholder development needs are translated into action plans.</li> <li>• <b>Monitoring systems</b> to assess the performance of projects and programmes against targets and delivery to intended beneficiaries.</li> <li>• <b>Financial planning</b> (integration of planning and budgeting and annual budgeting).</li> <li>• <b>Awareness of own capacity / responsibilities.</b></li> </ul>	
<b>Examples of capacity development initiatives:</b> <ul style="list-style-type: none"> <li>• Provide training on stakeholder engagement to identify needs (using the SEAT <i>Step 2</i> tools).</li> <li>• Identify partners who can provide town planning or regional economic development planning advice.</li> </ul>		
<b>Finance</b>  This encompasses economic sustainability and the ability to mobilise resources.	<ul style="list-style-type: none"> <li>• Evidence of an <b>annual budgeting</b> process.</li> <li>• <b>Knowledge of sources of local government funding</b> and ability to raise revenues (taxes, user charges, borrowing, central government, etc.).</li> <li>• <b>Ability to secure additional resources</b> (donor, foundations, NGOs, private sector, etc.).</li> <li>• <b>Revenue and expenditure management</b>, and the <b>ability to pay employees, suppliers</b>, etc.</li> <li>• <b>Cost recovery / financial sustainability</b> on services provided.</li> <li>• <b>Public reporting</b> of financial information:               <ul style="list-style-type: none"> <li>— value of revenues;</li> <li>— sources of revenues;</li> <li>— value of expenditure; and</li> <li>— net asset position (asset values, loans / other debts).</li> </ul> </li> </ul>	
<b>Examples of capacity development initiatives:</b> <ul style="list-style-type: none"> <li>• Advice on identifying sources of funding for development projects (see <i>Tool 5A – Approaches to Socio-Economic Benefit Delivery</i> and <i>Tool 5G – Micro-Credit for SME Development</i>)</li> <li>• Share Anglo American's accounting and financial management expertise and provide basic training in budgeting, financial accounting and reporting.</li> </ul>		
<b>Delivery</b>  This is the effective and accountable delivery of projects.	<ul style="list-style-type: none"> <li>• <b>Tendering, contracting, procurement:</b> <ul style="list-style-type: none"> <li>— openness of procedures for contracts / tenders; and</li> <li>— knowledge of who supplies and regulates various services.</li> </ul> </li> <li>• <b>Project management:</b> <ul style="list-style-type: none"> <li>— monitoring, indicators;</li> <li>— payment;</li> <li>— outcomes evaluation / KPIs;</li> <li>— partnerships; and</li> <li>— revenue collection.</li> </ul> </li> <li>• Stakeholder coordination and liaison (local residents, NGOs, central government, etc.).</li> </ul>	
<b>Example of capacity development initiatives:</b> <ul style="list-style-type: none"> <li>• Provide training on appropriate contracting and tendering procedures.</li> <li>• Provide basic project management training.</li> <li>• Help the organisation to develop a management and monitoring plan, including KPIs (see <i>Tool 6A – Developing a Social Management Plan</i>).</li> </ul>		

When building capacity, the focus of assistance should be on enhancing the skills and capacities of individuals within organisations (as well as organisations themselves), wherever possible, rather than providing short-term fixes. Therefore, aim to work closely with the target organisation as support is implemented; work with partners when more challenging support measures are required.

### Task 5: Monitor, Refine and Evaluate Capacity Development Measures

Once capacity development measures have been implemented, these should be monitored and evaluated on a regular basis. *Tool 6A – Developing a Social Management Plan* provides guidance on monitoring measures.

Recent examples of relevant capacity development projects at Carbones del Cerrejón in Colombia are presented in *Box 5E.1*.

#### BOX 5E.1 REVENUE TRANSPARENCY AND LOCAL GOVERNMENT CAPACITY DEVELOPMENT AT CERREJÓN

Cerrejón lies in the La Guajira state in Colombia. Although this is a resource-rich state, it suffers from high levels of poverty that have led to complaints that revenues are not being used effectively.

To address this concern, a Coal Royalties Follow-up and Oversight Committee<sup>(1)</sup> has been established with support from the mine. The Committee is fully funded by the mine and operates from offices within the Chamber of Commerce. It includes representatives from Cerrejón, the state governor's office, municipal councils, local universities, the Chamber of Commerce, citizens' groups, native Indian groups and the state prosecutor's and controller's offices. In order to ensure good use of the tax payments from mining, the Committee has agreed the following objectives:

- public hearings where officials engage with citizens to discuss how resources are being used;
- training for citizens to allow them to participate through "citizens' inspectorships" with the work of state controllers;
- transparent reporting of how much money is raised and how resources are spent;
- regular communication from the Committee to local residents; and
- follow-up, to ensure successful execution of projects that are funded by public money, with professional support where necessary.

To date, the Committee has overseen the spending of natural resource revenues on a range of development projects. These include:

- several water supply projects;
- overseeing a contract to supply educational services in La Guajira state; and
- dissemination of stakeholder information to local residents.

In the next stage of its development, the Committee wants to play a broader role in conveying the views and wishes of citizens to the authorities. Other private businesses in La Guajira state have expressed an interest in joining the Committee, and similar initiatives are being considered in other states in Colombia, which Cerrejón is keen to support.

### 5E.5 SUPPORTING RESOURCES FOR LOCAL CAPACITY-BUILDING

Multilateral donors (such as the World Bank), bilateral donors (such as USAID and the UK Department for International Development) and regional development banks (such as the Development Bank of Southern Africa and the Inter-American Development Bank) have extensive experience of building capacity in local government structures. In many countries there are also development NGOs that have experience in this field.

A large number of websites offer advice on capacity development and have a wide range of materials that could support capacity development, including:

- Capacity.Org. This is a portal for a range of topics relating to capacity development (select the "Resource Corners" tab on the homepage). Available at: [www.capacity.org](http://www.capacity.org).
- UNDP Capacity Development. A range of resources for government capacity development. Available at: [www.undp.org/content/undp/en/home/librarypage/capacity-building.html](http://www.undp.org/content/undp/en/home/librarypage/capacity-building.html).
- The Global Development Research Center Urban Governance theme page includes indicators on good urban governance. Available at: [www.gdrc.org/u-gov/ugov-define.html](http://www.gdrc.org/u-gov/ugov-define.html). (This includes additional general information on promoting good governance.) Available at: [www.gdrc.org/u-gov/doc-oecd\\_ggov.html](http://www.gdrc.org/u-gov/doc-oecd_ggov.html).
- Decentralization and Democratic Local Governance Programming Handbook, Center for Democracy and Governance, USAID, 2000. (In particular, see p.31 – Building Local Government Capacity; p.47 – Programming Tools for Developing Local Governance; p.49 – Programming Tools for Building Local Government Capacity; p.57 – Improved Democratic Local Governance and Increased Local Government Capacity Indicators). Available at: [www.usaid.gov/our\\_work/democracy\\_and\\_governance/publications/pdfs/pnacp339.pdf](http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/pnacp339.pdf).

(1) In Spanish: Comité de Seguimiento y Evaluación de las Regalías del Carbon



# Tool 5F: Developing Alternative Livelihoods

## 5F.1 OBJECTIVES

The communities in which Anglo American's operations are located may be highly dependent upon the company for their livelihoods. Livelihoods may be provided either directly through employment, or indirectly through the provision of goods and services to the operation or its employees.

Anglo American is committed to delivering a lasting net socio-economic benefit to the local areas in which it operates. In order to avoid dependency, operations should consider supporting alternative livelihoods (i.e. those outside the mining value chain) in conjunction with core business opportunities that leverage from the core business (e.g. employment and procurement)<sup>(1)</sup>.

## 5F.2 KEY FOCAL AREAS FOR DEVELOPING ALTERNATIVE LIVELIHOODS

There are six key questions that should be asked when considering alternative livelihoods projects:

1. Is the project appropriate to the environment, local economy, culture, characteristics and priorities of local stakeholders?
2. Does the project create opportunities for disadvantaged members of the community?
3. Have local stakeholders been consulted, and do they have the capacity and willingness to participate in its development and take ownership of the project?
4. How can the supply / value chain of this project be developed?
5. What structure can be established with other stakeholders to ensure that Anglo American is only a time-limited, part-sponsor of the process and project, and that the communities or members take ownership of it?
6. Does the project have potential for any negative / positive impacts?

Based on the above questions, *Section 5F.3* outlines a process for Anglo American operations to ensure that alternative livelihoods projects are sustainable.

## 5F.3 KEY TASKS FOR THE DEVELOPMENT OF ALTERNATIVE LIVELIHOODS

The key tasks are illustrated in *Figure 5F.1*, and described below.

Figure 5F.1 Key Tasks for Developing Alternative Livelihoods



(1) Please refer to Anglo American's *Mine Closure Planning Toolbox* for all matters relating to closure planning. The closure toolbox is the primary source of guidance on mine closure issues, and references appropriate SEAT tools that may help address the socio-economic dimensions of mine closure.

## Task 1: Knowledge of Local Economy, Environment and Livelihoods

### Key Questions

The SEAT process, in particular the tools in *Steps 2* and should provide a good understanding of local stakeholders, their characteristics, assets and needs. For developing alternative livelihoods projects, the most important aspects to focus on are:

- existing skills, livelihoods patterns and interests;
- current stock of assets (including intangible assets, such as skills);
- priority needs and opportunities for development, including local supply-side factors;
- existing economic sectors, and their suitability / potential for growth both locally, in the wider region and internationally;
- natural resources and ecosystem services that are currently available and trends in their quality and availability;
- mobility of people in the local area (e.g. migrant labour, settled community that will continue to live in the area);
- socio-political and cultural environment; and
- local development plans and relevant initiatives and networks.

### Partnership approaches

The most effective way to assess these issues is through engagement with the stakeholders and potential partner organisations that have expertise in the subject (e.g. NGOs that have successfully implemented similar projects).

It is important to keep local stakeholder representatives (or relevant interest groups within these communities) involved. This might start with a formal or informal meeting with stakeholder leaders, and is ideally rooted in a mutually trusting, respectful relationship. (*Tool 5A – Approaches to Socio-Economic Benefit Delivery* provides a guide to building and assessing sustainable partnerships.) Community representatives usually possess important insights regarding stakeholders' needs and challenges, and can inform alternative livelihood development.

Once viable options have been identified, it is important to ensure that a good business plan is developed (see *Introduction* to the *Step 5* tools for the basic requirements of a business plan).

### Identifying Existing Assets, Skills, Livelihood Patterns and Interests

While profiling the local area through research and engagement (see *Tool 2A – Profiling the Local Area*), an understanding of the local economy and local people's livelihood patterns will be developed. This understanding should incorporate considerations such as:

- Are stakeholders subsistence-based?

- Does a viable private sector exist with a supply chain offering employment opportunities?
- Is there evidence of a culture of entrepreneurship?
- How are different stakeholder sub-groups involved in or excluded from different livelihood activities?

It is also important to consider issues such as income levels, affordability and infrastructure links to potential markets. These considerations will help to determine whether there will be a market for the services or goods produced through potential livelihoods projects.

For example, a food-processing operation would only be appropriate in a small, poor community if the goods it produced were aimed at a low-income market, and / or if there were road or rail links to a nearby town or city where the goods could be sold at higher prices. The answers to these questions should be revisited constantly when considering what type of project to undertake.

### Priority Needs and Opportunities for Development, Including Supply Side Factors

The process of needs identification and prioritisation will help to ensure that the project under consideration is stakeholder-driven, rather than imposed. In addition, the relevant supply- and demand-side aspects of each project should be assessed.

Supply-side considerations include the inputs required for the project (e.g. skills, natural resources available, etc.). Demand-side considerations relate to the market for the product or service. *Table 5F.1* sets out a list of generic questions that can be applied to all sectors to assist in determining whether they are appropriate for developing alternative livelihoods.

*Table 5F.2* (at the end of this tool) can be used when working through each sector to record supply- and demand-side issues associated with specific stakeholders. This process will provide an initial filter to ensure that the inputs required for the project have been considered. It will also help to determine the market for the project's products and services, and whether a project might be scaled up in future.

### Identifying Existing Economic Sectors and their Potential for Growth

Developing an understanding of the local area and economy will be useful in identifying appropriate livelihoods projects. Another useful exercise is to identify appropriate sectors of the economy that will facilitate livelihoods enhancement. Often the first types of projects that come to mind fall within the primary sector (agriculture, forestry and fisheries). Although these are appropriate, particularly in rural developing country locations, sometimes opportunities can be missed to develop other sectors of the economy. Sectors that should be considered include:



Table 5F.1 Key Considerations for Developing Alternative Livelihoods

GENERIC QUESTIONS FOR EACH ECONOMIC SECTOR / PROJECT	
Supply-Side Considerations	Demand-Side Considerations
<ul style="list-style-type: none"> <li>• Is there existing activity in this sector?</li> <li>• Are there sufficient resources locally to be able to develop this sector and, if not, can they be sourced from elsewhere (e.g. suitable skills, enough water for agricultural projects, power for manufacturing or the availability of raw materials for crafts)?</li> <li>• Is development in this sector aligned with existing programmes, and government / authority plans for development?</li> <li>• Are there any supply-side sectors that facilitate excluded and disadvantaged groups, and where an alternative livelihood partnership would bring additional empowerment?</li> <li>• Can the existing activity in this sector be enhanced through better organisation and, if so, is there sufficient capacity to enable this to happen (e.g. a well-managed cooperative)?</li> <li>• Is there an existing supply chain that the activities of this sector can leverage?</li> <li>• Are the environmental conditions and natural resources available appropriate for development in this sector?</li> <li>• Does the stakeholder group possess the correct level of skills (or realistic capacity for developing the skills) required for developing this sector?</li> <li>• Can the project meet required health, safety and quality standards (where applicable)?</li> </ul>	<ul style="list-style-type: none"> <li>• Is there sufficient demand for the products / services in this sector?</li> <li>• Would the market for this product be appropriate for the local community, nearby communities, or export?</li> <li>• Is there potential for combining this with another sector to create a broader market, or make it more appealing (e.g. making an ecotourism opportunity out of conservation activities)?</li> <li>• Would additional infrastructure or other mechanisms for market access (e.g. information provision, etc.) be required to enable project participants to get their products to market? Is there an additional livelihoods opportunity in this?</li> <li>• Is there an existing customer-base that the activities of this sector can feed into?</li> <li>• Does the product / service encourage enterprise development by excluded and disadvantaged groups?</li> <li>• What cultural considerations need to be taken into account in assessing the demand for this product / service?</li> <li>• What price would make the product / service competitive?</li> <li>• Are there potential human rights impacts that a product or service may have on individuals or the local and wider community?</li> <li>• Do demand-side sectors uphold the principles outlined in the <i>Social Way</i>?</li> </ul>

- agriculture, hunting, forestry and fishing;
- small scale mining, quarrying and manufacturing;
- construction;
- wholesale and retail trade;
- repair of goods;
- transport, storage and communication;
- community, social and personal services;
- tourism, catering and hospitality;
- education;
- health; and
- environmental services.

*Box 5F.1* provides some examples of alternative livelihoods projects at Anglo American operations around the world.

### Understanding Availability and Trends in Natural Resources and Ecosystem Services

Identifying the quality and availability of natural resources and ecosystem services is important for establishing which potential alternative livelihoods are appropriate. This can be achieved by completing an inventory of the natural resources and ecosystem services that the company impacts and depends upon. *Tool 2A – Profiling the Local Area (Table 2A.1)* will assist in identifying which ecosystem services are currently available.

The need to understand the trends in the quality and availability of these resources is important to be able to assess sustainability. Factors to consider include, for example, an overdependence on certain resources, lack of conservation policies and potential climate change impacts. To understand the trends, stakeholder engagement (with NGOs, local governments and local communities) will be helpful. If natural resources or eco-system services are declining, impacts will need to be managed, mitigated or prevented to ensure the sustainability of alternative livelihoods.

### Local Plans, Relevant Initiatives and Networks

In assessing the appropriateness of sectors for investment, it is important to review any official regional or stakeholder economic development plans (prepared by local government or development agencies). These plans may suggest links to broader development programmes which may have expertise or resources to offer. The initiatives and programmes of development agencies and NGOs may also be relevant.

#### BOX 5F.1 EXAMPLES OF ANGLO AMERICAN SPONSORED ALTERNATIVE LIVELIHOODS PROJECTS

- **A cut rose production project in South Africa** developed as part of a strategic alliance between Anglo American, the Department of Trade and Industry, an international development organisation and the local municipality. The project produces high volume, top quality rose stems for export to flower markets in Europe and North America. This project is key to encouraging economic diversity in a mining-dominated local economy.
- **A reforestation project in Venezuela** involves local residents in the reforestation of mineral concession areas. A local co-operative was established to cultivate saplings for the reforestation process. This co-operative now provides services to other urban projects, including gardening, landscaping and tree-planting.
- Anglo American helped set up **a small-scale wooden pallet industry** in Brazil. The wooden pallets are used by the Anglo American mine, as well as sold into the marketplace.
- **Investment and technology transfer to goat breeders in South Africa** includes good practices training, plant training and slaughterhouse training. This project is part of a bid to support sustainable economic activity and improve income levels in the area.
- **An industrial laundry and maintenance** service which was set up in Witbank, South Africa, as a result of a mine's decision to outsource its laundry services. The laundry is equipped with industrial washing machines, industrial tumble dryers and heavy duty sewing machines. The laundry company, which also offers the maintenance and repair of industrial laundry equipment, now has a client base which extends well beyond the original mine client.

#### Task 2: Assess the Potential Positive and Negative Impacts

Alternative livelihoods should have no significant negative socio-economic, environmental or other impacts. An assessment can help in identifying potential negative impacts and in considering how any impacts can be avoided or minimised. In some cases, the development of alternative livelihoods can also bring positive impacts (e.g. contributions to biodiversity conservation).

Anglo American operations will also need to assess whether government plans can play a role in supporting specific initiatives. For example, local tourism initiatives would be unlikely to make a major contribution to the local economy if there is no national tourism promotion programme, or if transport and visitor infrastructure are adequate elsewhere in the country.

It may be immediately apparent that some sectors will be impracticable. Keep an open mind when doing this assessment, and consider alternatives to the most obvious livelihoods projects. A good example of this is the cut rose production project as described in *Box 5F.1*, which introduced an export cash crop into a local mining economy. However, also make sure to remain realistic, and that demand- and supply-side issues have been thoroughly considered before embarking on a project. *Box 5F.2* outlines the importance of conservation considerations in alternative livelihoods.

#### BOX 5F.2 ALTERNATIVE LIVELIHOODS AND CONSERVATION

Within the conservation sector, the provision of "alternative livelihoods", usually through small-scale enterprise development, is frequently identified as a strategy to reduce conservation threats. One of two strategies is normally taken.

The first involves de-linking livelihoods from the area or resource of concern, based on the assumption that current use levels are unsustainable and that pressure can be alleviated by reducing dependency on a natural resource. Such livelihoods projects may involve providing support to sustainable agriculture, woodlots or non-natural resource-based enterprise development.

The second is linking livelihoods to the habitat or natural resource of concern, based on the assumption that linking people's livelihoods to a resource will increase willingness to manage and protect the resource over the long-term. Examples of this strategy include eco-tourism and sustainable harvesting of timber and non-timber forest products.

A conservation assessment can help determine the potential role for small and medium enterprise (SME) development in biodiversity conservation. The questions in *Table 5F.2* (found at the end of this tool) can be used to guide assessments for proposed alternative livelihoods<sup>(1)</sup> in collaboration with experienced staff or external experts.

#### Task 3: Determine the Capacity and Willingness of Stakeholders to Take Ownership of the Project

Once a good understanding of the target stakeholders and possible opportunities for alternative livelihoods projects has been developed, the capacity and willingness of the stakeholders to take ownership of the potential project should be assessed.

A critical element of this is to identify entrepreneurial individuals or groups within the community or stakeholder group (including those already running businesses) who could implement initiatives which have been agreed in principle by the broader community or stakeholder group as priorities / needs / opportunities.

#### Ensuring Stakeholder Capacity and Willingness

Certain measures can be put in place to ensure that the livelihoods project selected has stakeholder buy-in and involvement, and that stakeholders have an interest in ensuring that it is sustainable. Key measures include the following considerations and activities as listed below:

- **Involve project representatives from the local area in all decision-making processes.** This should be done through engagement and the formation of partnerships (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*).
- **Ensure an interest in the project by ensuring that participants have a financial stake in its success (or failure).** For example, Anglo American sponsorship should include an element of loan finance if possible, and the participants should be co-applicants for external funding applications. This creates shared risk and interest in the investment (see *Tools 5A – Approaches to Socio-Economic Benefit Delivery* and *5G – Micro-Credit for SME Development*).

(1) Please refer to Anglo American's *Mine Closure Planning Toolbox* for all matters relating to closure planning. The closure toolbox is the primary source of guidance on mine closure issues, and references appropriate SEAT tools that may help address the socio-economic dimensions of mine closure.

- **Identify resources and skills** needed in a timely manner and begin required **training** before the project commences. Try to ensure that skills are transferable. This is discussed further in *Task 4*.
- **Ensure that there is clear leadership** in the stakeholder group that is going to benefit from and be involved in the project. This can be enhanced through training, as well as through identification of individuals in the group who are well respected, have leadership qualities, and show commitment to the project (see *Task 4*).
- **Implement a business planning process** with short-, medium- and long-term targets that is written with the stakeholders in mind, so that there is an awareness of the commitment required to achieve these. See the *Introduction to Step 5* tools for guidance on basic business planning.
- **Ensure that the project receives support from Anglo American at key stages, rather than just at initiation.** Very often, projects receive support at the initiation stage, with exit occurring once the project is running. Often, however, the critical point can occur at a later stage where mentoring and support is needed to leverage the project to its next stage. Once launched, the most critical types of support are unlikely to be financial. For example, mentoring can be extremely valuable for new businesses (see the *Introduction to Step 5* tools).
- **Allow sufficient time** for stakeholders to consider the options themselves, and to acquire the necessary skills.

Failure to ensure stakeholder capacity and involvement – or an unrealistic view of the lifetime of the project – can result in a potentially successful project failing over time. The case study presented in *Box 5F.3* shows how an Anglo American operation acted in good faith by trying to ensure a sustainable project but, despite good intentions, the project failed in the long run.

#### **Task 4: Understand and Address Constraints to Developing Alternative Livelihoods**

In developing strategies to support alternative livelihoods, it is important to understand constraints. For example:

- **Training and capacity building:** Investment in training project participants is critical to the long-term success of any livelihoods project. A proportion of the project budget should always be allocated to training. This should not just focus on the skills relevant to that particular project, but on general project management, financial management, administrative and IT skills. Most of these skills can be transferred to other projects where necessary.

- **Relationships within the value chain:** It is important to map and understand relationships within the value chain for the alternative livelihoods identified. This should include building an understanding of whether stakeholders within the value chain are collaborating or competing, and whether there is direct access to markets or if middlemen are dominating the commercialisation channels.
- **Effectiveness of business development services:** Business development services (credit, market information, technical assistance, logistics, certifications, etc.) will be essential for alternative livelihoods to flourish. It will be important to understand whether key stakeholders have access to such services.
- **Enabling environment:** It will be important to understand the effectiveness of the business-enabling environment (e.g. government policies, regulations, access to land, any land conflicts, vulnerability to natural disasters, intercultural conflicts).

These constraints should be incorporated into the design and implementation plans for alternative livelihoods.

#### **BOX 5F.3 BRICK-MAKING FOR RELOCATION**

In 1998, Anglo American's Platinum business unit had to relocate two villages that were considered to be too close to mining activity. As large volumes of bricks would be needed, Anglo American involved local stakeholders by buying brick-making machines and recruiting operators from the local residents.

The company went through a very thorough recruitment process, employing locals who were nominated by the villagers themselves, against a set of criteria. These recruits were then trained to use the equipment, which was simple to operate, using low-cost inputs to make a very high quality brick. An incentive was provided by paying each operator for a quota of bricks, and paying a bonus amount per brick for those additional bricks produced.

The project was an enormous success in that over a million bricks were produced, and these were used for the construction of the houses in the relocation of the villages.

Upon completion of the construction of the houses, the brick-making machines were handed over to the community in a ceremony, and those who had been trained to operate the machines were encouraged to continue producing bricks and selling them, thereby developing a small business with potential for growth. The community was left with the skills, equipment and building materials to make this a successful and sustainable project with potential for improving the livelihoods of a number of people in the community.

Despite this, none of the brick-making machines continued to be used. The community continues to use bricks made of mud and grass that need to be replaced on a regular basis. What would have seemed to be a sustainable, long-term project has not succeeded.

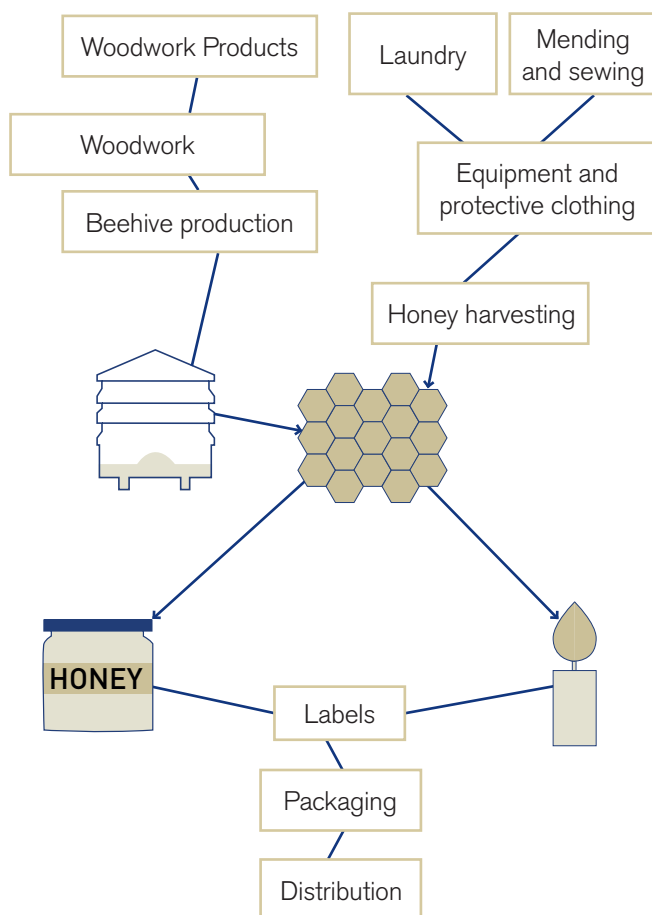
There are several reasons why the project may have failed, including:

- Stakeholders never felt that it was their idea. Rather, it was perceived to be a good idea "imposed" on them by Anglo American.
- A sense of ownership was not developed by the community or any individual, due in part to the fact that the beneficiaries were not asked to pay back at least part of the expense of the machines.
- There is limited demand for bricks in the community. They have a free alternative by using mud and clay bricks, although these are not long-lasting.
- Lack of knowledge of the financial culture of the target community.
- Lack of business skills and capacity; villagers did not receive training in general project management skills.

### Task 5: Identify the Value Chain and Potential Opportunities for its Development

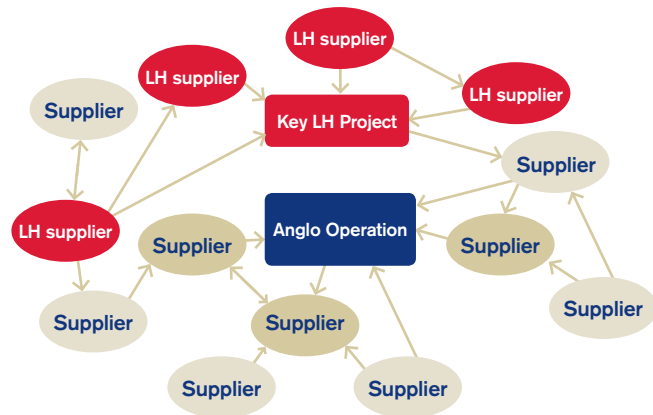
When identifying and implementing a livelihoods project, it is useful to look at the overall value chain and identify opportunities for other projects. A simple example is honey harvesting, a livelihood project to be found at a number of Anglo American operations. An obvious supply need is beehives (honey boxes). Thus, a related project could train local residents in woodwork skills, to provide hives to the project, but also to diversify into providing services to local residents and businesses. Another opportunity is the manufacture of beeswax candles and other honey / wax products. Furthermore, opportunities for manufacturing and providing containers for the honey and associated products should be considered, as well as looking at business opportunities in the distribution of the products to markets. *Figure 5F.2* illustrates some opportunities that may be associated with honey harvesting.

**Figure 5F.2 The Honey-Harvesting Supply Chain**



The identification of opportunities in the supply chain of the livelihoods (LH) project can help to form a complementary economy within an existing community that is currently reliant on the Anglo American operation, as shown in *Figure 5F.3*.

**Figure 5F.3 Developing the Supply Chain and Economy Within Your Stakeholder Group**



### Task 6: Identify Implementing Partners and a Structure for Ownership / Management of Funds for the Project

Once the scope of projects has been agreed / participants identified and trained, partnership and management structures need to be formalised (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery* for guidance on setting up partnerships).

Suitable partner organisations may include development NGOs with expertise in the subject area, local businesses, community leaders, local governments and any business development agencies. If there are already enterprise development initiatives, it may be better to join these rather than set up new ones. The partners involved will depend on the local circumstances. Some capacity building and facilitation may need to take place to ensure that this is possible.

Once a partnership has been developed, make sure that each organisation understands its role and contribution to the project, so that commitment is maintained over the lifetime of the project.

When discussing the structure and ownership of the project, operations should also map out a clear exit strategy. Although initial financial contributions may be necessary, Anglo American should not seek to be a long-term funder of, or shareholder in, alternative livelihoods enterprises (although operations may wish to continue providing assistance to successful support programmes, so that others can become beneficiaries).

The exit strategy should make it clear what support will be provided, and over what period. For example, financial support to individual enterprises should generally be limited to the early stages of a project, whilst mentoring and training might continue for a longer period.

### Task 7: Monitoring, Reporting and Evaluation

The final task is to prepare a monitoring and reporting plan for your alternative livelihoods project. A range of Key Performance Indicators (KPIs) should be developed. Example KPIs include:

- number of beneficiaries;
- jobs / livelihoods created or sustained;
- number of small businesses created or sustained;
- profile of beneficiaries (e.g. by income, gender, ethnic or cultural group); and
- administrative costs and management issues (e.g. training, recruitment).

Project performance should be reported according to an agreed schedule. For small projects this may involve an annual interview with the project leaders, whilst for larger projects monthly or quarterly reporting may be necessary.

At the conclusion of the project a review should be held of key lessons learned. If the project is ongoing, the evaluation should take place at least annually for the first three years. This review should include the project beneficiaries, the project leader, relevant Anglo American personnel and other partners who have been involved in the project.

### 5F.4 ADDITIONAL INFORMATION

The following sources (amongst others) can be referenced for additional information on sustainable and alternative livelihoods:

- World Business Council for Sustainable Development (WBCSD); Doing Business with the Poor, A Field Guide. Available at: [www.wbcsd.org/web/publications/sl-field-guide.pdf](http://www.wbcsd.org/web/publications/sl-field-guide.pdf).
- International Council on Mining & Metals (ICMM) Community Development Toolkit. Available at: [www.icmm.com/page/629/community-development-toolkit-%5D](http://www.icmm.com/page/629/community-development-toolkit-%5D).
- Bovarnick, A and Gupta, A (2003); Local Business for Global Biodiversity Conservation: Improving the Design of Small Business Development Strategies in Biodiversity Projects UNDP. Available at: [www.undp.org/content/undp/en/home/librarypage/environment-energy/ecosystems\\_and\\_biodiversity/local-business-for-global-biodiversity-conservation.html](http://www.undp.org/content/undp/en/home/librarypage/environment-energy/ecosystems_and_biodiversity/local-business-for-global-biodiversity-conservation.html).

Figure 5F.2 The Honey-Harvesting Supply Chain

ENVIRONMENTAL SUSTAINABILITY ASSESSMENT	
Step 1	Identify the Carrying Capacity of the Resource
	What are the biological resources (species or habitats) to be used?
	Do they have any specific ecological sensitivities?
	What are the regeneration characteristics of the biological resources?
	Can they be commercially harvested in a sustainable manner?
	What sustainable use practices will be employed (e.g. harvesting technique or ecotourism activities)?
	What are the indicators that point toward the health of the ecosystem?
	Can the resource be cultivated?
Step 2	Assess Potential Impacts from Enterprise Development
	Will the enterprise produce any wastes or pollution?
	Will the enterprise require inputs that deplete biological resources?
	How will over-harvesting be regulated?
	What direct and indirect impacts could result from the proposed activity on the natural resource base?
	How can these direct impacts be managed or mitigated?
	Will increased wealth within the local area have an impact on resource use patterns?



CONSERVATION ASSESSMENT	
Step 1	Linking the Product to the Habitat of Concern
	Does the resource being harvested depend upon the habitat?
	Can local users increase their income from the resource without degrading the quality of the habitat?
	Are agreements / quotas required to ensure that resources are harvested sustainably and habitat quality is maintained?
Step 2	Distribution of Benefits to the Biodiversity Resources Users
	What cash benefits do the different stakeholders derive from the natural resources currently extracted?
	What non-cash benefits (cultural, social) are derived from the natural resource or habitat by different stakeholders?
	How many resource users can be included in new enterprise activities and how does this compare with the total number of local resource users?
	Will there be resource users who will not benefit from new enterprises? Could this be a factor in continued significant threat to the resources?
	Will there be resource users whose cultural or social practises will be threatened by new enterprises based on resource extraction?
Step 3	Securing Long-Term Benefits to Resource Users
	What is the status of land tenure and how will it affect decisions about resource use?
	How can any conflicts in resource use (including for social and cultural reasons) be reconciled?
	What is the local knowledge about rates of sustainable harvest for resources?
	What is needed to modify incentive structures so that natural resources will be extracted sustainably over the long term?





# Tool 5G: Micro-Credit for SME Development

## 5G.1 OBJECTIVES

This tool provides an overview of micro-credit, as well as practical guidance to enable operations to support micro-credit activities, where these are an appropriate part of Anglo American's socio-economic benefit delivery strategy (SEBD).

Micro-credit responds to a need by ensuring that those who cannot access commercial loans have access to another form of credit. Poorer communities are often unable to access commercial loans because of unstable cash incomes or lack of collateral (security). Micro-credit can play an important role in poverty alleviation and economic diversification in poor communities. Importantly, loans provide a revolving source of finance – as funds are repaid by one user they can be passed on to another. In this way, relatively small capital injections can have lasting benefits for community development.

## 5G.2 OVERVIEW OF MICROFINANCE AND MICRO-CREDIT

Microfinance refers to the provision of financial services – including loans, savings, and other products – to low-income households. Microfinance schemes use stakeholder pressure and commitments to regular savings to reduce the perceived financial risks associated with poorer communities, and to ensure access to capital.

Micro-credit can take a variety of forms, but generally refers to small loans provided for low income households and small businesses. Micro-credit schemes can provide attractive sources of credit with respect to interest rates and collateral. They can be financed by community-based programmes operated by financing institutions or non-governmental organisations (NGOs). Various types of micro-credit schemes are illustrated in *Box 5G.1*.

### BOX 5G.1 TYPES OF MICRO-CREDIT SCHEMES

- Traditional, informal micro-credit (such as moneylender's credit, pawn shops, loans from friends and relatives, consumer credit in informal market, etc.).
- Micro-credit based on traditional informal groups.
- Activity-based micro-credit through conventional or specialised banks (such as agricultural credit, livestock credit, fisheries credit, handloom credit, etc.).
- Rural credit through specialised banks.
- Cooperative micro-credit (e.g. cooperative credit, credit unions, savings and loan associations, savings banks).
- Consumer micro-credit.
- Bank-NGO partnership-based micro-credit.

Successful micro-credit programmes tailor loans to the needs of customers whilst ensuring repayment. Hence, loan sizes can vary from \$100 to \$3,000, with repayment terms between six months and five years. Loans typically take one of two forms:

- **Working capital loans** are used for business expenditures, and tend to be for smaller amounts.
- **Fixed asset loans** tend to be used to buy assets for business start-ups, and are typically for larger amounts, with repayment phased over a longer period. Loans tend to increase for individuals as they build up a credit history.

*Box 5G.2* gives examples of the types of activities commonly supported by micro-credit schemes.

### BOX 5G.2 EXAMPLES OF USES FOR MICRO-CREDIT LOANS

1. **Savings:** Micro-credit schemes can be used to support flexible individual savings and loans for very poor people (especially women).
2. **Farming:** Loans for crop financing, financing of rainwater harvesting systems, livestock purchases and community water initiatives.
3. **Income generating activities (IGAs):** Loans for other income generating activities such as small trading, fishing, transport and flour mills; loans for financing of asset-less urban and rural poor for IGAs (e.g. small business, handicraft / artisan production, food processing, embroidery, mobile phone-related services, tourism).
4. **Housing, health and education:** Targeted loans for specific types of consumption, like housing improvement and education (including girls' education).
5. **Environmental improvement:** Loans for enhancing environmental conditions, e.g. waste recyclers such as paper pickers and garbage collectors.

## 5G.3 SUPPORTING MICRO-CREDIT ACTIVITIES

### Introduction

Micro-credit facilities require a great deal of knowledge of best practice, as well as close ties with the beneficiary communities, to ensure that schemes are designed to meet local needs.

As previously stated, **it is not advised that Anglo American operations independently establish micro-credit facilities<sup>(1)</sup>**. Instead, operations should seek to support and expand existing initiatives or, where such initiatives are not available, to work with micro-credit providers (or, in their absence, suitable stakeholder-based organisations) to develop new schemes.

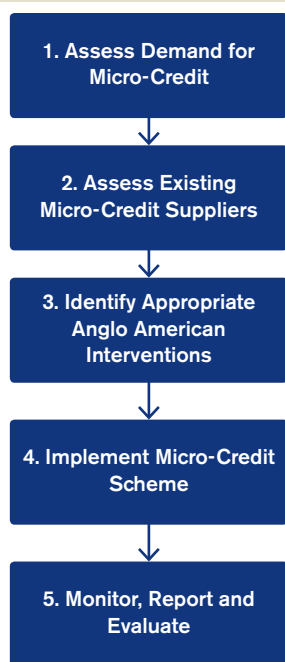
(1) Operations are not advised to operate their own micro-credit initiatives, given the complexities and risks involved. For example, operations would need to ensure that their initiatives were fully compliant with financial regulations, and establish their own lending criteria, business plan requirements, IT systems and debt collection policies. Specialist micro-credit organisations will also be able to manage external risks, such as financial instability caused by high inflation.

Women, in particular, benefit from micro-credit services. According to the International Fund for Agricultural Development (IFAD), a specialised agency for the United Nations, research shows that credit extended to women has a significant impact on their families' quality of life, and their children in particular<sup>(1)</sup>. The women, too, are empowered as their status grows in their homes and in their communities, and as their ability to generate and control their own income is secured.

In addition, poor women have historically been shown to have the best credit ratings. In Bangladesh, for example, women default on loans far less often than their male counterparts.

The following section helps to determine the suitability of microfinance initiatives, and whether stakeholders have identified access to finance and / or business development as a priority. In cases where micro-credit is identified as a potentially useful component of Anglo American's socio-economic benefit delivery, *Tasks 1 to 5* can be implemented (see *Figure 5G.1*).

**Figure 5G.1 Key Tasks for Micro-Credit Schemes**



### Task 1: Assess Demand for Micro-Credit

As a first task, the operation needs to assess whether there is a demand for micro-credit facilities, or whether the market is sufficiently mature to support commercial lines of credit. The main factor is whether micro-credit facilities will actually benefit small business and other activities in the local community. Operations should consider the following activities:

- Consult with target communities to discuss whether credit availability is constraining the development of small or micro-enterprises.

- Consider whether disadvantaged and marginalised groups, in particular, would be interested in and empowered by the availability of micro-credit facilities.
- Meet with local banks (if available) to discuss whether they have experienced demand for micro-credit and, if so, what has constrained their response.
- Identify any existing micro-credit suppliers, and consult with them about the level and nature of any unmet demand.
- Work with community-based organisations (CBOs) to see whether, if local expertise were to be enhanced, there would be scope for establishing a micro-credit scheme.

### Task 2: Assess Existing Micro-Credit Suppliers

The operation should assess existing suppliers of micro-credit (typically referred to as Micro-Finance Institutions, or MFIs). These can include commercial banks, government agencies, international donors, NGOs or local community schemes. Key questions to ask include:

- Who is currently supplying microfinance services to the target groups / communities?
- Does the particular MFI in question, and the spectrum of customers they serve, engender the same socially responsible ethics as outlined in Anglo American's *Social Way*?
- What products and services do they offer?
- What interest rates do they charge on loans, and how do these benchmark against other micro-credit providers and Anglo American's enterprise development programmes?
- Who are their target customers?
- How well are market needs for micro-credit being met, and are there gaps?
- If there are gaps, what factors are preventing existing MFIs from meeting demand?

If there appear to be no MFIs operating, then it will be important to understand why this is the case. For example, does the regulatory structure for financial services limit involvement of MFIs? Or, is there no viable market for micro-credit and, if so, why?

Once a list of existing MFIs has been developed, the operation will need to assess them for their suitability to provide finance for small business development, as well as assessing the MFIs themselves as viable institutions. A vetting process can be used to assess all potential MFIs; this would involve undertaking interviews with key MFI management. Potential interview questions are presented in *Table 5G.1*.

(1) Source: [www.ifad.org/events/yom/women.htm](http://www.ifad.org/events/yom/women.htm).

Table 5G.1 Vetting Potential Micro-credit Partners

Key Issue	Comment
<b>Customer base:</b> Who does the MFI currently serve, and do their objectives match with those of Anglo American?	Can the MFI serve the target communities Anglo American wishes to support? For example, are there potential language or other cultural barriers? How large is the customer base?
<b>Portfolio quality:</b> Is the MFI collecting its loans (what is its loan loss rate, late payments rate, etc.)?	In general, MFIs should aim to have a portfolio at risk (measured as the outstanding principal balance with at least one instalment past 30 days due) below five percent.
<b>Lending criteria:</b> How does the MFI vet loan applicants?	Are lending criteria fair and non-discriminatory, and will they give access to the target group?
<b>Financial sustainability:</b> Is the MFI covering its costs, with a strong growth strategy?	Return on equity and return on assets are two common measures for profitability. These indicators both vary considerably depending on the maturity and size of MFIs.
<b>Efficiency:</b> Is the MFI providing services at the lowest possible administrative cost?	In high performing MFIs, operating expenses tend to represent 10-16 percent of gross loan portfolio.

In addition, the operation may wish to undertake consultation with existing clients of MFIs as well as other banking organisations to get their views on the existing MFIs, and their suitability for partnership.

While benchmarks for key issues have been provided, a wide range of performance indicators exists, and the benchmarks used to judge performance vary greatly by region, type of MFI and customer base. In addition, MFIs often perform well in one area, but not in others. Therefore, a comprehensive understanding of the MFI will be critical in order to assess performance and viability.

A number of organisations exist which offer rating services for microfinance institutions, and the operation may wish to use these services for a more thorough and professional assessment of potential MFIs for investment (initial ratings appear to cost about US\$10-\$15k). Some of the better-known rating agencies include:

- MicroRate (specialises in Latin America and Africa). Available at: [www.microrate.com](http://www.microrate.com).
- ACCION Camel. Available at: [www.accion.org](http://www.accion.org).
- The World Council of Credit Unions PEARL. Available at: [www.woccu.org](http://www.woccu.org).
- PlaNet Finance's GIRAFE Rating method. Available at: [www.planetrating.com](http://www.planetrating.com).
- M-CRIL. Available at: [www.m-cril.com](http://www.m-cril.com).

Based on this vetting process, Anglo American can approach potential partner institutions. In the absence of a suitable local MFI, the operation may wish to explore establishing an MFI in partnership with one of our NGO partners or an international MFI organisation, such as PlaNet Finance. An initial dialogue may help to identify appropriate next steps for the local context. A list of contacts is presented in *Table 5G.2* at the end of this tool.

### Task 3: Identify Appropriate Anglo American Interventions

Operations' involvement in supporting micro-credit supply in target communities can take a variety of forms. Not all of them need to be financial:

- **Financial involvement:** Anglo American operations can financially support existing MFIs by providing grant money to provide capital for lending. This can have important impacts by expanding the reach of existing MFIs (a common limiting factor for MFIs is their limited loan capital). Operations may also wish to expand a particular area of service or a particular customer base to help meet the needs of Anglo American's target population.
- **Enterprise development:** MFIs often offer non-financial services to micro-entrepreneurs to promote growth, such as business training, marketing and technology support, mentoring and skills development. This capacity-building can also be important to help ensure success of the small business and hence repayment of loans. Operations should consider establishing and supporting these types of services as complements to, or as a part of, existing micro-credit schemes (see the *Introduction* to the *Step 5* tools for tips on mentoring, and *Tool 5C – Local Workforce Development and Training* for advice on developing the local workforce and other skills in the communities).

The level of investment required from the operation may vary significantly depending on the maturity of existing MFIs and the activities that the operation chooses to target.

### Task 4: Implement Micro-Credit Scheme

Once an appropriate intervention has been designed, Anglo American should provide the assistance necessary to implement (or expand) the scheme. Implementation will require clear definition of:

- individual responsibilities;
- deadlines;
- resources to be used;
- recovery rates for loans or investments in the MFI(s); and
- the exit strategy for Anglo American.

### Task 5: Monitor, Report and Evaluate

As part of good practice, each micro-credit scheme should have a monitoring plan that covers topics such as:

- number of beneficiaries;
- the impacts that beneficiaries have experienced as a result of receiving support (e.g. higher or more stable incomes);
- profile of beneficiaries (e.g. by income, gender, ethnic or cultural group);
- repayment / late payment rates;
- bad debts written off;
- rate of applications;
- reasons for rejected applications (e.g. not creditworthy, not enough finance); and
- administrative costs and management issues (e.g. training, recruitment).

The results of monitoring should be reported on an agreed schedule (e.g. monthly or quarterly). At the conclusion of the project a review should be held. If the project is ongoing, the evaluation should take place at least every three years. This review should include the project beneficiaries, the project leader, relevant Anglo American personnel and other partners who have been involved in the project.

### 5G.4 SOURCES OF FURTHER INFORMATION

*Table 5G.2* below lists further sources of information on micro-credit. The list is not intended to be exhaustive, but rather to signpost some additional sources of information.

Table 5G.2 Further Sources of Information on Micro-Credit

ORGANISATION	BREIF DESCRIPTION	WEBSITE
The Consultative Group to Assist the Poor (CGAP)	CGAP is a consortium of 28 public and private development agencies working together to expand access to financial services for the poor in developing countries. CGAP was created by these aid agencies and industry leaders to help create permanent financial services for the poor on a large scale. CGAP is a resource centre for the entire microfinance industry, where it incubates and supports new ideas, innovative products, cutting-edge technology, novel mechanisms for delivering financial services, and concrete solutions to the challenges of expanding microfinance. The CGAP website contains a wide range of useful publications on microfinance, including more technical guidance for MFIs. It also has a useful link for other online resources.	<a href="http://www.cgap.org/index.html">www.cgap.org/index.html</a>
The Microfinance Gateway	The Microfinance Gateway is a public forum for the microfinance industry, offering a wealth of tailored services for microfinance professionals, a searchable library of electronic documents, a consultant database, a jobs listing service, a news bulletin board, and specialised discussion groups. The Gateway is managed by CGAP and provides a more interactive resource for information on microfinance (e.g. discussion groups).	<a href="http://www.microfinancegateway.org">www.microfinancegateway.org</a>
Microfinance Exchange	MIX is a global information service for the microfinance industry. Its mission is to help build microfinance market infrastructure. They offer information for investors and donors, MFIs, and market facilitators. MIX posts ratings reports for MFIs globally from all of the major rating agencies. While you have to register for this service, it is free. The MIX Micro Banking Bulletin conducts performance monitoring on MFIs.	<a href="http://www.mixmarket.org">www.mixmarket.org</a>
United Nations Capital Development Fund (UNCDF)	UNCDF contributes to the Millennium Development Goals in Least Developed Countries through innovative approaches in both local development and microfinance. The services of the microfinance unit are specifically tailored to support countries with emerging microfinance sectors by: (1) providing funding in the form of grants and soft loans to help build and integrate sustainable microfinance into the broader financial sector; (2) offering technical and policy guidance to the UNDP and government partners; and (3) disseminating field-based knowledge of sound microfinance principles and practices to UNDP and other key stakeholders through training and information services.	<a href="http://www.uncdf.org">www.uncdf.org</a>
PlaNet Finance	PlaNet Finance is an international non-profit organisation dedicated to the development of Microfinance. PlaNet Finance offers training and technical support for MFIs, as well as rating and evaluation services to financial providers. PlaNet Finance could be a very useful resource for more specific questions and guidance regarding support of an MFI.	<a href="http://www.planetfinance.org/EN/index.php">www.planetfinance.org/EN/index.php</a>
ACCION International	ACCION International is a non-profit organisation that fights poverty through microfinance. Accion partners with local organisations to provide small, short-term loans at interest rates that reflect the cost of lending.	<a href="http://www.accion.org">www.accion.org</a>
The MicroFinance Handbook	Produced by the World Bank, this document is a key resource for all issues related to microfinance. It includes sections on issues to consider when providing microfinance, designing and monitoring financial products and services, and measuring performance and managing viability.	<a href="http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2010/04/15/000333038_20100415005707/Rendered/PDF/187710PUBOREPL10Box345634B01PUBLIC1.pdf">www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2010/04/15/000333038_20100415005707/Rendered/PDF/187710PUBOREPL10Box345634B01PUBLIC1.pdf</a>





# Tool 5H: Supporting Small Scale Water and Sanitation Service Delivery

## 5H.1 OBJECTIVES

This tool highlights the importance of water and sanitation to improving quality of life and health, and identifies possible interventions by Anglo American operations, with a focus on developing countries.

Clean and reliable water and sanitation services (WSS) are essential for good health and, as a result, they can have important impacts on poverty alleviation, education, employment, gender roles, child mortality and environment. However, many poorer communities are not served by piped potable water networks and consequently are reliant on alternative water sources that are unreliable or contaminated. Many communities also have no sanitation or wastewater infrastructure.

Recent figures from UNICEF / WHO suggest that over one billion people lack access to clean water and 2.6 billion people lack adequate sanitation<sup>(1)</sup>. Access to clean water is one of the Millennium Development Goals.

Where identified as part of a structured needs assessment, Anglo American operations may be able to play an important role in supporting the development of WSS in the communities where it works, bringing benefits to both local communities and to operations. Potential benefits to communities include:

- improved health, leading to lower medical costs and reduced mortality (especially amongst infants);
- reduced environmental impacts from WSS;
- potential time savings (especially for women) in gathering water;
- increased productivity and time for education;
- reduced tension or conflict over competing uses of water (e.g. for household purposes, watering of livestock and agricultural use);
- business opportunities associated with supplying equipment (e.g. latrines), maintaining water networks and increasing manufacturing opportunities; and
- improved privacy, dignity and quality of life.

Potential benefits to Anglo American operations include:

- higher productivity arising from a healthier workforce;

- reduced medical costs;
- poverty alleviation and potential reductions in social problems in surrounding communities;
- support for socio-economic benefit delivery initiatives that require water, such as agricultural projects;
- reputational enhancement; and
- resolution of potential conflicts over access to water.

In addition to these benefits, there are also issues that need to be assessed and managed so that projects are implemented carefully (see *Task 2* below).

## 5H.2 OVERVIEW OF WSS DELIVERY OPTIONS

Water and sanitation services can be provided in a number of ways, depending on the characteristics and location of the stakeholder group.

**Water services** can be supplied via a centralised piped network, providing water through direct household connections, or through communal standpipes shared by several households. In areas where piped infrastructure does not exist, more informal measures for water supply include:

- **Rainwater catchment:** storage tanks collect and store rainwater (either directly or via guttering on roofs). The capital and running costs are relatively low, but they require fairly regular rainfall.
- **Wells or boreholes:** wells can be hand- or machine-dug; whereas, boreholes require drilling equipment. Water can be abstracted using buckets or mechanical pumping equipment and costs can vary widely.
- **Water delivery by tanker:** many poor communities rely on tankers to deliver water on a regular basis. The costs per litre are typically very high.

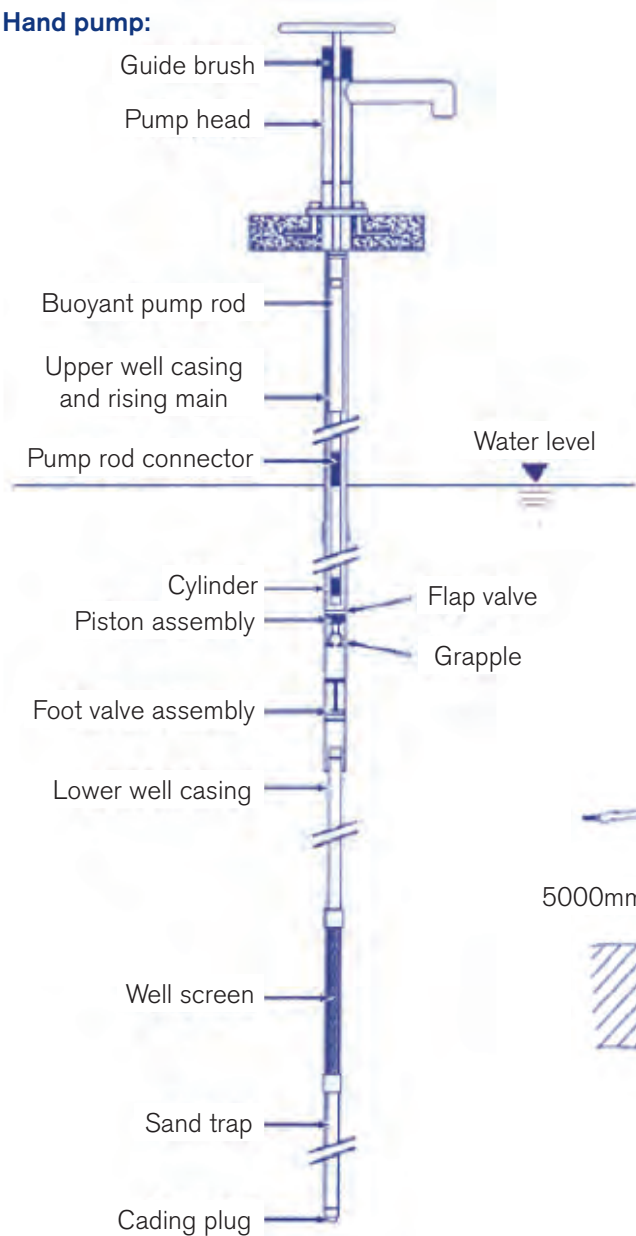
**Sanitation** refers to facilities such as toilets and latrines (either household or communal), as well as means for disposing of and treating waste and wastewater. This includes centralised piped networks, septic tanks and more informal systems, such as pit latrines, pour-flush latrines and composting toilets. *Figure 5H.1* provides pictures of some of the more commonly used small-scale water and sanitation supply technologies<sup>(2)</sup>.

(1) See *Table 5H.2* for full reference.

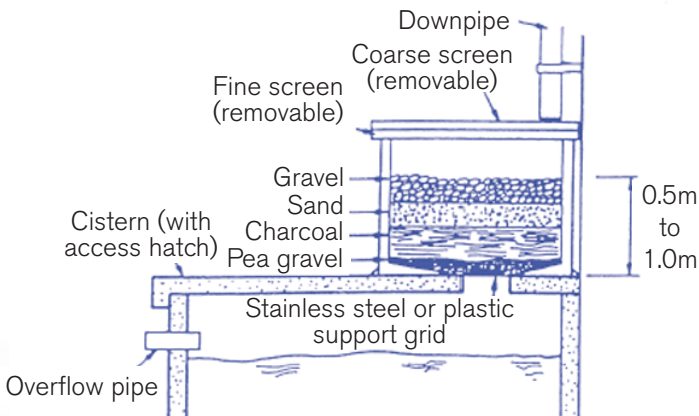
(2) Note that these example technologies will not be suitable at all locations.

Figure 5H.1 Examples of Small Scale Water and Sanitation Supply Technologies

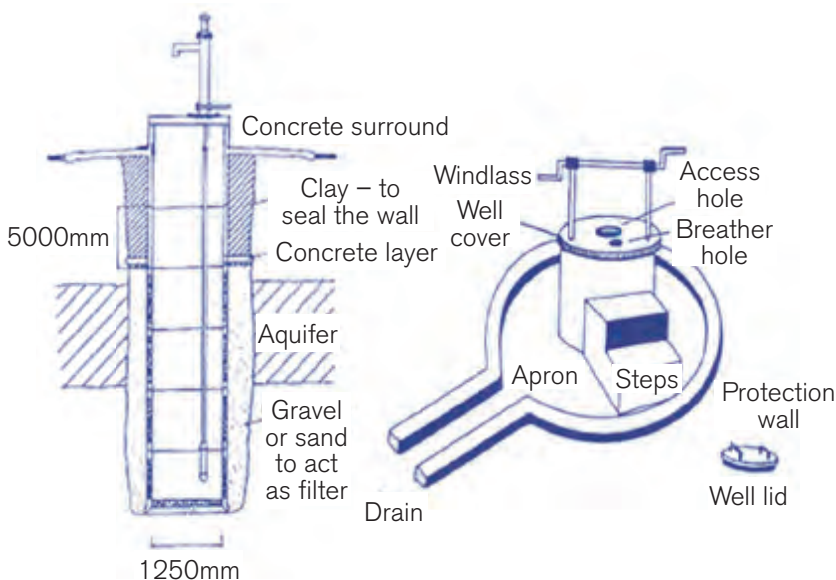
Hand pump:



Rainwater Harvesting:

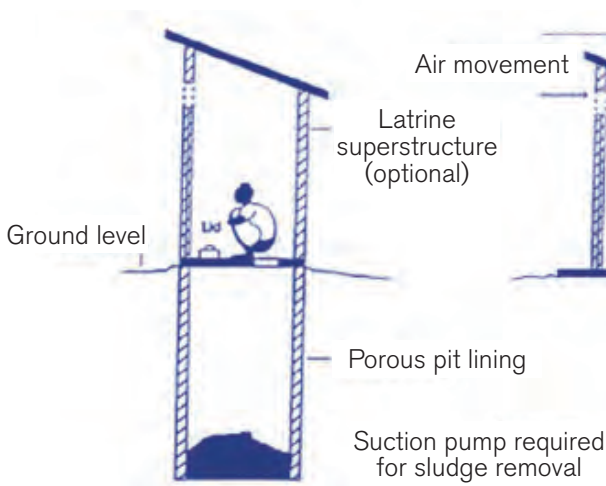


Tubewell:

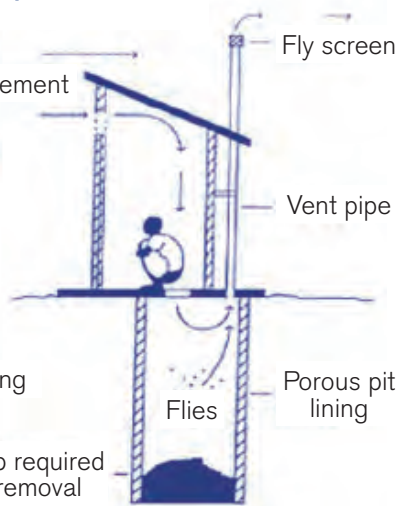


Pit latrines:

Single pit sealed lid



Single pit ventilated



Source: WaterAid

The design of schemes for water and sanitation provision can have an important impact on the quality and the long-term sustainability of WSS. More recent design approaches have included:

- A **demand-responsive approach**, incorporating stakeholders in all levels of decision-making. If schemes are not responsive to stakeholder preferences, long-term sustainability and use of facilities will be compromised.
- **Cost recovery** for operational and maintenance costs. Whereas service provision has often been provided free of charge by the government, current good practice suggests that WSS schemes should incorporate principles of cost recovery. User tariffs should be designed to contribute to the cost of service provision, with recovery of at least operating and maintenance costs. In subsistence economies, where cash user-tariffs may not be possible, users can contribute “sweat equity” to building and maintenance. If Anglo American is involved in supporting service delivery, it is imperative that there is an “exit strategy” to ensure that long-term support is not required.
- **Partnerships for delivery** combine the resources and capabilities of government, NGOs, communities and the private sector (including local entrepreneurs) (see *Task 3* below).
- **Integrated water resource management (IWRM)**. While it is not within the scope of this tool to discuss wider IWRM issues, successful water and sanitation schemes will take a holistic view and include water resource issues such as groundwater abstractions for agriculture, industry and drinking water, pollution of water supplies, natural resource impacts, etc.
- **Watershed quality**. Another important factor in the provision of clean and reliable water sources is the quality of the watershed. Some river catchments are degraded by deforestation, increasing sedimentation loads, or pollution from upstream activities. By managing or mitigating these issues better quality and quantity of water can be attained downstream.

### 5H.3 SUPPORTING WSS

#### Introduction

The provision of WSS requires:

- an in-depth understanding of the potential models for service delivery available;
- best practice for implementing schemes that are both financially and environmentally sustainable; and
- strong ties with stakeholders where services are needed.

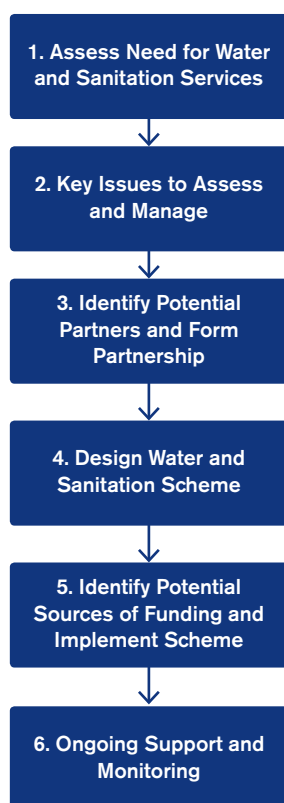
It is therefore advisable that Anglo American contributes to the provision of WSS through the use of multi-sector partnerships, where possible, working alongside the public sector and NGOs. Anglo American's contribution could include:

- Provision of **technical knowledge** relating to infrastructure development. For example, Anglo American exploration operations sometimes use drilling equipment to assist with drilling boreholes for water in local communities. Staff volunteering schemes might also be suitable for helping to create WSS schemes. Similarly, operations may be able to extend water efficiency projects within operations to improve efficiency in communities with water resource constraints.
- **Capacity-building** for business skills and financial management.
- **Direct financial support**. While schemes should not require long-term financial input (user and government finance should ensure long-term financial sustainability), Anglo American may choose to provide capital to support new investment.
- **Indirect financial support**. Operations can play an important role in accessing finance from other sources, such as local and national banks (for example, by providing guarantees and business support services), and multilateral and bilateral sources (see *Tools 5A – Approaches to Socio-Economic Benefit Delivery* and *5G – Micro-Credit for SME Development*).
- Anglo American may be in a position to identify and leverage other sources of funding (see *Task 5*).

Where applicable, Anglo American operations can use mine infrastructure initiatives as a platform for initiating WSS schemes.

The following tasks, which are summarised in *Figure 5H.2*, can be undertaken to assess whether there is scope or need for Anglo American involvement in WSS and, if so, how Anglo American can best engage in partnerships for WSS delivery. While water and sanitation are discussed jointly, in many cases only one or the other will be required / appropriate.

Figure 5H.2 Key Tasks for Implementing Water and Sanitation Projects



### Task 1: Assess Need for WSS

As a first task, operations should assess whether there is a need to provide additional reliable, *high quality* WSS. While piped water may be readily available in local communities, it is important to understand whether the quality and reliability of water is sufficient (e.g. water may only be available from the taps for a few hours each day, or may be polluted), as well as the potential benefits that can be obtained from improved WSS. Operations may also consider, in this context, whether there is a need for improving efficiency of water use, particularly in water constrained areas.

This need may have been identified as part of the profiling of affected communities (see *Tool 2A – Profiling the Local Area*) and assessment of issues and impacts (see *Tool 3A – Assessment of Issues and Impacts*).

To determine whether there are issues around effective WSS provision, engagement should be undertaken with the following key stakeholders:

- Local communities
- Local government
- Water and irrigation boards
- Any private sector actors already operating in the sector
- Development NGOs active in the area
- International donors active in the area

Key questions to ask include:

- How are water and sanitation services currently provided?
- Who is responsible for delivering water and sanitation services?
- How reliable is service delivery?
- Are there health issues related to poor quality water and poor sanitation (as shown by diarrhoea, cholera, malaria, etc.)?
- Are stakeholders aware of the health risks associated with the use of poor quality water and / or sanitation facilities?
- Where is the nearest reliable source of water and how much time is spent collecting water?
- Are there conflicts over competing uses of water use (within households or amongst stakeholders)?
- What is the quality of water?
- Are upstream activities (e.g. deforestation or pollution) affecting water quality and quantity?

### Task 2: Key Issues to Assess and Manage

Key considerations to address within the design process include:

- Ensuring that water supply is of **potable quality**. It is essential that any water supplied by a project supported by Anglo American be subject to rigorous analytical testing to ensure that there are no harmful health impacts. Surface or ground water supplies can be unfit for human consumption for a variety of reasons, including contamination with bacteria, viruses or parasites, or the presence of toxic substances or heavy metals (such as arsenic, which is found in groundwater in many parts of the world).
- Ensuring that the water can be provided within the Anglo American operation's **environmental and water permits**. Water use is normally closely regulated. It is, therefore important to ensure that sponsorship of projects are considered in the context of operational water permits or licence conditions.
- Ensuring the **long-term availability of water supplies**. In many parts of the world water is a scarce resource. This may require any new water supply project to be linked into local, regional or even national water strategies, as well as into river basin or rainwater catchment management plans.



- Ensuring the long-term sustainability of water supplies. There are two considerations here. Firstly, the use of water should cause no significant environmental harm, or deprive other communities of water. Secondly, if projects are tied to operational infrastructure (e.g. if the project uses a mine's water supply), there must be a technically and financially viable solution for continuing service delivery after closure (planned or otherwise) of the Anglo American operation.

It is vital for the long-term success of a project that each of these issues can be ruled out, or managed. This will almost always require consultation with, and often permissions from, environmental and water regulatory authorities on topics ranging from water quality standards through to abstraction licences. Note that water issues can be very location-specific, so even if water is safe to drink or abundant in neighbouring areas it is still essential to undertake the necessary investigations. Addressing each of these issues is likely to require expert advice from suitably qualified professionals.

### Task 3: Identify Potential Partners and Form Partnerships

Once a need for WSS is identified and the various factors considered, the next task is to identify potential partners. This is often the most effective means of engagement in this sector. Public-private partnerships (PPPs) combine the strengths of each sector, while retaining specific roles:

- **Government** (national, regional or local) is seen as holding primary responsibility for service provision, and serves an important regulatory function, particularly where piped water and sanitation services are being offered and / or sold.
- **NGOs** often have a wealth of field knowledge and strong relationships with the local community, and hence can be important in ensuring a demand-responsive approach. However, they often lack funding, and have limited capacity for scaling up successes.
- **The private sector** has access to (or ability to mobilise) finance, and can offer project and professional management capacity and expertise. Local entrepreneurs, even where they have no water and sanitation experience, should also be seen as a private sector resource to be called upon.

The operation should identify and meet with key stakeholders in WSS (see list in previous section) to determine who the key actors in the sector are, what roles they play, and their capacities. The aim of these meetings will be to:

1. Identify NGOs or local businesses that are already active in the WSS sector that would benefit from additional private sector resources.
2. Identify key stakeholders in government who may need to be part of the partnership, to ensure public sector buy-in, help with the licensing or permitting processes and provide regulatory functions.

3. Identify other stakeholders who may be needed to act in an advisory capacity.

Once partners have been identified, a series of meetings should be held with potential partners to formulate the ground rules and establish a Memorandum of Understanding (MOU) (see *Box 5H.1*). This ensures successful service delivery, defining roles and responsibilities from the outset.

#### BOX 5H.1 KEY ELEMENTS OF A WSS MOU

A partnership for delivery of WSS will rely on a Memorandum of Understanding (MOU), which should include the following elements (see guidance on development of partnerships in *Tool 5A – Approaches to Socio-Economic Benefit Delivery*):

- partners who are technically and financially competent to deliver WSS;
- clear, agreed objectives and delineation of roles;
- clearly defined voting rights and decision-making power;
- some form of advisory committee, as an overarching governance structure; and
- clear dispute-resolution mechanisms.

### Task 4: Design WSS Scheme

While the design process can vary widely depending on local conditions, the following parameters will need to be discussed in the design and implementation of any scheme:

- the primary purpose of the scheme (e.g. household, agriculture, livestock);
- the type of technology to be used;
- the scope and scale of the proposed scheme;
- the cost per capita;
- tariffs, subsidies and financing;
- proposed roles for Anglo American, government, the implementing agency / business and local stakeholders;
- procedures for seeking relevant permissions (in South Africa, for example, every borehole must be licensed), and procedures for keeping records of permits / licences;
- arrangements for on-going participation in water management groups, such as those at the catchment level, and for on-going liaison with regulators; and
- a long-term plan for maintaining, operating and monitoring the scheme.

### Task 5: Identify Potential Sources of Funding and Implement Scheme

The design of the scheme, as determined in *Task 4*, will impact the type / level of funding needed, depending on the scale of the project, location of water sources (e.g. river, groundwater, etc.), and the engineering solutions required to establish the scheme. The suggested sources of funding described will need to be vetted for their applicability to the project.

A key strength of Anglo American operations may be their ability to source and leverage other sources of funding. Anglo American sponsorship of such applications may improve their chances of success given Anglo American's credibility and abilities in financial and project management. Potential sources of finance are detailed in *Tool 5A – Approaches to Socio-Economic Benefit Delivery*. In addition, *Table 5H.1* gives more details on WSS-focused funds.

### Task 6: Ongoing Support and Monitoring

Ongoing support can take a number of forms:

- financial support, which should be time-limited, as schemes should become cost recoverable; and
- technical and business support, such as mentoring, which could be an invaluable resource to local schemes and can be continuously supplied by Anglo American operations.

Monitoring and evaluation are an important element of any WSS scheme:

- to ensure ongoing safety of water supplies;
- to ensure long-term sustainability of the programme;
- to feed back results on the impact of stakeholder investment to the Anglo American corporate level;
- for reporting requirements, in cases where outside funding is established; and
- to ensure that good practice is shared.

It is strongly recommended that any MOU contains an agreed monitoring plan, based on output indicators such as:

- the frequency of water quality testing by certified organisations, and the publication of results;
- the number of persons / households connected to water / sanitation;
- reliability of water supply (number of hours delivered);
- cost recovery (user tariffs as a percentage of operations and maintenance expenses); and
- stakeholder satisfaction with the scheme.

The performance of a project should be reported according to an agreed schedule. For small projects this may involve an annual interview with the project leaders, whilst for larger projects monthly or quarterly reporting may be necessary.

At the conclusion of the project a review should be held to discuss key lessons learned. If the project is ongoing, the evaluation should take place at least every three years. This review should include the project beneficiaries, the project leader, relevant Anglo American personnel and other partners who have been involved in the project.

*Boxes 5H.2 and 5H.3* provide recent examples of Anglo American operations providing water infrastructure to local communities.

#### BOX 5H.2 ANGLO AMERICAN'S LEBALELO WATER SUPPLY SCHEME

Anglo American's Platinum business unit played a leading role in the establishment of the \$18.5 million Lebelelo water supply scheme. This entailed the construction of a 56 km pipeline on the eastern limb of the Bushveld Complex in Mpumalanga province in South Africa.

The pipeline carries water from the Olifants river to a series of new mines in the area. In order to provide reliable water supplies to local communities the pipeline has also been designed to supply water to 86 local villages at a cost that is much lower than a stand-alone supply to these communities.

#### BOX 5H.3 ANGLO AMERICAN'S EMALAHLENI WATER SUPPLY SCHEME

The Emalahleni project is an initiative managed by Anglo American's Thermal Coal business unit in South Africa. The project provides a water treatment plant that purifies polluted water from Anglo American's Greenside, Kleinkopje and Landau operations as well as from Ingwe Coal's closed South Witbank Colliery.

The water is purified to potable standards so as to be suitable for consumption by the Emalahleni Local Municipality. This public / private project meets about 20 percent of the local government area's daily water requirements, and helps to support population, commercial and industrial growth.

### 5H.4 SOURCES FOR FURTHER INFORMATION

*Table 5H.2* lists further sources for information on water and sanitation, with a particular focus on partnerships for delivery of services. The list is not intended to be comprehensive, but rather to point the reader in the direction of some key sources of information.

Table 5H.1 Potential Sources of Funding

NAME OF INITIATIVE	TYPE OF FINANCE PROVIDED	WEBSITE
Bilateral Aid Agencies (for example, DFID, GTZ, AfD, DGIS, SIDA, etc.)	Grants / subsidies, concessionary loans	For web addresses and contact details of bilateral agencies please go to: <a href="http://www.euwi.net">www.euwi.net</a>
Water and Sanitation Programme (WSP)	Grants / subsidies	<a href="http://www.wsp.org">www.wsp.org</a>
Global Environment Facility (GEF)	Grants / subsidies	<a href="http://www.gefweb.org">www.gefweb.org</a>
Community Led Infrastructure Financing Facility (CLIFF)	Grants / subsidies, commercial loans	<a href="http://www.homeless-international.org">www.homeless-international.org</a>



Table 5H.2 Further Sources of Information on WSS

ORGANISATION	BRIEF DESCRIPTION	WEBSITE
Building Partnerships for Development in Water and Sanitation (BPD)	BPD is an informal network of partners that seeks to demonstrate that partnerships among the three sectors — business, government and civil society — can achieve more at the local level than any of the groups acting individually. BPD Water and Sanitation is an international cross-sector learning network focused on improving access to safe water and effective sanitation in poor communities. BPD has a wide range of publications that provide practical advice relevant to tri-sector partnerships and WSS.	<a href="http://www.bpdws.org">www.bpdws.org</a>
The Public-Private Infrastructure Advisory Facility (PPIAF)	PPIAF is a multi-donor technical assistance facility aimed at helping developing countries to improve the quality of their infrastructure through private sector involvement. PPIAF pursues its mission through channelling technical assistance to governments in developing countries on strategies and measures to tap the full potential of private involvement in infrastructure, and identifying, disseminating, and promoting best practices on matters related to private involvement in infrastructure in developing countries.	<a href="http://www.ppiaf.org">www.ppiaf.org</a>
WaterAid	WaterAid is an international charity which uses practical solutions to help the world's poorest people gain access to safe water, sanitation and hygiene. They also seek to influence policy at national and international levels.	<a href="http://www.wateraid.org">www.wateraid.org</a>
Water and Sanitation Program (WSP)	WSP is an international partnership of the world's leading development agencies concerned with improving sector policies, practices and capacities to serve poor people. Their goal is to alleviate poverty by helping the poor gain sustained access to water and sanitation services. In practical terms, WSP provides targeted support to national and local governments, local communities, and their support organisations. The current challenge is how to scale-up successful approaches, continue targeted learning efforts, and support reforms that will ensure the adoption and replication of sustainable investments.	<a href="http://www.wsp.org">www.wsp.org</a>
World Bank — Water and Sanitation	The World Bank is the world's largest external financier of water supply and sanitation and is recognised as a lead agency in terms of sector knowledge and analytics. Improving water supply and sanitation is key to the attainment of the Millennium Development Goals and hence is at the core of the World Bank's mission to reduce poverty. Their website provides information on World Bank strategy and policies, lending portfolio, and knowledge and learning.	<a href="http://www.worldbank.org/watsan">www.worldbank.org/watsan</a>
IRC International Water and Sanitation Centre	The Bank-Netherlands Water Partnership (BNWP) is a programme under the World Bank water and sanitation programme that is designed to improve delivery of water supply and sanitation services to the poor. BNWP enhances the performance of World Bank operations in the water supply and sanitation sector and supports a broad sector reform agenda with a strong poverty focus.	
	Since its foundation in 1968, the IRC has facilitated the sharing, promotion and use of knowledge so that governments, professionals and organisations can better support poor men, women and children in developing countries to obtain water and sanitation services they will use and maintain. The recent past has seen a shift in IRC's operations, resulting in a new direction centred on the dissemination of knowledge and the building of capacity in partner organisations. IRC has strong links with partner organisations in Africa, Asia and Latin America, and also works in close cooperation with international networks, and organisations and sector institutions in the North.	<a href="http://www.irc.nl">www.irc.nl</a>
Water Supply and Sanitation Collaborative Council	The WSSC seeks to accelerate the achievement of sustainable sanitation, hygiene and water services to all people, with special attention to the unserved poor, by enhancing collaboration and coordination of all sector stakeholders, nationally and internationally. The WSSC operates through advocacy and awareness raising campaigns, and facilitating concerted action programmes focused at improved sanitation and hygiene service delivery, to be carried out through the Council's extensive membership and network of partners and collaborators.	<a href="http://www.wsscc.org">www.wsscc.org</a>
UNICEF/WHO	UNICEF and WHO conducted a mid-term assessment of the achievement of the water and sanitation Millennium Development Goals. The report assesses the progress towards achieving global targets in reductions of the number of people without water and sanitation, and provides a good overview of some of the key issues in water and sanitation delivery.	<a href="http://www.who.int/water_sanitation_health/monitoring/jmp04.pdf">www.who.int/water_sanitation_health/monitoring/jmp04.pdf</a>
Regional Water Demand Initiative — WaDImena	WaDImena is a five-year multi-donor funded programme coordinated by the International Development Research Centre (IDRC) and in partnership with the Canadian International Development Agency (CIDA) and the International Fund for Agricultural Development (IFAD). WaDImena contributes to effective water governance by enhancing water-use efficiency, equity and sustainability.	<a href="http://web.idrc.ca/en/ev-57064-201-1-DO_TOPIC.html">web.idrc.ca/en/ev-57064-201-1-DO_TOPIC.html</a>

# Tool 5I: Supporting Sustainable Energy Delivery

## 5I.1 OBJECTIVES

The objective of this tool is to provide guidance on how to support sustainable energy projects. The need for such services may have been identified during the profiling of the needs of stakeholders (*Tool 2A – Profiling the Local Area*), engagement (*Tool 2B – Developing a Stakeholder Engagement Plan*) or during the assessment of issues and impacts (*Tool 3A – Assessment of Issues and Impacts*). Inadequate access to energy, both clean fuels and electricity, is a common constraint on development in many countries (see *Box 5I.1*).

### BOX 5I.1 ENERGY POVERTY

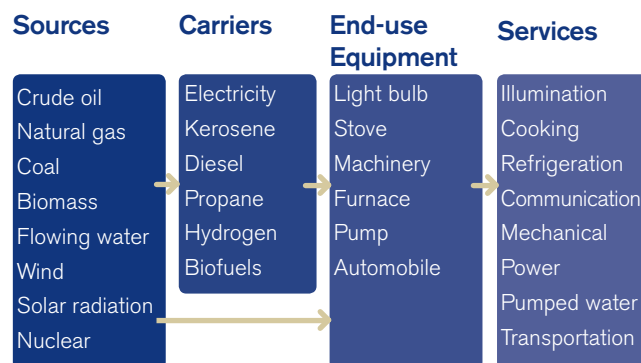
According to the Baker Institute Energy Forum, during the past 25 years electricity supplies have been extended to 1.3 billion people living in developing countries. However, a study issued in September 2010 by the International Energy Agency (IEA) and two UN bodies, the Development Programme (UNDP) and the Industrial Development Organisation (UNIDO), estimates that worldwide there are 3 billion people relying on unventilated and inefficient wood, charcoal and dung fuel sources as their principal source of energy for cooking and heating. The health consequences of exposure to these forms of indoor pollution range from cancer and respiratory infections to lung diseases – and primarily amongst women and children. In addition, at least 1.4 billion people still have no access to electricity.

Sustainable energy projects have a wide range of positive stakeholder impacts, from increasing household incomes and diversifying employment, to improving health and promoting gender equality. For Anglo American operations, the benefits can be far-reaching as well. Decreased employee sick days, increased productivity, an enhanced reputation, reduced medical costs and carbon emissions off-setting are some of the potential rewards. *Table 5I.1* at the end of this section provides details of these benefits more thoroughly.

The term “sustainable energy delivery” refers to, firstly, providing a service that, in the long run, can be technically and financially supported by local communities. Secondly, the service should be sustainable from environmental and health perspectives.

Energy services include lighting, heating, cooling, cooking, electricity and mechanical power. However, heating, cooking and electricity are the most common needs of communities. *Figure 5I.1* illustrates the energy value chain, highlighting energy services as the final “product” in the energy chain.

Figure 5I.1 The Energy Value Chain



## 5I.2 OVERVIEW OF ENERGY DELIVERY OPTIONS

There are four basic ways in which Anglo American can support sustainable energy projects:

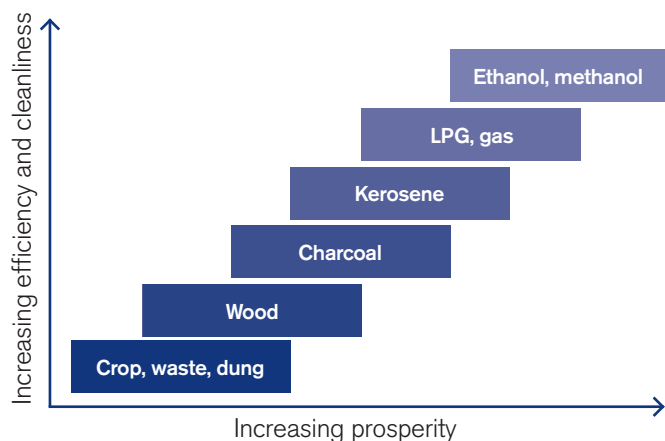
- widening access to electricity;
- improving access to basic fuels, including better uses of existing fuels through safer, more efficient cooking stoves;
- introducing alternative energy technologies, such as solar water heating; and
- supporting energy efficiency.

Electricity is generally delivered in one of three ways:

- **Networked utilities:** Under this form of delivery, electricity is centrally generated at a large-scale power station. Electricity is then distributed to consumers through a “grid” of transmission lines and substations.
- **Embedded generation:** Embedded generation is connected to the distribution network, rather than to the high voltage transmission grid, and typically uses smaller generating units, such as Combined Heat and Power (CHP) or renewable generation, (e.g. solar, wind, or biomass).
- **Non-network:** Non-network (or distributed) electricity generation refers to small-scale infrastructure that is not connected to a grid. Examples of technologies that can be used in a non-network capacity include small wind turbines, water turbines, photo-voltaic cells (solar), and biomass or diesel generators.

Basic fuels, such as coal, oil, gas or biomass (including wood) are also important in almost all countries for heating and cooking. Basic fuels are often more important than electricity as they provide the energy for cooking and heating. Unless basic fuel needs are met, electricity is regarded as a luxury item. The type of fuel used impacts on human health and the local environment. *Figure 5I.2* illustrates the order of fuels on the “energy ladder”, with their corresponding efficiency and cleanliness.

**Figure 5I.2 Relationship between Fuel Usage and Prosperity<sup>(1)</sup>**



Finally, energy-efficiency programmes can also have a major impact on the social, economic and environmental sustainability of energy use and can complement operations' energy-efficiency drives and their work to combat climate change. Common approaches include:

- increasing the use of energy-efficient electrical equipment such as electric light bulbs, the most efficient of which use about a fifth of the power of conventional light bulbs (and last much longer);
- providing more efficient stoves for cooking, including more advanced biomass stoves (stoves that use liquefied petroleum gas, or LPG, of which propane is a form) and, in some climates, solar stoves;
- installing solar water heaters and photovoltaic (PV) panels; and
- improved insulation of buildings against cold or heat.

### 5I.3 DELIVERY APPROACHES

#### Partnerships

Energy service provision in poor communities is increasingly reliant on a combination of partners, involving local government, NGOs and the private sector, including local entrepreneurs. These public-private partnerships (PPPs) combine the strengths of each actor:

- Government (national, regional or local) is seen as holding primary responsibility for service provision, and provides an important regulatory function, particularly where networked electricity is offered and / or charged for.
- NGOs often have a wealth of field knowledge and strong relationships with the local stakeholders, and hence can be important in ensuring a demand-responsive approach. However, they often lack funding and have limited capacity for scaling-up successes.
- The private sector has access to (or ability to mobilise) finance, and can also offer professional management capacity and expertise. The private sector can include:
  - local businesses, including those not yet trading in the energy sector;
  - commercial energy service providers; and
  - private companies, such as Anglo American, who might support sustainable energy projects as part of targeted enterprise development or social investment activities.

PPPs can be especially effective at delivering energy services in communities that are not serviced by an electricity network, and where alternative stakeholder-led schemes are necessary. *Tool 5A – Approaches to Socio-Economic Benefit Delivery* provides guidance on forming partnerships, and describes how financial support can be obtained from donor agencies.

#### Demand-Driven Approach

Donors and the private sector alike have developed “bottom-up” approaches, directly involving energy providers and consumers. These approaches have involved a shift towards demand-driven interventions (i.e. those which respond to the demands of the communities they target). An example is presented in *Box 5I.2*.

#### BOX 5I.2 EXAMPLE OF DEMAND-RESPONSIVE APPROACH

The village of Pura in south India is a prime example of the success of community-led interventions. Community biogas digesters, which produce gas from dung and farm residues, have a poor track record in India. Initial attempts by the World Bank also failed to promote this technology in Pura.

The aim of the initial schemes was to encourage villages to use biogas as a cooking fuel, even though fuel wood is abundant in Pura. When finally asked, villagers explained they were more interested in getting clean water. So the biogas was used as a fuel to generate electricity instead, some of which was used in turn to power a deep tubewell pump. The result was a double gain for the villagers: clean water and electricity.

Source: “Meeting the Challenge for Rural Energy and Development,” World Bank. This study is available online at [www.worldbank.org](http://www.worldbank.org).

A wide-ranging engagement exercise must be undertaken in order to understand stakeholder priorities. *Step 2* of SEAT provides guidance on such engagement.

(1) Source: UNDP “Energizing the Millennium Development Goals” 2005.

## Enterprise Model

The enterprise model aims to facilitate the right enabling environment that will encourage enterprise to develop and provide market-based solutions to energy needs. The availability of financial resources will influence how successful local entrepreneurs are in delivering energy access. In very poor countries, where finance is often scarce, the enterprise model can still be successful, but is reliant on finance being made available, for example through micro-credit (see *Tool 5G – Micro-Credit for SME Development*) or Anglo American's enterprise development programmes (such as the Anglo American Zimele Green Fund in South Africa).

The Shell Foundation is a proponent of this approach. They focus on finding scalable solutions to poverty while utilising the assets and expertise of multinational corporations. Improving access to energy services through a pro-poor enterprise model involves considering the following elements:

1. Marketed goods or services should be made by local people to address the needs of local people.
2. The long-term viability of an intervention relies on the project being financially sustainable.
3. The business model should allow scaling up using local capital and skills.
4. Partnerships are often the most effective delivery vehicle. The partners should be chosen for their ability to apply business principles, such as clear risk assessment, market demand analysis and support of the local supply chain. Multinationals are often well placed to provide this support.

Following the enterprise model approach is not solely limited to the private sector. UNEP's Rural Energy Enterprise Development (REED)<sup>(1)</sup> programme promotes enterprise development and seed financing for clean energy entrepreneurs in developing countries.

UNEP's African programme, AREED<sup>(2)</sup>, has financed debt and equity investments in numerous clean energy enterprises. These investments have initiated businesses in the areas of solar crop-drying, sawmill waste charcoal production, efficient cook stove manufacture, wind water pumping, solar water heating, liquefied petroleum gas (LPG) distribution and energy efficiency. Underlying the REED approach is a shift from conventional grant-based technology demonstration programmes to the "seed" capital business.

## 5I.4 SUPPORTING SUSTAINABLE ENERGY

This section provides an overview of how Anglo American could support sustainable energy, the types of investments that might be supported and the process that should be followed to maximise the potential for successful investment.

### Types of Assistance

Anglo American operations can support sustainable energy schemes in the following ways:

1. **Direct financial support** to local actors promoting sustainable energy delivery. Funding is most likely to be for capital rather than operational expenditure, but could include take-off arrangements.
2. By providing **business support** to local entrepreneurs, assisting them with loan applications and building capacity with local firms to help develop a supportive local supply chain.
3. **Lending support** to local stakeholders where an electricity network is available but unaffordable.
4. Providing use of Anglo American owned or leased **land** for sustainable energy projects (e.g. wind turbines or solar PV).
5. Providing an Anglo American **waste stream** as a source for generating an energy source (e.g. providing a CO<sub>2</sub> flue-gas stream to produce bio-diesel from algae).
6. Providing support by **raising awareness** about possible forms of sustainable energy generation.

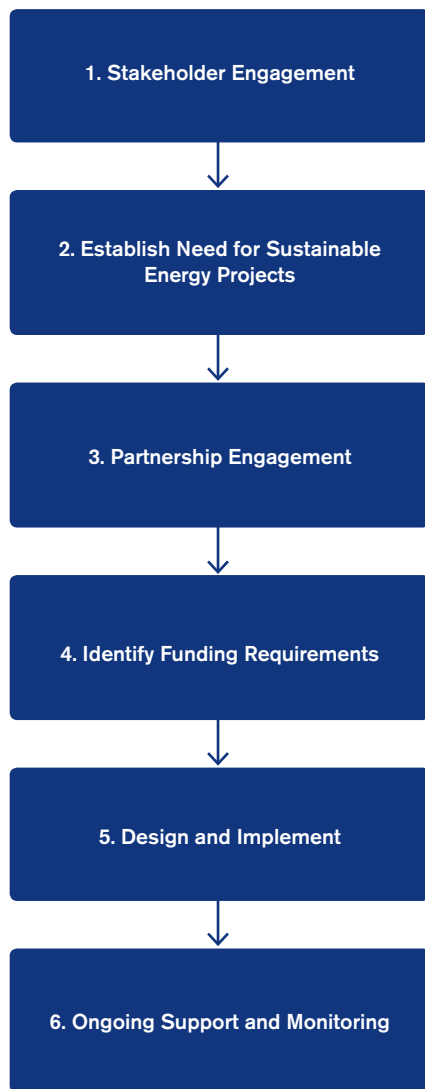
### Key Tasks for Sustainable Energy Projects

Key tasks are summarised in *Figure 5I.3* and described below.

(1) A detailed toolkit for energy entrepreneurs has been developed by REED. It is available by contacting them at [www.unep.fr/en/branches/energy.htm](http://www.unep.fr/en/branches/energy.htm)

(2) [www.areed.org](http://www.areed.org)

Figure 5I.3 Key Tasks for Sustainable Energy Projects



### Task 1: Stakeholder Engagement

Providing access to energy requires strong ties with, and an understanding of, the local communities where services are needed. Engagement and partnerships are therefore important. The Anglo American operation should identify and meet with stakeholders in energy services to determine who the key actors are, what roles they play, and their capacities. Stakeholders may include:

- a variety of local government departments, such as electricity boards, health departments, and departments concerned with environmental agricultural sustainability;
- NGOs involved in development projects and poverty reduction;
- affected communities;
- international donors and charities working in the area on energy services;

- any private sector actors already involved in energy services, ranging from operators of large-scale grid networks through to those providing household level energy services; and
- manufacturers and distributors of community energy service solutions.

The aim of these meetings will be to:

1. **identify NGOs** that are already active in the energy services sector that would benefit from private sector resources;
2. **identify key stakeholders in government** who will need to be part of the partnership to ensure public sector “buy – in” and provide regulatory functions;
3. **identify other stakeholders** who may act in an advisory capacity;
4. **understand the nature of need** in the region and the existing level of renewable energy provision;
5. **brainstorm** how Anglo American can assist and support local stakeholders in providing sustainable energy services. For example, what sort of energy supply would be reliable and commercially sustainable? How can Anglo American support its provision through financial support, skills development, etc.?

Recruiting appropriate partners is one of the most important elements in supporting sustainable energy projects. Further details of establishing partnership working can be located in *Tool 5A – Approaches to Socio-Economic Benefit Delivery*.

### Task 2: Establish Needs

The second task is to establish the case for intervention in communities neighbouring Anglo American operations. The need or otherwise for intervention can be established through an understanding of the following:

- The level of **access** to modern fuels and the reliance on traditional biomass fuels in the stakeholder groups under consideration.
- The **health impacts** that arise from poor energy access. If employees are affected it may be useful to estimate what the cost of health impacts are for Anglo American operations (e.g. lost work-time attendance, lost time spent caring for sick relatives, costs of medical care, etc.).
- The scale of **environmental impacts** resulting from the existing energy situation. For example, has agricultural productivity declined with increased use of dung as a fuel? Are firewood resources declining? Are sensitive biodiversity habitats, including protected areas, being encroached upon and damaged by fuel wood collection?



*Tool 2A – Profiling the Local Area* and *Tool 3A – Assessment of Issues and Impacts* will provide useful guidance on assessing needs among your local stakeholders. In addition, some key questions to ask are presented in *Box 5I.3*.

#### BOX 5I.3 KEY QUESTIONS TO ASK DURING ENGAGEMENT

- Are energy issues a key local priority?
- How are energy services currently provided?
- Why are the local stakeholders using certain technologies?
- Who is responsible for delivering energy access?
- How reliable is the service delivery?
- Are there health issues relating to the current service delivery, or lack thereof?
- How much time is spent collecting fuel sources, and by whom, and what might they be doing otherwise?
- Where is firewood collected from?
- What is the willingness / ability of local stakeholders to pay for energy access / improved access?
- What are the health or environmental problems caused by current energy use practices?
- Are local businesses constrained by inadequate energy supplies?

It is also important to understand stakeholder preferences for different types of energy investments. In some instances the benefits of improved energy services may need to be “sold” to the local stakeholder.

### Task 3: Partnership Engagement

In *Task 3*, the findings from the needs assessment should be used to help the partners to establish the most suitable projects to implement, and the most effective forms of delivery. Examples of typical projects are presented in *Box 5I.4*.

#### BOX 5I.4 EXAMPLES OF SUSTAINABLE ENERGY PROJECTS

- Investing resources in an existing local electricity network to help expansion into communities not presently covered.
- Small scale renewable electricity generation, such as solar / photovoltaic, micro hydropower, wind or biomass.
- Gas production from wastes or slurries / sludges.
- Energy-efficiency programmes, e.g. efficient lighting, insulation, high performance heating and cooking stoves.
- Solar water heating.
- Solar cooking.
- Biomass heating and cooking, including growing suitable crops and improving household equipment.
- Sustainable fuel wood harvesting projects.

At this stage, it is useful to discuss the proposed project(s) with other partners and encourage further sharing of knowledge within the partnership.

### Task 4: Identify Funding Requirements

This task aims to establish if there is a gap between the funding Anglo American is able to provide / leverage / facilitate, and the cost of supporting the favoured sustainable energy project identified in *Task 3*. Identifying the costs should be based on a high-level business plan (see the *Step 5 – Introduction* to the *Socio-Economic Benefit Delivery Tools* for guidance on business planning). If a funding gap is identified, then additional funding sources will be required. These should be sought on a “bottom-up” basis (i.e. from the stakeholder level upwards). Potential sources of finance may include:

- stakeholder / community-based finance, including user finance, “sweat equity” where users contribute to the construction and maintenance of facilities and micro-credit (see *Tool 5G – Micro-Credit for SME Development*);
- Anglo American’s enterprise development programmes;
- government funds through leveraging of intergovernmental transfers to local projects;
- local banks;
- private foundations; and
- bilateral funding from aid agencies and multilateral programmes such as the UNDP Global Environment Facility, the EU Energy Initiative and the World Bank Energy Programme (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*).

### Task 5: Design and Implement the Sustainable Energy Project

Ideally, a local business, specialist organisation or local government partners should design and implement the sustainable energy scheme. The following issues need to be discussed in the design and implementation of any scheme:

- the type of technology to be used;
- the scope, scale and cost of the proposed scheme (technical surveys will be required at this stage to feed into the detailed design).
- tendering and procurement procedures;
- tariffs, any subsidies and financing requirements;
- roles for government, the implementing agency, NGOs, Anglo American and stakeholders; and
- a long-term plan for maintaining, operating and monitoring the scheme, including the provision of technical and managerial training.

This task should also review risks associated with the project and devise management strategies. For example, if a project relies on biomass (such as wood), you should ensure that there are adequate, sustainable sources of biomass available to the project.

### Task 6: Ongoing support and monitoring

The sustainability of the project is crucial, both for the continued benefit of local stakeholders and for the reputation of Anglo American operations. **Ongoing support** can take a number of forms:

- financial support, which should be minimal as the project should aim to be financially sustainable; and
- technical and business support, such as mentoring, which can be an invaluable resource.

**Monitoring and evaluation** will be an important element of any energy access scheme, and should be incorporated into the investment planning stages. It will provide a number of benefits, including:

- provision of information to help ensure the long-term sustainability of the investment;
- provision of feedback on the impact of the investment to the Anglo American corporate level;
- satisfying monitoring requirements in cases where outside funding is established; and
- ensuring that good practice is shared by partners.

A monitoring plan should be established at an early stage, based on output indicators such as:

- the number of people / households with access to suitable fuels;
- the number of people / households with access to an electricity supply;
- where applicable, the reliability of supply;
- the level of cost recovery of operational and maintenance expenditure;
- the number of local firms supporting the energy infrastructure;
- primary sources of fuel supply (e.g. sustainable woodlot, protected area);
- the average time spent per day to access fuel sources; and
- stakeholder satisfaction with the scheme.

Thorough monitoring and evaluation data will assist in scaling up the project (e.g. to neighbouring communities), as well as allowing Anglo American operations to satisfy corporate reporting requirements.

At the conclusion of the project a review should be held to discuss key lessons learned. If the project is ongoing, the evaluation should take place at least every three years. This review should include the project beneficiaries, the project leader, relevant Anglo American personnel and other partners who have been involved in the project.

## 5I.5 SOURCES OF FURTHER INFORMATION

*Table 5I.2* below lists further sources for information on energy. It is followed by a list of key references for energy access activities. The list is not intended to be comprehensive, but rather to point the reader in the direction of some key sources of information.



Table 5I.1 The Benefits of Sustainable Energy Projects

STAKEHOLDER BENEFITS	BENEFITS TO ANGLO AMERICAN
<p><i>Increased Household Income:</i></p> <ul style="list-style-type: none"> <li>• The use of clean, efficient fuels in safe and modern cooking stoves can reduce the incidence of respiratory diseases that limit the income-earning potential of households through lost earning time.</li> <li>• Household services such as illumination can help extend livelihood activities beyond daylight hours.</li> <li>• Electricity can power machines, generating time savings and increasing output.</li> <li>• Improved energy access can increase agricultural productivity through access to more efficient farming practices (e.g. pumps and irrigation).</li> <li>• High financial and environmental costs of commonly used items such as batteries, candles, kerosene and charcoal can be avoided through the provision of more efficient energy sources.</li> </ul>	<p>The local stakeholder benefits of sustainable energy provision can positively impact on Anglo American operations. The benefits to Anglo American may include:</p> <ul style="list-style-type: none"> <li>• Reputation benefits</li> <li>• Higher productivity, due to a healthier workforce</li> <li>• Better educational standards in local communities, which create the possibility of drawing from a local workforce for higher paying positions</li> <li>• Reduced medical cost</li> <li>• The possibility to “offset” Anglo American carbon emissions through supporting renewable energy initiatives</li> </ul>
<p><i>Opportunities for Employment Diversification:</i></p> <ul style="list-style-type: none"> <li>• Energy services provide additional employment opportunities (both through supporting the services and using the services).</li> <li>• A diversified economy will be more resilient to external shocks, e.g. the opportunity for earning a wage from non-agricultural sources provides some protection for the farmer against a poor harvest.</li> </ul>	
<p><i>Improvements in Stakeholder Health:</i></p> <ul style="list-style-type: none"> <li>• Safer cooking stoves can reduce the incidence of fires and other accidents.</li> <li>• Electricity and use of cleaner fuels allows communities to avoid traditional low-quality biomass fuel such as crop waste, dung and wood which cause high levels of indoor smoke, and subsequent respiratory infections.</li> <li>• Fuel for cooking, coupled with increased agricultural productivity, can increase the total level of food available for consumption, thus aiding hunger alleviation.</li> </ul>	
<p><i>Promotion of Gender Equality:</i></p> <ul style="list-style-type: none"> <li>• In poor communities women and girls spend a disproportionate amount of time and effort on basic subsistence activities such as cooking and collecting fuel and water. This time has a high opportunity cost. Improved access to energy services can free up time which can, in some circumstances, allow time for school attendance or income-generating activities.</li> </ul>	
<p><i>Wider Global Benefits:</i></p> <ul style="list-style-type: none"> <li>• Supporting renewable, non-fossil fuel sources of energy production will allow the country hosting Anglo American operations to contribute to global initiatives to reduce emissions of greenhouse gases.</li> </ul>	

Table 51.2 Further Sources of Information

ORGANISATION	BRIEF DESCRIPTION	WEBSITE
Shell Foundation	An independent grant-making charity, separated from Shell's commercial interest. Its programmes support efforts to reduce the impact of fossil fuels, to help poor communities gain access to modern energy, and to help them generate income.	<a href="http://www.shellfoundation.org">www.shellfoundation.org</a>
World Business Council for Sustainable Development (WBCSD)	The WBCSD's Energy and Climate project works on developing innovative ways for business to address global warming within a sustainable development framework. By devising practical mechanisms, measurement tools and market-based solutions, the project helps companies reduce the impact of their operations.	<a href="http://www.wbcsd.org">www.wbcsd.org</a>
World Bank Carbon Finance Unit	The World Bank Carbon Finance Unit (CFU) uses money contributed by governments and companies in OECD countries to purchase project-based greenhouse gas emission reductions in developing countries and countries with economies in transition. The emission reductions are purchased through one of the CFU's carbon funds on behalf of the contributor, and within the framework of the Kyoto Protocol's Clean Development Mechanism (CDM) or Joint Implementation (JI).	<a href="http://www.carbonfinance.org">www.carbonfinance.org</a>
World Bank Energy Programme	The World Bank Group's energy work helps developing countries achieve improved access to clean, modern and affordable energy services for their poor and sustainability in the environmental, financial, and fiscal aspects of their energy sectors. The World Bank supports these objectives through targeted interventions and assistance across the full spectrum of public and private provision of energy services.	<a href="http://www.worldbank.org/energy">www.worldbank.org/energy</a>
Global Environment Programme (GEF)	The GEF helps developing countries to fund projects and programmes that protect the global environment. Climate change is one of GEF's focal points. GEF grants fund projects that minimise climate change damage by reducing the risk, or the adverse effects, of climate change.	<a href="http://www.thegef.org/gef/climate_change">www.thegef.org/gef/climate_change</a>
UNDP	UNDP's efforts in sustainable energy support the Millennium Summit objective of reducing by half the number of people living in poverty by 2015. UNDP is able to work with multiple stakeholders from the public and private sectors, consumer groups, technical experts as well as civil society.	<a href="http://www.undp.org/energy">www.undp.org/energy</a>
United Nations Energy Programme, Energy Branch	UNEP works with a wide range of partners, to help countries develop and use tools for analysing energy policies and programmes, climate change mitigation options, energy sector reforms, and the environmental implications of transport choices. A special focus is put on helping financial institutions improve their understanding of investment opportunities in the renewable energy and energy efficiency sectors. The Rural Energy Enterprise Development Initiative is a flagship UNEP energy effort focused on enterprise development and seed financing for clean energy entrepreneurs in developing countries.	<a href="http://www.unep.org/energy">www.unep.org/energy</a>
Global Village Energy Partnership (GVEP)	The Global Village Energy Partnership (GVEP) is a voluntary partnership that brings together developing and industrialised country governments, public and private organisations, multilateral institutions, consumers and others in an effort to ensure access to modern energy services by the poor.	<a href="http://www.gvepinternational.org">www.gvepinternational.org</a>
E+Co	E+Co is an independent company of entrepreneurs, investors, strategists and mediators. They provide enterprise development services and financing to clean energy enterprises in developing countries. The organisation is active in Africa, Latin America, South America and Asia.	<a href="http://www.eandco.net">www.eandco.net</a>
Development Through Enterprise programme (part of World Resources Institute)	NextBillion.net is the flagship website of the Development Through Enterprise programme. The programme focuses on business models that engage low-income communities as producers and consumers in their own economies.	<a href="http://www.nextbillion.net">www.nextbillion.net</a>
Emerging Africa Infrastructure Fund (EIAF)	The EIAF provides long-term debt financing for private sector infrastructure companies in sub-Saharan Africa. It is based on Public Private Partnerships, initiated by DFID and led by the Standard Bank together with Barclays, FMO and EMP. The EIAF is an investment vehicle funded by the Private Infrastructure Development Group Trust.	<a href="http://www.emergingafricafund.com">www.emergingafricafund.com</a> <a href="http://www.pidg.org">www.pidg.org</a>
Public-Private Advisory Infrastructure Facility (PPIAF)	Energy forms approximately one-fifth of PPIAF's portfolio. The facility funds activities in the energy sector related to private participation in electricity generation, transmission and distribution as well as natural gas transmission and distribution. PPIAF's funds have been used for support in market structure policy formation and regulatory strengthening, utility reform, legal and regulatory development, tariff design, pro-poor contract design, and consensus building among key stakeholders.	<a href="http://www.ppiaf.org/ppiaf/page/sectors/power">www.ppiaf.org/ppiaf/page/sectors/power</a>
Millennium Development Goals	Whilst no explicit energy services-related target was set, access to energy services is a prerequisite to the achievement of all eight of the MDGs.	<a href="http://www.unmillenniumproject.org">www.unmillenniumproject.org</a>
World Energy Outlook	The World Energy Outlook is published by the International Energy Agency and provides authoritative global long-term energy market analysis.	<a href="http://www.worldenergyoutlook.org">www.worldenergyoutlook.org</a>

# Tool 5J: Supporting Community Health Issues

## 5J.1 OBJECTIVES

Access to and the quality of healthcare is a key issue for many of the communities associated with Anglo American operations<sup>(1)</sup>. With approximately 95 percent of our operations in developing countries, Anglo American has a deep appreciation of the vital role health plays in ensuring human development and promoting economic growth.

It is also possible that stakeholders may express concerns that the Anglo American operation itself may be causing negative health effects, both for workers and for the surrounding communities. Directly causing health problems would be a clear breach of Anglo American's *Good Citizenship: Our Business Principles*; such concerns must be investigated in a rigorous and credible manner. Where appropriate, mitigation measures must be implemented.

The objectives of this tool are to help operations to:

- identify and understand the health issues, as well as health service delivery issues in communities where Anglo American operations exist through appropriate baseline data;
- identify opportunities to address community health issues and evaluate the feasibility of contributing to service improvements via funding, capacity-building, training, in-kind contributions, etc.; and
- identify, assess and address community health issues that stakeholders believe may be related to operational activities.

A definition of community health is presented in *Box 5J.1*.

*Tool 5J* should be used when health has been identified as a priority issue, either through the SEAT process or when any major project is undertaken through an ESIA. In particular, it should also be considered where major construction requiring an influx of labour to an area is undertaken. This tool can be used as a part of the overall SEAT process or as a standalone tool.

## BOX 5J.1 DEFINITION OF COMMUNITY HEALTH

Public health relates to the efforts organised by society to protect, promote and restore people's health. It is "the science and art of preventing disease, prolonging life and promoting health through the organised efforts and informed choices of society, organizations, public and private, communities and individuals." (1920, C.E.A. Winslow.) It focuses on threats to health (physical, mental and social well-being and not merely the absence of disease or infirmity) based on population health analysis, whether of a small group or across continents. The aim of health interventions is to improve health and quality of life through the promotion of common public health information and measures, prevention and treatment of disease and other physical and mental health conditions, through surveillance of cases and the promotion of healthy behaviours.

Community health is an important subfield of public health. It concerns itself with the study and betterment of the health characteristics of biological communities, mostly geographic areas, rather than people with shared characteristics. Because health is influenced by a wide array of socio-demographic characteristics or determinants, relevant variables affecting health are wide. Interventions may range from improving access to medical care to public health communications campaigns to improving the built environment and improvements in socio-economic status.

Community health activities change with changing technology and social values, but the goals remain the same: to reduce the amount of disease, premature death, and disease-produced discomfort and disability in the population. Community health is a social institution, a discipline, and a practice. In general, the success of community health programmes relies on the transfer of information from health professionals to the general public, using one-to-one or mass communication efforts.

It is critical to understand that community health often focuses on the **social determinants of health** that need the greatest attention, rather than the disease itself.

*Source:* A Dictionary of Epidemiology, John Last, 4th Edition, 2001.

## 5J.2 BENEFITS OF ADDRESSING HEALTH CONCERNS

Studies vary on the loss of profitability and productivity that can be attributed to the health issues of workers. For instance, studies of South African companies indicate that cost savings from HIV prevention and education programmes were as high as 3.5 to 7.5 times the cost of the intervention itself. In other words, prevention is key to increased profitability and workforce sustainability.

Recurrent malaria, hypertension, physical or mental illnesses as well as child and elder care responsibilities can also impact negatively on productivity.

The benefits of preventative care, both within the workforce and within the larger stakeholder group, are well documented. These benefits include:

- reduced rates of employee turnover;
- reduced liability for the company;

(1) Health concerns also feature prominently in the United Nations Millennium Development Goals, a set of development objectives that have been supported by national governments around the world.

- more profitability due to better productivity and lower healthcare costs and;
- improved morale among employees.

It also provides a mechanism for companies to build community support and maintain their social licence to operate.

### 5J.3 SUSTAINABLE HEALTH INITIATIVES

Mitigation measures for potential negative health impact and improvements to health services should be prioritised on the basis that they are:

- targeted at real challenges for the community;
- implementable;
- proven to work;
- socially and culturally acceptable to the affected community; and
- cost effective.

A successful, good practice health initiative requires a number of key characteristics, including:

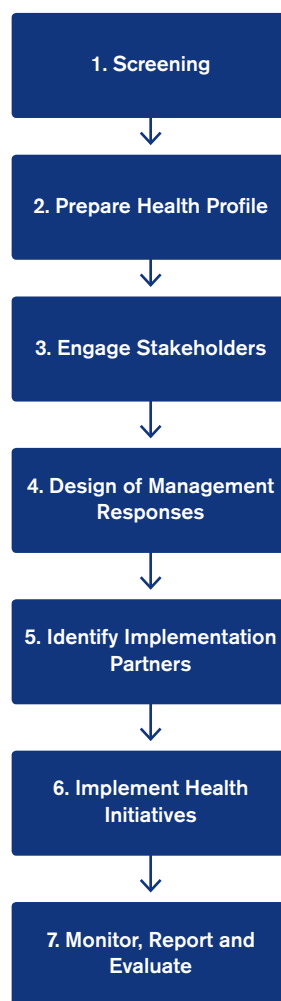
- strong leadership within an operation, based on the full acceptance of the principles of sustainable development and Anglo American's objectives to contribute to the overall wellbeing of communities (as outlined in the *Social Way*);
- an understanding that an employee's health cannot be adequately protected from communicable disease unless health programmes are extended to the broader community;
- inclusive programmes, based on consultation, consensus and capacity-building;
- input from the host stakeholders into programme design and implementation;
- skilled human resources involved in the implementation and associated capacity-building;
- a partnership model where the company seeks to work with a variety of partners in support of community and host-government obligations for community health (thus ensuring that the company does not build expectations that it is the sole provider); and
- comprehensive and prioritised objectives for the diseases being managed.

These factors are embedded in the tasks outlined below.

### 5J.4 KEY TASKS FOR COMMUNITY HEALTH INITIATIVES

The key tasks for assessing community health issues are presented in *Figure 5J.1* and described below.

Figure 5J.1 Key Steps in Assessing Community Health Issues



#### Task 1: Screening<sup>(1)</sup>

Screening helps an operation determine whether or not a health issue (or social determinant of health issues) to be addressed or managed ICMM guidance recommends asking two questions in order to assess the need for an intervention:

#### Is the Company Required to Manage Community Health or Social Determinants of Community Health?

The introduction of any large industrial undertaking introduces a host of dynamics that impact on the wellbeing of communities, including: trauma (family trauma, vehicle accidents, etc.); stress and mental health (including alcohol and other substance abuse); water borne disease (chemical, bacterial, vector borne, etc.); other vector borne, (e.g. rats); poisoning (chrome, silica, coal, mercury, etc.); and personal disease, especially sexually transmitted infections (STIs), TB and the full range of individual illness. The responsibilities can be determined by undertaking the following tasks:

(1) Adapted from the ICMM's 2008 report entitled Good Practice Guidance on HIV / AIDS, Tuberculosis and Malaria. This can be found at [www.icmm.com/document/314](http://www.icmm.com/document/314).

- **Task A:** Undertake a legislative review of the country within which the company is operating or plans to operate.
- **Task B:** Determine whether the company has a policy requiring the management of any particular disease and, if it does, assess the implications of this for the particular project.
- **Task C:** Determine whether the company is a signatory to or has adopted any leading practice agreements, conventions, policies or initiatives that require management of any particular diseases. If the company has, assess the implications.
- **Task D:** Determine whether the company is committed to an intervention as a corporate social investment (CSI) activity.

### Is There a Disease or Social Determinant of Health Risk Posed to and / or from the Operation?

In the absence of any legal or company requirements to manage the disease or social determinant of health, the company needs to consider whether the disease or social determinant poses a risk to the operation. This requires consideration of the following:

- The location of the project and the associated prevalence and incidence of disease(s) or social determinant in the area.
- The nature of the project and the phase of mine life.
- The nature of the surrounding communities or stakeholders and their associated level of socio-economic development and access to adequate healthcare.
- The size and nature of the (actual or intended) workforce, stratified by permanent and contract staff and community, migrant and expatriate staff, together with a consideration of their prevailing health levels.
- Transport and travel routes of employees and transportation services required by the operation.

Assessing whether the project poses a risk for increased disease transmission is as important as assessing whether the social environment is a risk to the operation. If such an increased risk is identified, management of this impact will be required.

### Task 2: Prepare Health Profile

Understanding a community's health profile helps provide an understanding of:

- the baseline for the community's health status;
- the nature / extent of the prevalent diseases and their associated risks;
- the socio-economic circumstances and social determinants of health; and
- the available healthcare facilities and services (access, quality, etc.).

If this tool is used as a freestanding tool, *Tool 2A – Profiling the Local Area* should be undertaken first in order to understand the demographics of the target community. *Box 5J.2* summarises some of the key indicators and issues that should be examined in constructing a community health profile.

#### BOX 5J.2 KEY INDICATORS AND ISSUES USED TO DEVELOP A HEALTH PROFILE

- Life expectancy (male, female, total).
- Infant and maternal mortality rates.
- Common diseases:
  - communicable diseases (e.g. HIV / AIDS, TB, malaria, cholera, bilharzias, etc.); and
  - non-communicable diseases (e.g. cancer, high blood pressure, heart failure, stroke, respiratory illnesses).
- Common injuries (e.g. road traffic accidents, burns, injuries in the home or workplace, drownings, assaults).
- Poverty-associated diseases (e.g. diarrhoea due to poor sanitation and limited water provision, malnutrition).
- Lifestyle-associated diseases (e.g. levels of smoking, alcohol or drug abuse, obesity).
- Migration patterns.
- Assessment of existing health service policy and delivery – public, private and NGO (e.g. accessibility, infrastructure, facilities, equipment, availability of drugs and medical supplies).
- Assessment of healthcare funding arrangements.
- Service quality (e.g. accident and emergency care; diagnostic and treatment expertise; reproductive health, maternal and child health, mental health, home-based care).
- Existing national, regional or local plans for improving community health.

The profile can be developed using a combination of the following methods:

- engagement with your operation's medical staff, public health authorities, private health service providers, NGOs, community-based organisations or relevant community development forums;
- web searches of health data from international agencies (e.g. World Health Organisation, UNICEF, CIA Country Fact Book, the US Centers for Disease Control and Prevention (CDC), World Bank, Global Fund to fight AIDS, TB and Malaria (GFATM), Global Alliance for Vaccines and Immunization (GAVI)) and national health-related organisation sites (such as national public health institutes, universities and health ministries); and
- review of relevant published reports (e.g. academic epidemiological studies, previous project reports, census data and annual health reports).

The data may not always be available from public sources, and hence some primary data-collection may be necessary. An example of a local health profile is given in *Table 5J.1*.



**Table 5J.1 An Example Community Health Profile**

Indicators	Area X
<i>Key data:</i>	
• Total population	100,000
• Population growth rate (% per annum)	2.07
• Life expectancy at birth (years)	58.87
• Maternal mortality rate (deaths per 100,000 live births)	540
• Infant mortality rate (per 1,000 live births)	55.02
• Population living below US\$1/day (%)	44.80
• Births attended by trained medical staff (%)	
– Rural	34.10
– Urban	76.30
• Improved water source (% of population with access)	64
• Children underweight under 5 years (moderate)	
– Urban	27.90
– Rural	15.60
<i>Key health issues:</i>	
<ul style="list-style-type: none"> <li>• HIV / AIDS, TB, malaria and sexually transmitted infections (STIs) are major health issues with high incidence rates and limited prevention or treatments available.</li> <li>• High migration (employment seekers) to the area. Many residing in unplanned settlements with limited supporting infrastructure and high poverty levels.</li> <li>• Limited potable water availability in most settlements (most buy from local sellers), no sanitation or waste disposal facilities.</li> <li>• Malnutrition is highly prevalent in certain communities.</li> <li>• Road traffic fatalities are very common, occurring at least twice a week.</li> </ul>	
<i>Healthcare facilities:</i>	
<ul style="list-style-type: none"> <li>• 5 clinics, 0 district health centres, 1 local hospital.</li> <li>• Limited facilities exist in the local area; the nearest well-equipped hospital (e.g. with x-ray facilities and operating theatres) is 50km away.</li> <li>• Existing clinics are understaffed (huge gaps in qualified experts), under-equipped (lack of diagnostic equipment) and have limited medical supplies.</li> <li>• An NGO offers home-based care.</li> <li>• The majority of healthcare is publicly funded.</li> </ul>	
<i>Development plans:</i>	
<ul style="list-style-type: none"> <li>• Government plans to build two new clinics in the area by 2017 and to establish a local mobile mother and child clinic.</li> <li>• Donor funded HIV / AIDS and TB programmes to be rolled out in the region within one year.</li> </ul>	

### Task 3: Engage Stakeholders

You may have already engaged with stakeholders during **Step 2** of the SEAT process and have secured feedback on significant health concerns. If you are using this tool on a stand-alone basis, engaging with stakeholders is particularly important in order to:

- verify the health profile data obtained in **Tasks 1** and **2**;
- address data gaps, either by collecting information or by reaching agreement on the health priorities to be considered;
- agree on suitable health benchmarks (for example, regional, national or international standards against which local outcomes and conditions should be compared); and

- identify and address stakeholder health concerns (these can include perceived or actual health concerns) related to Anglo American operations.

This is best done by talking with the operation's medical staff, local health authorities, health facilities (health facility manager or the chief medical officer), key informants<sup>(1)</sup> and local communities.

It is important to get a good mix of stakeholders (in terms of age, level of education or type of employment) in order to get a range of opinions and experiences. It may also be necessary to hold separate women's group meetings, because it may be regarded as culturally inappropriate to discuss women's health issues in front of men or women may be disadvantaged due to gender inequity and / or inequality.

Questions should verify baseline data, identify the community's key health concerns and, where relevant, discuss how stakeholders perceive the Anglo American operation potentially to affect or to have affected the local community's health status or healthcare services.

Questions posed may also cover perceptions of general health status and access to facilities, in addition to how health status has changed, is perceived to have changed or might change due to the project / operation. It is also important to gather opinions of the operation's impact on services such as water, sanitation, waste and healthcare.

### Task 4: Design of Management Responses

#### Addressing Community Health Issues

Community health concerns may include, for example:

- Health service delivery and infrastructure (e.g. investing in clinics, equipment, medical supplies or assisting with management)
- Potable water supply
- Sanitation
- Poor nutrition
- HIV / AIDS and TB
- Other sexually transmitted infections
- Malaria
- Emissions from the site (into the water and air, noise, odours, etc.)

The operation may decide that health interventions are appropriate for several reasons:

- they are an avenue for socio-economic benefit delivery;
- the process of engagement indicates that it is a priority issue or a significant block to wider development; and / or
- there are clear business benefits to improving the health of the community (for example lower workforce absenteeism).

(1) A key informant is an individual who has access to particular knowledge because of his or her position in society e.g. the local traditional chief. See **Tool 2B – Developing a Stakeholder Engagement Plan** for more guidance on stakeholder identification.



Once the decision has been made to proceed, discussions with local community members and government representatives will be required to identify priorities. Typical initiatives might include:

- co-funding with government;
- leveraging funds from bilateral and multilateral donors and private organisations (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*);
- providing support to medical services or capacity building in local health management; or
- support for addressing particular diseases or social determinants of health.

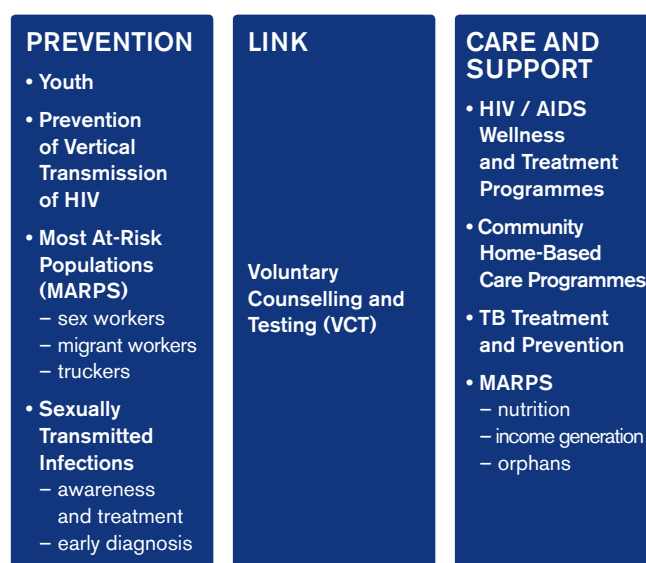
When discussing options for assistance, the relative scale of the resources that the operation might be able to make available should be made clear (so as to avoid a mismatch between expectations and potential delivery). Also, the sustainability of initiatives post-closure should be considered.

*Table 5J.2* provides examples of potential responses to general, community health needs. The response may mitigate the impact of the operation or enhance the health and service for the community or both. *Figure 5J.2* illustrates the key components of an HIV / AIDS programme, while *Boxes 5J.3* and *5J.4* illustrate examples of community health projects sponsored by Anglo American. These case studies illustrate the importance of obtaining sound medical and scientific advice.

**Table 5J.2 Example Initiatives to Support Community Health**

Concern	Example Management Measures
<b>Poor health service facilities</b>	<ul style="list-style-type: none"> <li>• Funding of new facility or improvements to existing facility</li> <li>• Funding of new departments, e.g. maternity or cancer wards</li> </ul>
<b>Poor health service equipment</b>	<ul style="list-style-type: none"> <li>• Purchase of updated equipment</li> <li>• Purchase of equipment such as x-ray equipment or an ambulance</li> </ul>
<b>Limited health service capacity</b>	<ul style="list-style-type: none"> <li>• Investment in healthcare professional skills training programmes (see <i>Tool 5C – Local Workforce Development and Training</i>)</li> <li>• Investment in existing or new training centres</li> <li>• Investment in information systems and management training</li> </ul>
<b>Poor infrastructure services</b>	<ul style="list-style-type: none"> <li>• Investment in water provision services, e.g. improvement of pipe network (see <i>Tool 5H – Supporting Small Scale Water and Sanitation Service Delivery</i>)</li> <li>• Investment in waste disposal services (see <i>Tool 5D – Local Infrastructure Development</i>)</li> </ul>
<b>HIV / AIDS</b>	<ul style="list-style-type: none"> <li>• Investment in the promotion of Voluntary Counselling and Testing (VCT) programmes</li> <li>• Promotion of safe sex and other health education initiatives; condom distribution</li> <li>• Training of community leaders in sexual and reproductive rights and health for young women and girls</li> <li>• Facilitation of access to anti-retroviral therapy (ART)</li> </ul>
<b>Malaria</b>	<ul style="list-style-type: none"> <li>• Funding and / or collaborative implementation of malaria control programmes, e.g. indoor spraying, distribution of insecticide-treated bed nets</li> </ul>
<b>Nutrition</b>	<ul style="list-style-type: none"> <li>• Investment in market gardens / model farms and other self-help programmes</li> </ul>

**Figure 5J.2 Key Components of an HIV / AIDS Programme**



The ICMM Good Practice Guidance on Health Impact Assessment outlines considerations for mitigation measures:

#### BOX 5J.3 KEY INDICATORS AND ISSUES USED TO DEVELOP A HEALTH PROFILE

The West Coast Club 1000 was a ground-breaking event and a model for mass community mobilisation for Voluntary Counselling and Testing (VCT) drives. The West Coast Community HIV and AIDS Initiative, supported by Anglo American's Chairman's Fund, together with numerous partner organisations, developed the Club 1000 campaign, which was launched on World AIDS Day in 2005. The goals were to:

- complete 1,000 VCT sessions in 24 hours;
- get 1,000 people to join the fight against HIV and AIDS personally;
- get as many people as possible to come forward for testing, so they know their status;
- encourage healthier sexual behaviour; and
- bring communities together to support HIV-affected persons.

The Club 1000 initiative provided individuals with access to free pre- and post-test counselling by registered nurses, counsellors and social workers; free testing; referral to support centres; access to Antiretroviral (ARV) clinics; and information on all the issues surrounding HIV and AIDS, such as nutrition, prevention, sexually transmitted infections and more. It is hoped that this pilot campaign will be used as a model for mass community VCT drives.

#### Addressing Concerns Relating to Gender Equity

Improved maternal, child and women's health (MCWH) makes a profound impact on overall health status. The MDGs recognise the pivotal issue that this is. However, women are often side-lined in health solutions.

Women face a greater number of unavoidable health risks, in part because of their reproductive role. However, other factors, such as less access to nutrition, education, employment and income, mean that women can be less likely to enjoy good health. Women also have less opportunity to access health resources (from nutrition and education through to health services) and, because they are concentrated at the more junior end of the health labour force, they have less ability to influence health policy and decision-making.

In designing any community health intervention it is important to analyse data disaggregated by gender, to use a range of "gender indicators", sensitive to the differences between men and women, to measure impact. This will assist with advocacy for more gender sensitive policies and programmes to achieve gender equity.

Achieving gender equity in health implies eliminating unnecessary, avoidable and unjust health inequities. It means that women and men have the same opportunity to enjoy living conditions and services that enable them to be in good health. Men's health is in no way more or less important than the health of women or children, but it is different. Men have different health needs, are affected differently by various diseases and illnesses, and access services in different patterns and for different reasons.

Gender equity is not about achieving equal rate of mortality or morbidity, but about ensuring that women and men have an equal opportunity to enjoy good health.

#### Addressing Concerns Relating to Anglo American Operations

Anglo American seeks to operate to high health, safety, environmental and social management standards. However, stakeholder concerns about health impacts are a common feature of SEAT reports. Sometimes these concerns are founded on misconceptions. In environments where trust is low it may also be difficult to address such misconceptions; however, it is important that these concerns are investigated in a manner that is both technically robust and demonstrates care and respect for those with concerns.

Health concerns related (or perceived to be related) to operations can be categorised as direct or indirect. Examples of **direct health effects** could include:

- environmental emissions to air, water or soils and noise pollution;
- increased road traffic incidents and fatalities; and
- increased migrant labour and attendant health concerns.

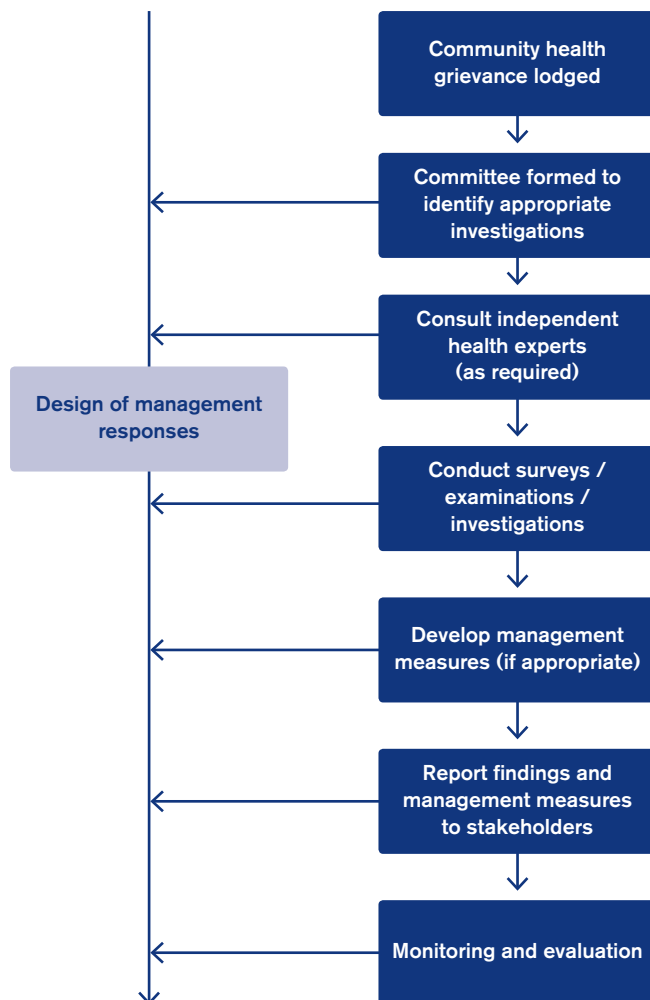
Examples of **indirect health effects**, which are likely to be more common, include:

- increased in-migration of non-Anglo American employees, potentially contributing to increased cases of HIV / AIDS and STIs, or additional pressure on services such as healthcare, water provision, etc.; and
- site closure or downsizing, potentially leading to unemployment, increased poverty levels, a reduction in medical facilities locally and mental health issues (e.g. depression).

For those health concerns that stakeholders believe are linked to the operation, a structured, carefully designed process, with input from communities, health authorities and suitably qualified independent experts, may be required. An outline of such an approach is presented in *Figure 5J.3*.

it is important to follow this (or a similar) process to address the concerns of stakeholders as perceptions about negative health effects – whether justified or not – can negatively affect relationships with stakeholders. Also, pursuing the process may allow the real cause of any problem to be identified, which will obviously be of benefit to the community.

**Figure 5J.3 An Example of Addressing a Stakeholder Health Concern**



#### BOX 5J.4 TACKLING HIV, AIDS AND TB IN A POOR SOUTH AFRICAN RURAL COMMUNITY – A MODEL OF PARTNERSHIP

Community-based initiatives are often based on taking successful experiences within the workplace and applying them on a larger scale to communities associated with the company's operations. An example of this is a project to build a community health centre at Lillydale in the Bushbuckridge Municipality, Mpumalanga Province. Lillydale is a poor rural area of high HIV prevalence, where the government health system has been unable to cope with the twin epidemics of AIDS and TB. A significant number of Anglo American's Thermal Coal employees originate from Bushbuckridge.

The project aims to improve the overall quality of healthcare in this rural community through a public / private partnership. Anglo American has partnered with Sir Richard Branson's, Virgin Unite, and the US President's Emergency Plan for HIV / AIDS Relief (PEPFAR) in the initial rollout of this project. Some R50 million (\$7 million) has been committed by the partners to the project so far.

The first objective of the project is to build a sustainable rural community health centre (CHC). An NGO healthcare service provider, with experience of rural health service delivery, has been contracted to manage the CHC. Doctor, x-ray, laboratory and pharmacy services will be provided, none of which currently exist in the community. The centre will focus on the treatment of AIDS and TB based on Anglo American's workplace expertise in dealing with these diseases. The CHC will have a small number of beds for maternity cases and for patients with AIDS who are too sick to start treatment at home. This will significantly ease the workload of neighbouring hospitals. PEPFAR will provide most of the funding for the AIDS-related running costs, but the long-term plan is to integrate the clinic with the public health service so that donor funding will no longer be needed.

The second objective is to stop transmission of AIDS and TB in the local community. An independent service provider is contracted to send fieldworkers from household to household, with the objective of covering the entire community. TB case detection will be improved using mobile digital x-ray equipment and enhanced TB culture techniques in the CHC laboratory. The company will source additional donor funding to finance this project through established contacts arising out of Anglo American's workplace AIDS and TB programmes.

Funding and oversight of the project is carried out by the "Bushbuckridge Health and Wellness Trust". All partners are invited to participate in the trust.

From the outset this project placed a high priority on building a partnership between the public and the private sectors. All health service initiatives are designed to complement existing government services. CHC doctors visit neighbouring government clinics to support local nursing staff. Strong emphasis will be placed on the strengthening of the health systems. Independent monitoring and evaluation of the entire initiative will be conducted by independent academics from the University of the Witwatersrand Rural Facility.

When engagement or complaints procedures reveal concerns about health impacts linked to an Anglo American operation, the complaint must be logged in Anglo American's stakeholder complaints and grievance system (see *Tool 4A – Complaints and Grievance Procedure*) and an expert group or committee should be established. Membership of such a committee might include representatives from:

- the Anglo American operation (including medical staff);
- the community;
- local healthcare professionals;
- independent experts or academics;
- local government officials (including traditional leaders where present);
- health-related NGOs; and
- other local businesses.

The committee should identify appropriate means to investigate the health concerns, possibly in consultation with independent experts. These might include:

- assessing whether the health concerns in question are experienced in comparable communities that are not affected by your (or similar) operations;
- health surveys;
- biological testing of community members ;
- epidemiological studies;
- disease mapping; or
- health risk assessments.

Once investigations have been undertaken, if required, management measures should be developed. Examples of typical management and mitigation measures are presented in *Tables 5J.3* and *5J.4*.

Operations should consider the extent to which they wish to involve the committee (or other stakeholders) in devising management measures. While involving stakeholders may increase the credibility of management measures, there could be a risk that overly complex or expensive solutions are proposed. It is, however, recommended that the committee is given the opportunity to comment on the adequacy of proposed management responses.

The results of the investigations and any proposed management measures should be fed back to concerned stakeholders. Ongoing engagement with community representatives should be carried out throughout the process in order to build trust. Once the result / outcome has been reported, and where management measures need to be implemented, a monitoring and evaluation system should be set up (see *Task 6*).

**Table 5J.3 Example Management Measures for Operational Direct and Indirect Health Impacts**

Concern	Example Management Measures
<b>Increased migration levels / additional demands on existing community health facilities</b>	<p><b>Recruitment Strategy</b></p> <ul style="list-style-type: none"> <li>• Ensure specific recruitment requirements (including job duration, skills, number of positions, etc.) are well communicated throughout the region to ensure locals understand the exact nature of available employment opportunities.</li> </ul> <p><b>Community Healthcare Strategy</b></p> <ul style="list-style-type: none"> <li>• Collaborate with the local health authorities, international organisations and local healthcare professionals to determine appropriate ways to manage the community health impacts resulting from increased migration, such as increased incidences of HIV / AIDS, STIs, TB, alcohol and other substance abuse and other poverty-related illnesses.</li> <li>• SEBD initiatives, e.g. provision of training for healthcare professionals and funding of equipment for local hospitals, clinics, etc.</li> </ul>
<b>Dust</b>	<p><b>Dust Minimisation Strategy</b></p> <ul style="list-style-type: none"> <li>• Wheel washing of project vehicles will reduce transfer of dust offsite.</li> <li>• Covering dust-generating materials during transportation and storage.</li> <li>• Dust suppression through spraying (where suitable water resources are available).</li> <li>• Ongoing monitoring of dust levels for fence-line communities.</li> <li>• Joint monitoring or publication of results.</li> </ul>
<b>Exposure to chemical emissions</b>	<p><b>Independent Survey / Studies</b></p> <ul style="list-style-type: none"> <li>• In order to assess the communities' exposure to chemical emissions from the operations, or to provide reassurance where there is a perception of adverse impacts, studies may be commissioned from independent health experts.</li> <li>• Joint monitoring or publication of results.</li> </ul>
<b>Road traffic accidents</b>	<p><b>Road Transport Management Strategy</b></p> <ul style="list-style-type: none"> <li>• Investigate opportunities to improve health and safety, including local programmes to increase road safety awareness.</li> <li>• Work with local transport authorities to extend road safety awareness training to local road users.</li> <li>• Conduct a traffic risk assessment, and implement appropriate measures, such as traffic calming measures.</li> </ul>
<b>Pressure on non-health facilities</b>	<p><b>Local Infrastructure and Services Strategy</b></p> <ul style="list-style-type: none"> <li>• Avoid use of community infrastructure and services to avoid excess demands on local services (e.g. water, sanitation).</li> <li>• Explore opportunities for investments that may have health benefits, for example housing, water and sanitation.</li> </ul>

Table 5J.4 Health Impact Mitigation Measures

Potential Health Impact	Mitigation	Environment
<b>Increase in malaria</b>	Ensure that there are no stagnant pools of water during the construction and operation phase. Where this is unavoidable ensure that these are covered.  See ICMM Good Practice Guidance on HIV / AIDS, TB and Malaria.	Drain existing stagnant pools of water where possible. Provide local people with insecticide-treated bednets and / or better access to malaria prophylaxis and treatment.
<b>Reduced wellbeing through noise and dust nuisance</b>	Ensure that noise and dust mitigation measures are in place, e.g. use of low noise equipment / shielding, bunds, screens, regular wetting of dusty areas.  Ensure prompt attention to complaints.  Ensure that loud noises occur at predictable times of the day and not at night or during community rest days.	Support art and cultural activities, e.g. outdoor cinema and drama.  Provide community visits for people to see the various operations of the project and understand where and why there is noise and nuisance.
<b>Migrant workers introduce infectious diseases and social problems</b>	Pre-employment health checks and treatment.  Implement HIV and TB control programme. See ICMM Good Practice Guidance on HIV / AIDS, TB and Malaria.  Partner with government and NGO services to prevent social problems.	Ensure pro-social leisure opportunities are readily available e.g. football league, volunteer programmes.  Invest in community events and festivals to promote cultural exchange, celebration of diversity, etc.
<b>Loss of land leads to food insecurity and / or loss of income / livelihood</b>	Follow World Bank guidelines on involuntary resettlement.	Provide support to enable local people to develop new skills and harness new employment opportunities.
<b>Malnutrition associated with loss of fishing area due to surface water contamination</b>	Improve chemical drainage and spillage management.  Monitor pollutants in fish stocks from the local market.	Skills training in aquaculture and in maintaining wild fish stocks.

### Task 5: Identify Implementation Partners

Depending on the type of mitigation, initiative or investment, it may be appropriate to partner with other organisations, as in the case study presented in *Box 5J.4*. Partner organisations should be able to contribute to the delivery of solutions, and may include:

- local government authorities (road transport, health, environmental issues, water and sanitation, etc.);
- relevant national or international NGOs, such as the Red Cross / Red Crescent, CARE International, Oxfam and Médecins Sans Frontières (MSF), etc.;
- other businesses in the area;
- research and academic institutions; and
- donor agencies and financial institutions (e.g. DFID, USAID, World Bank, Global Fund to fight AIDS, TB and Malaria and President's Emergency Plan for AIDS Relief (PEPFAR)).

Some of these parties may be able to provide funding for projects (Anglo American should not generally seek external funding for health measures that address any direct negative health impacts of operations, as this is a company responsibility). See *Tool 5A – Approaches to Socio-Economic Benefit Delivery* for more information on leveraging donor resources.

### Task 6: Implement Health Initiatives

Once mitigation measures, SEBD initiatives and implementation partners are selected, the project should be implemented in accordance with the project plan.

One of the most important considerations in implementation is sustainability. Particularly in the case of mines which have a short life, care should be taken to ensure that long-term funding is available (typically from public sources).

It is crucial at this stage that, following the planning and development phases, visible action takes place as soon as possible. This is to maintain stakeholder interest and motivation (and to prevent engagement fatigue). This may mean that you select an easy measure to implement first.

### Task 7: Monitor, Report and Evaluate

Ongoing monitoring should be conducted to observe whether local health status, services or infrastructure change (either positively or negatively), and to assess whether any changes are due to the project or initiative established. This can be carried out in various forms, such as on-site surveillance, and through partnerships with existing programmes (whether national, private sector or with an NGO). Stakeholder engagement, via regular meetings or by Anglo American's community liaison staff, is crucial to ensure stakeholder concerns are being fed back and addressed. Monitoring and engagement will also indicate the success of new initiatives established to address the health concerns highlighted in this way.

See *Tool 6A – Developing a Social Management Plan* for further details of how to develop a monitoring and evaluation plan<sup>(1)</sup>.

(1) For HIV / AIDS, TB and malaria the Global Fund's monitoring and evaluation toolkit may also be helpful. See: [www.theglobalfund.org/en/library/](http://www.theglobalfund.org/en/library/).



## 5J.5 RESPONDING TO HIV / AIDS, TUBERCULOSIS AND MALARIA

The geographical incidence of HIV / AIDS, TB and malaria commonly overlaps, and has converged most severely in Africa (although parts of Asia are now showing signs of being affected by all three diseases). The convergence of these three diseases has a debilitating effect on already overloaded health systems, where integrated disease management is not yet the norm.

Where all three diseases exist, integrated control is advisable. *Box 5J.5* illustrates some examples of collaborative activities, while *Box 5J.4* earlier highlighted an example of partnership in tackling this combined problem.

### BOX 5J.5 EXAMPLES OF COLLABORATIVE ACTIVITIES

- Establishment of a coordinating committee and allocation of dedicated funds for HIV / AIDS, TB and malaria activities
- Development of an integrated plan that includes resource mobilisation, capacity building and training, communication and social mobilisation, stakeholder involvement and research.
- The surveillance of HIV prevalence among TB and malaria patients to determine the burden of HIV among these patients (this will inform the planning of services).
- TB / HIV / malaria training of healthcare providers should be done jointly.

Adapted from the ICMM's Good Practice Guidance on HIV / AIDS, Tuberculosis and Malaria.

In addition to the collaborative activities outlined in *Box 5J.4*, the sections below outline recommendations to strengthen collaboration between health services – so that ultimately the burden of disease may be reduced.

### Recommended TB / HIV Activities

#### 1. Establish a mechanism for collaboration

- Engage people with TB and HIV in planning, delivering and monitoring TB / HIV activities; and
- Strengthen laboratory services to ensure quality diagnosis and management of HIV-associated TB, multi drug-resistant TB, extensively drug-resistant TB, TB in children, the diagnosis and staging of HIV disease, and the monitoring of side effects of combined TB / HIV treatment.

#### 2. Decrease the burden of TB in people living with HIV / AIDS

People living with HIV can be screened regularly for active TB and offered TB preventive therapy if they do not have active TB. Furthermore, adequate infection control procedures can be implemented<sup>(1)</sup>.

#### 3. Decreasing the burden of HIV in TB patients

In high HIV prevalence settings, HIV-testing and counselling can be offered to all people diagnosed with TB, with an opt-out option for those who request not to be tested. (Opt-out testing involves limited pre-test counselling and, therefore, decreases the time required for testing and improves the efficiency and coverage of the roll-out of testing.) HIV prevention methods, such as condoms and treatment of sexually transmitted infections, can also be provided to TB patients, as well as other elements of a comprehensive HIV prevention, treatment and care programme.

### Recommended Malaria / HIV Activities

#### 1. Establish a mechanism for collaboration

See *Box 5J.5*.

#### 2. Decrease the burden of malaria in people living with HIV

In areas where malaria is endemic and HIV is prevalent, HIV-infected individuals can be educated on the importance of measures to prevent malaria. Effective malaria treatment reduces the impact of malaria on HIV-associated anaemia and on HIV viral load and subsequent HIV disease progression and transmission. All HIV-infected individuals can be offered insecticide-treated bed nets in addition to other standard preventive measures outlined in Section 6 of the ICMM's Good Practice Guidance Handbook.

#### 3. Decreasing the burden of HIV in malaria patients

Malaria patients can be routinely offered HIV testing. HIV-infected malaria patients can be enrolled in an HIV / AIDS treatment and care programme once the malaria is fully treated. Malaria-associated anaemia often requires blood transfusions. In many developing countries, blood may be inadequately screened for HIV and malaria, further contributing to the spread of both diseases. Ensuring a safe blood supply would decrease blood transfusion-associated HIV transmission to malaria patients. In areas where malaria control includes the spraying of houses, this contact can be used to educate households regarding HIV and malaria prevention and to promote or offer HIV-testing.

#### 4. Testing of workers presenting with fever

Fever is a common presentation for both HIV and malaria (as well as TB). Workers presenting with fever should be tested for malaria and HIV to ensure appropriate management of both.

(1) ICMM's Good Practice Guidance on HIV / AIDS, Tuberculosis and Malaria.



## 5J.6 FURTHER REFERENCES

### Useful Documents

The following documents will provide further information:

- The ICMM's Good Practice Guidance on HIV / AIDS, Tuberculosis and Malaria published in 2008. Available at **[www.icmm.com/document/314](http://www.icmm.com/document/314)**.
- Worker and Community Health Impacts Related to Mining Operations Internationally: A Rapid Review of the Literature. No.25, November 2001. C Stephens and M Ahern, London School of Hygiene and Tropical Medicine, for the International Institute for Environment and Development. Available at: **[www.unctad.org/Templates/StartPage.asp?intlItemID=2068](http://www.unctad.org/Templates/StartPage.asp?intlItemID=2068)**.

### Useful Websites

The following websites have useful health-related information:

- The ICMM has a good library of case studies and other examples of leading practices: **[www.icmm.com/page/1182/good-practice-guidance-for-mining-and-biodiversity](http://www.icmm.com/page/1182/good-practice-guidance-for-mining-and-biodiversity)**.
- The World Health Organisation (WHO) provides information on current public health topics: **[www.who.int/topics/public\\_health\\_surveillance](http://www.who.int/topics/public_health_surveillance)**  
The WHO has also developed guidance on health impact assessment (HIA): **[www.who.int/hia](http://www.who.int/hia)**.
- The International Association for Impact Assessment publishes a guide to health impact assessment: **[www.iaia.org](http://www.iaia.org)**.
- The oil and gas industry has published HIA guidelines: **[www.ipieca.org](http://www.ipieca.org)**.
- Information about the Global Fund to Fight HIV/AIDS, TB and Malaria: **[www.theglobalfund.org](http://www.theglobalfund.org)**. A number of resources are available from the website.
- World Bank guidance on health issues: **[www.worldbank.org](http://www.worldbank.org)**.
- The CIA World Factbook: **[www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html)**. The Factbook is a good source for general information about every country on earth, including basic health information.
- The US Centers for Disease Control: **[www.cdc.gov](http://www.cdc.gov)**.
- Information on PEPFAR: **[www.state.gov/s/gac](http://www.state.gov/s/gac)**. PEPFAR is the US President's Emergency Program for AIDS Relief and is a major donor in the field of HIV/AIDS.
- The International Association of Oil and Gas Producers (OGP) has published a number of free reports on health issues, including guidance on strategic health management, malaria management programmes, workplace stress, HIA and managing health for field operations. See: **[www.ogp.org.uk/publications](http://www.ogp.org.uk/publications)**.
- Médecins San Frontières, a leading medical NGO: **[www.msf.org](http://www.msf.org)**. The website includes guidelines on simple diagnostic and treatment procedures for medical staff.



# Tool 5K – Supporting Low Cost Housing

## 5K.1 OBJECTIVES

Some of the communities in which Anglo American operates are characterised by a lack of affordable housing and limited municipal resources to provide the necessary infrastructure for residential development. Improving the housing and living conditions of community members, where the need exists, can be an important contribution to socio-economic benefit delivery (SEBD).

This tool highlights the importance of adequate housing in improving quality of life of community members, which in many cases includes the Anglo American workforce. The tool aims to provide guidance on identifying housing needs as well as the implementation of housing projects, with a focus on developing countries.

## 5K.2 OVERVIEW OF PROJECTS TO SUPPORT LOW COST HOUSING

There are a variety of ways in which Anglo American can support housing projects:

- 1. corporate social investment (CSIs):** supporting the provision of housing for local communities;
- 2. workforce accommodation:** provision of housing to accommodate workers during project construction and operations; and
- 3. resettlement:** provision of new housing for communities resettled by operations.

This tool focuses on the delivery of low-cost housing as part of a CSI programme to improve existing infrastructure and living conditions appropriate to the local culture and climate.

## 5K.3 KEY TASKS FOR IMPLEMENTING HOUSING PROJECTS

The key tasks to be followed for the successful implementation of housing projects will vary depending on the context in which the housing project is developed (i.e. CSI initiatives, workforce accommodation or resettlement). The tasks in *Figure 5K.1* outline a recommended approach to developing housing initiatives as part of a CSI initiative.

Figure 5K.1 Key Tasks Required for Supporting Low Cost Housing Initiatives



### Task 1: Assess the Need for Housing

This task aims to establish an understanding of housing needs in the local area. *Tool 2A – Profiling the Local Area* provides guidance on understanding the needs in the local area. With respect to housing needs, the specific activities include:

- Evaluating community housing needs. Identify where improved housing is a priority for communities, as well as where the operation may be able to provide support. It is important to note that operations cannot satisfy all stakeholder needs; therefore, in using this tool, the key questions in *Box 5K.1* should be considered.
- Reviewing local / regional housing initiatives and plans (including those planned by government) to ensure that any Anglo American initiatives complement these plans.
- Identifying potential opportunities for adapting / extending company infrastructure in ways that contribute to community housing needs (e.g. adapting construction camps or workforce accommodation at closure).

#### BOX 5K.1 KEY QUESTIONS TO ASK TO EVALUATE NEEDS

- What are the primary housing improvement needs in the community?
- Why are these features not already in place and are there barriers to introducing such features?
- What is the community's "willingness / ability to pay" for improved housing?
- What are the socio-economic, environmental or health problems caused by the current housing conditions?

#### Task 2: Profile Existing Housing in the Local Area

Assessing the baseline conditions of existing housing is essential to the design and execution of a successful housing initiative. The evaluation of existing housing should be conducted using well-designed indicators to ensure objective and consistent assessments are undertaken.

Habitat for Humanity International (HFHI) has developed indicators to assess the quality of housing in a Housing Quality Assessment Tool (HQAT). These indicators have been adapted for this tool. The HQAT scoring methodology is outlined in *Table 5K.1* and the indicators are outlined in *Tables 5K.2 to 5K.11* at the end of this tool. The HQAT indicators assess site variables, housing design and the external environment, as summarised below.

##### Site Indicators:

- **Location and Amenities:** This indicator considers the physical context of a dwelling, including the scale and type of amenities within proximity to the settlement / dwelling. Each amenity should be assessed in terms of accessibility and importance. It is important to note that the proximity to amenities (e.g. public refuse tips may also be viewed as a nuisance).
- **Visual Impact, Layout and Landscaping:** Visual impacts relate to the site design and relationship to the local environment. This indicator assesses, for example: whether the site scale and concept fit well with the surrounding area; whether buildings enhance the local environment and whether landscaping (e.g. roads, pavements, and other outdoor areas) is appropriate for the local area.
- **Open Space:** This indicator assesses the impact of open space on the quality of the residential environment. This can include public versus private open space, children's play areas, shared areas and vehicle parking areas.
- **Routes and Movement:** This indicator considers features for access to the dwelling and mobility within and outside a dwelling. Routes need to be convenient, safe and secure for both vehicles and pedestrians.

##### Design Indicators:

Design indicators evaluate the quality of housing. For instance, a large dwelling with more rooms may be considered higher quality than a smaller dwelling; however, a larger unit will not compensate for poor layout and badly proportioned spaces. Larger dwellings will also have implications for cost and land use (and consequently for 'sustainability'). The following indicators can be used to evaluate housing design:

- Size
- Layout
- Water, sanitation, noise, light, services and adaptability
- Accessibility within the dwelling
- Durability

##### External Environment Indicators:

Any housing scheme should consider how the site / development can improve the quality of life of its residents. For instance, the UK's Commission for Architecture and the Built Environment (CABE) established a set of criteria called "Building for Life" that promotes quality design and long-term sustainability. These criteria cover four themes:

- Character
- Roads, Parking and Pedestrian-friendly
- Design and Construction
- Environment and Community

These indicators can be adapted to suit the conditions in the local area as some of the indicators may not be appropriate (e.g. space for dishwasher).

#### Task 3: Engage Stakeholders

As with any form of infrastructure, housing will need to be designed in a sustainable way to ensure that stakeholders have adequate capacity to maintain the infrastructure following handover. As such, a multi-stakeholder approach to the design and delivery of such projects will be needed and should involve partnering with key stakeholders. Stakeholder engagement is particularly important with regard to housing in order to:

- substantiate the housing profile data obtained in *Tasks 1 and 2* (above);
- address data gaps, either by collecting information or by reaching agreement on the housing priorities to be considered;
- agree on suitable housing benchmarks (for example, regional, national or international standards against which housing should be compared); and
- identify appropriate opportunities for Anglo American to support improvements to housing.

The types of stakeholders to engage should include those that have: a strategic overview of community housing requirements; an understanding of other initiatives in the area (to identify synergies); and knowledge of existing and future development plans. Examples of such stakeholders include:

- community leaders and members who may want to participate in the design, planning and delivery of the housing initiative;
- local government departments, such as those related to planning / development and those pertinent to housing;
- NGOs involved in infrastructure and poverty alleviation projects;
- international donors and charities working in the region on housing and development programmes; and
- local businesses that may wish to contribute to projects (e.g. neighbouring mines).

These organisations may also be potential partners in developing the housing initiative. It is important to engage a representative distribution of stakeholders (in terms of age, level of education or type of employment, and gender) to establish a full understanding of opinions and experiences.

#### Task 4 – Design Housing Project

##### Task 4A: Identify Implementation Partners

Depending on the type of initiative and the results of engagement conducted as part of *Tasks 1 to 3*, potential partner organisations may have been identified to contribute to the housing initiative.

Once potential partners have been identified, meetings should be convened to formulate the ground rules and, where needed, establish a formal agreement. It is recommended that *Tool 5A – Approaches to Socio-Economic Benefit Delivery* be referred to in order to facilitate the effective formation and maintenance of a partnership arrangement.

##### Task 4B: Design the Housing Initiative in Consultation with Partners

The overarching factors that should be considered when designing a housing initiative include:

- potential environmental and social impacts, both positive and negative, that may need to be assessed and managed;
- the type of technology / materials to be used;
- the cost, scope and scale of the proposed initiative;
- tendering and procurement procedures;
- procedures for seeking permissions (e.g. for construction of access roads, sanitary and water hook-ups) and for keeping records of permits / licences;
- arrangements for on-going engagement with other providers and planners of local infrastructure; and

- a long-term plan for maintaining the housing, particularly common areas such as access roadways, etc.

Additionally, the design of each dwelling should consider the elements outlined below. These are detailed in *Table 5K.12* at the end of this tool:

- **Covered area:** A usable covered floor area, typically of no less than 3.5m<sup>2</sup> per person.
- **Location:** Risks from natural hazards should be minimised and areas with high incidences of diseases or significant vector (disease carrying agents) risks avoided.
- **Materials:** Preference must be given to locally sourced materials and labour, used without adversely affecting the local economy or environment, and enabling the maintenance and upgrading of the house using local tools and resources. *Box 5K.2* below highlights an innovative approach to using by-products of Anglo American's operations in supporting housing initiatives.
- **Service providers:** The preference should be for local service providers when they can meet Anglo American procurement standards, including safety, health and environmental standards.
- **Durability:** In disaster-prone areas, appropriate mitigation strategies should be incorporated into house design. Such elements should be as cost-effective and locally appropriate as possible.
- **Secure tenure:** Land and property ownership and / or use rights for buildings or locations must be established prior to occupation and permitted use should be agreed as necessary.
- **Water:** Safe and equitable access to and / or adequate storage of sufficient quantities of water for drinking, cooking and personal and domestic hygiene must be ensured (see also *Tool 5H – Supporting Small Scale Water and Sanitation Delivery*).
- **Sanitation:** Access to adequate sanitation facilities and drainage must also be ensured (see also *Tool 5H – Supporting Small Scale Water and Sanitation Delivery*).

#### BOX 5K.2 INNOVATIVE APPROACHES TO HOUSING IN EMALAHLENI, SOUTH AFRICA

Anglo American's Thermal Coal Business Unit is taking an innovative approach to address the shortage of housing in Emalahleni. More than 60 conventional three-bedroom units have been built using gypsum (a by-product from the Emalahleni water reclamation plant) as an additive raw material for the manufacture of bricks and superstructure. In doing so they are making use of a locally available, low-cost building material that has good insulating properties.

Thermal Coal is now providing services for an additional 392 plots which are to be offered for sale with a building package to employees. As part of the project, they will install roads and a storm water drainage network servicing the new stands as well as existing privately owned lots.

Focus should be placed on ensuring the long-term sustainability of the design. Poorly designed or managed initiatives can result in environmental harm (i.e. construction impacts), social impacts (e.g. influx of people to the local area), unnecessarily high running costs (e.g. for home heating or water), as well as negative health impacts. It is important, therefore, that appropriate designs and mitigation measures are developed where there is a potential for negative impacts. *Box 5K.3* outlines the importance of understanding health issues in housing design (see also *Tool 5J – Supporting Community Health*).

#### BOX 5K.3 HEALTH CONSIDERATIONS IN HOUSING DESIGN<sup>(1)</sup>

Low cost housing initiatives should not just be seen as projects to provide decent homes: they are also an effective tool for improving health and the broader social well-being of communities. By taking into account the prevalent health risks when designing and implementing low cost housing projects, there is a real opportunity to deliver measurable health benefits. For example:

- Improving employee housing can deliver a reduction in working days lost to illness, increased productivity and improved employee retention rates.
- Community housing projects, which include an assessment of health risks, and which ensure that housing is specifically designed to mitigate those risks, will yield greater socio-economic development benefits.

There are many ways in which the design and construction of a housing unit will positively or negatively affect the health of its occupants. Poor examples of housing design include:

- Over-crowded accommodation, which represents a high health risk, with exacerbating factors such as poor ventilation putting occupants at even higher risk of cross-infection from diseases such as tuberculosis.
- Requiring indoor cooking with certain solid or liquid fuels, which often lead to severe indoor air pollution when fumes are not properly vented via chimneys. Globally, indoor pollution kills one person every 20 seconds.
- Using certain traditional building materials, which can be resting and breeding sites for disease-carrying insects and parasites.
- Building homes with high running costs, which may force low income households to economise on other important areas of spend (e.g. good nutrition).

Good examples of housing design include:

- Designs that make use of natural ventilation, increasing the air change rate and reducing humidity.
- Locating cooking facilities in adjoining structures or covered outdoor spaces, with the inclusion of chimneys or innovative ventilation techniques to extract cooking smoke.
- In areas of high prevalence of vector-borne and parasitic disease, using construction materials that do not facilitate breeding or resting.

Effective delivery of a combined housing and health initiative requires a commitment to involve the community in the assessment and design process, ensuring that designs are sensitive to cultural practices and aligned with living styles and habits. Community awareness programmes delivered alongside the design and construction ensure long-term sustainability. Low cost housing initiatives which fail to address the physical well-being of occupants overlook a vital opportunity to deliver tangible health benefits and, despite good intentions, may actually hinder long-term socio-economic development.

Finally, the initiative should not increase the overall dependency of the community on Anglo American's operations. There must also be a technically and financially viable plan for maintaining the housing areas after handover. Managing these risks may require engagement with relevant regulatory authorities or other suitably qualified professionals and the identification of appropriate mitigation measures.

#### Task 5: Implement Housing Project

Once the housing initiative has been designed, including mitigation measures for potential impacts, and implementation partners are selected, the project should be implemented in accordance with the project plan. It is crucial at this stage that, following the planning and development phases, visible action takes place as soon as possible. This is to maintain stakeholder interest and motivation (and to prevent engagement fatigue).

As noted above, one of the most important considerations in implementation is sustainability; care should be taken to ensure the long-term viability of the housing project (in relation to design and maintenance).

#### Task 6: Monitoring and Reporting

Monitoring and evaluation are an important element of any housing initiative. Identifying and measuring changes (either positive or negative) due to the project or initiative established is crucial and can be carried out in various forms, such as on-site surveillance, and through partnerships with existing programmes (whether national, private sector or with an NGO). Stakeholder engagement, via regular meetings or by Anglo American's community liaison staff, is crucial to ensure stakeholder concerns are being identified and addressed.

#### 5K.4 SOURCES OF FURTHER INFORMATION

The following documents and websites will provide further useful information:

- Habitat for Humanity International Minimum Housing Quality Standards, which have been drawn from a variety of globally recognised housing standards including the Millennium Development Goals, International Residential Building codes, UN-HABITAT, and SPHERE Guidelines. These standards are performance-based and not a substitute for technical construction specifications. They specify the functional outcomes of Habitat for Humanity interventions, not the technical details of how these outcomes are achieved.
- The Sphere Humanitarian Charter and Minimum Standards in Disaster Response (SPHERE) handbook: [www.sphereproject.org](http://www.sphereproject.org).

(1) Box story prepared by ARCHIVE ([www.archiveglobal.org](http://www.archiveglobal.org)).



Table 5K.1 HQAT Scoring Methodology

**Explanatory Notes:**

This table provides an overview of the HQAT scoring methodology. The HQAT methodology assesses the quality of housing in relation to 10 indicators covering the site, design and external environment, as follows:

1. Site: Location and Amenities
2. Site: Visual Impact, Layout, Landscaping
3. Site: Open Space
4. Site: Routes and Movement
5. Design: Size
6. Design: Layout
7. Design: Water, Sanitation, Noise, Light, Services & Adaptability
8. Design: Accessibility within the Unit
9. Design: Durability
10. External Environment: Sustainability

Each of the indicators outlined above has a series of questions that generate an average score for the indicator (see *Tables 5K.2 to 5K.11*). A worked example for "Design: Size" is illustrated below. The overall score for the assessment of housing quality is then determined by combining the scores for all ten indicators (with an equal weighting of 10%).

Example: 5. Design: Size	Yes	No
5.1 The number of rooms required are provided	X	
5.2 Additional bedroom above minimum required is provided		X
5.3 Additional toilet above minimum required is provided		X
5.4 Additional bath / shower facility is provided in separate room from main bathroom		X
5.5 Study / separate work area is provided		X
5.6 Separate utility room or separable utility space is possible	X	
5.7 Conservatory / enclosed sun porch / balcony (minimum 3 m <sup>2</sup> ) is provided	X	
<b>Score</b>	3	
<b>Highest possible score for indicator</b>	7	
<b>Indicator score (score / highest score as a percentage) * 100</b>	43%	

**Comments**

**Applicability:** Many of the features of housing and the built environment are subject to subjective evaluation. Some of the questions presented below assume a fairly high level of economic activity and a sophisticated architectural and built environment. For example, "Does the design feel like a place with character?" might be more relevant to an established neighbourhood with good income levels than to a poor rural area. The same applies to questions that are linked to a specific type of dwelling, such as a flat or multi-story building. For these reasons, the HQAT assumes a fair degree of flexibility on the part of the user. It is acceptable to answer some questions as "not applicable", in which case the highest possible score for the indicator is adjusted.

**Dwelling type:** The HQAT can be used to assess single unit or multi-unit dwellings. Dwelling types are differentiated by whether they are new or refurbished, accommodation (bedrooms and bed spaces), by construction type (flat, terraced house, semi-detached, detached), by number of levels and by size.

**Calculating size:** The dwelling size is defined as the net internal floor area, which is measured from wall finish to wall finish of the dwelling. For flats, the central lobby area and passageways are excluded. Conservatories and similar rooms are excluded, except when they form an integral part of the habitable space.

**Bed spaces and bedrooms:** "Bed spaces" reflects the number of occupants the dwelling was designed to accommodate. The total bed spaces given should be considered the "full occupancy". For example, a three bedroom house with one double bedroom, one twin bedroom and a single bedroom has five bed spaces. A five bedroom house with two double bedrooms, one twin bedroom, and two single bedrooms has eight bed spaces. Bedrooms are defined as follows:

- A **single bedroom** is designed to accommodate one person in a single bed.
- A **twin bedroom** is designed to accommodate two people each in a single bed (with no bunk beds).
- A **double bedroom** is designed to accommodate two people in one double bed.
- A **triple bedroom** is designed to take three people in three single beds, or one double bed and one single bed (with no bunk beds).

Table 5K.2 Site Indicator: Location and Amenities

<b>Explanatory Notes:</b>		
This indicator assesses the physical context of a dwelling, including:		
<p><b>Amenities:</b> The scale and type of amenities close to the settlement / dwelling is relevant to "quality". Although there are different benefits to be achieved from different amenities, a better score is given for being close to a larger number of them. The most important amenities, such as healthcare facilities, appear on the table at two different distances. They score twice as much if they are "very near" (within 500m) compared to "fairly near" (between 500m and 1km). Only include amenities accessible to the general public. Where a service or amenity does not currently exist but is planned within a three-year period, please provide details in the comments section to explain the score.</p> <p><b>Play and leisure:</b> Play facilities for 5 - 12 year-olds would typically include five types of equipment and a small games area. Overall size is approximately 400m<sup>2</sup>. Play facilities for children over 12 years old would typically contain about eight types of equipment on about 1000m<sup>2</sup> and have a game area suitable for kick-about football and / or cycle play opportunities.</p> <p><b>Liabilities:</b> Some amenities, such as a public refuse point, may be a disadvantage. For these it is better to be further away. Absence of these liabilities affects the score.</p> <p><b>Noise:</b> Similar to liabilities, noise sources close to the site can cause problems for residents and constitute a disadvantage. The score is based on absence of noise sources. For 1.3.1 and 1.3.2 a "major" road is a highway, trunk road or 'A' road. For 1.3.5, noise contour maps are usually available from local airports. If this information cannot be obtained, please assume all units within 5km of the airport would be affected. For all noise source questions, the percentage of the site affected needs to be identified to the nearest 10%.</p> <p><b>Acceptable distances:</b> Acceptable distances vary according to whether the location is urban or rural and for different types of resident. Where existing occupied units are being assessed, distances in terms of walking times can be used as an alternative method. For an able-bodied adult, please assume five minutes walking is equivalent to 500m, and 10 minutes equivalent to 1km. For schemes for elderly persons, assume 10 minutes for 500m and 20 minutes for 1km. Distance is measured along roads and foot paths from the geographical centre for amenities<sup>1</sup>; boundary for liabilities; and noise source to points within the site. Where a layout is not yet planned, add 20% to the straight line distance. A site plan showing the relevant distances will make it easier to answer the questions.</p>		
<b>1.1 Amenities</b>	<b>Yes</b>	<b>No</b>
<b>Support Services</b>		
1.1.1 Is there a healthcare facility or doctor's practice very near (within 500m)?		
1.1.2 Is there a healthcare facility or doctor's practice fairly near (between 500m and 1km)?		
1.1.3 Is there a public building, restaurant or cafe within 1km?		
1.1.4 Is there a place of worship or community hall or centre within 1km?		
<b>Retail</b>		
1.1.5 Are there local retail outlets (e.g. food) very near (within 500m)?		
1.1.6 Are there local retail outlets (e.g. food) fairly near (500m to 1km)?		
1.1.7 Is there a post office very near (within 500m)?		
1.1.8 Is there a post office fairly near (between 500m and 1km)?		
1.1.9 Is there a public telephone very near (within 500m)?		
1.1.10 Is there a cash-point / bank very near (within 500m)?		
1.1.11 Is there a major commercial centre or "main street" within 2km?		
<b>Public Schools</b>		
1.1.12 Is there a pre-school / nursery very near (within 500m)?		
1.1.13 Is there a pre-school / nursery fairly near (between 500m and 1km)?		
1.1.14 Is there a primary school very near (within 500m)?		
1.1.15 Is there a primary school fairly near (between 500m and 1km)?		
1.1.17 Is there a secondary school more than 1km but within 2km?		
<b>Play And Leisure</b>		
1.1.18 Are there toddler play areas within sight of the dwelling?		
1.1.19 Are there play facilities for 5 - 12 year-olds very near (within 500m)?		
1.1.20 Are there play facilities for 5 - 12 year-olds fairly near (between 500m and 1km)?		
1.1.21 Are there play facilities for children over 12 years old very near (within 500m)?		

(1) Amenities: the geographical centre of a site is the basis for distance measurements where the project is a single compact area. For a long site, where one direction across a site measures more than twice another, treat the site as several with a diameter equal to the short dimension across the site. In these situations enter a percentage in the appropriate column.

1.1.22 Are there play facilities for children over 12 years old fairly near (between 500m and 1km)?		
1.1.23 Is there a park / public open space within 1km?		
1.1.24 Is there a leisure / sports facility (e.g. pool or gym or playing fields, etc.) within 1km?		
<b>Public Transport</b>		
1.1.25 Is there a bus, taxi or tram stop very near (within 500m)?		
1.1.26 Is there a bus, taxi or tram stop fairly near (between 500m and 1km)?		
1.1.27 Is there a train or underground station very near (within 500m)?		
1.1.28 Is there a train or underground station fairly near (between 500m to 1km)?		
<b>1.2: Liabilities (a “no” answer is counted towards the score)</b>		
1.2.1 Is there a refuse dump and / or ground contamination within 500m?		
1.2.2 Is there an industry generating smells or potential health hazards within 500m?		
1.2.3 Is there a derelict site (institutional / industrial / other) within 500m?		
1.2.4 Are there high voltage overhead power lines within 500m?		
1.2.5 Are there polluted waterways within 250m?		
1.2.6 Is the site in a sea or river flood plain, within 3m (vertical) from high water level?		
<b>1.3: Noise sources (a “no” answer is counted towards the score)</b>		
1.3.1 Is there a bus route or major road within 20m?		
1.3.2 Is there a major road within 50m?		
1.3.3 Is there a highway within 150m?		
1.3.4 Is there a railway within 150m?		
1.3.5 Is the site near an airport?		
1.3.6 Is there industry generating noise within 150m?		
1.3.7 Is there an outdoor leisure facility (playing field, pool, etc.) within 150m?		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

**Table 5K.3 Site Indicator: Visual Impact, Layout and Landscaping**

<b>Explanatory Notes:</b> <p>This indicator assesses the visual impact, layout and landscaping of a dwelling, including:</p> <p><b>Visual impact:</b> Features considered in the site-based indicators can be hard to quantify, so some subjective judgement must be used. This is particularly the case in relation to visual issues. The questions relating to visual impact are likely to be modified as the HQAT becomes more widely used. The feelings of those living there (whether they “like” it, whether they are “proud to invite friends and family to visit”, whether “it is a good place to bring up a family”) are all related to the site design as well as to the design and functionality of the dwellings. Achieving a high score in the site indicator overall will help to achieve a positive response from residents. Habitable rooms provide the “living accommodation” of the dwelling. They include living room, dining room, study, home office, conservatory, bedroom, etc. They exclude the bathroom, toilet, utility room, store room and circulation space. A kitchen is not a habitable room unless it provides space for dining.</p> <p><b>Landscaping:</b> For a single unit, there may be no land outside the unit curtilage / building plot. In this case answer “No” to 2.21. The landscape score will then be shared between “Visual impact” and “Layout”. For most sites, there is at least hard surfacing to design and detail. Please note that roads and pavements are included in this section. If such hard landscaping is the only form of landscaping, then questions 2.25, 2.27 and 2.30 should be N/A.</p>		
<b>Visual Impact – overall visual effect and relationship to local character</b>	<b>Yes</b>	<b>No</b>
2.1 Does the site scale and concept fit well with the surrounding area?		
2.2 Are the buildings in context with local buildings, street patterns (form, mass, detail and materials)?		
2.3 Do the buildings enhance the local environment?		
2.4 Are elements associated with the overall site (lighting, street furniture, street names and direction signs, curbs, benches / seats, etc.) well detailed, coordinated with each other and carefully located on existing streets, where this is relevant?		
2.5 Are external elements associated with the dwellings (walls and fences, garages, refuse bin screening, electricity meter boxes, drainpipes, handrails, etc.) well detailed and coordinated?		
2.6 Are existing important elements (natural or man-made) protected, to give the site maturity?		
2.7 Are any elements that could confer a special identity to the site used to do so?		
2.8 Is it easy to understand how to enter and move about the site?		
<b>Layout – relationship of buildings to each other, open areas and site</b>		
2.9 Is overlooking of habitable rooms avoided, e.g. 50% of units are at least 10m away from other buildings or public spaces, including pedestrian routes?		
2.10 Are buildings (houses, flats, garages, others) arranged to protect residents from external noise?		
2.11 Are units grouped to take best advantage of local topography?		
2.12 Has best advantage been taken of sunshine for views, heat, and light in outdoor areas and in dwellings?		
2.13 Are there distant or varied views from public areas?		
2.14 Is the number of dwellings that share access (e.g. houses: driveway or courtyard; flats: landing or corridor) always five or fewer?		
2.15 Is the number of dwellings that share access from a cul-de-sac, or vertical access route in a block of flats always 15 or fewer?		
2.16 Is the private / shared open space enclosed within unit boundaries, well designed in shape, dimension, and location?		
2.17 Do different public areas have specific differentiated characters?		
2.18 Are refuse and bin storage areas convenient and inconspicuous?		
2.19 Is communal bin storage serviced by tap and drainage for cleaning?		
<b>Landscaping – excluding private open space</b>		
2.20 Are there hard surfaces or soft landscaping in the scheme?		
2.21 Is there varied planting to create visual interest in different seasons using height, colour, texture?		
2.22 Has planting been related to climatic conditions to provide wind protection and / or shade?		
2.23 Are there trees in the public open areas or streets?		
2.24 Is screening provided for in-curtilage and grouped parking (rails, fences, planting)?		
2.25 Are planted / grassed areas provided appropriate for the likely visage?		

2.26 Does layout of site discourage "cutting corners" across landscape and / or private space?		
2.27 Has a qualified landscape architect been used to create or assess the landscape design?		
2.28 Are hard surfaces varied, to suit relation to buildings or identify larger areas with different uses?		
2.29 Is landscaping able to be easily and cost effectively maintained?		
2.30 Is water (e.g. pool, stream, fountain, etc.) incorporated into the site and appropriately protected?		
2.31 Do all the "Yes" answers above apply to 100% of the site?		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

Table 5K.4 Site Indicator: Open Space

<p><b>Explanatory notes:</b></p> <p>This indicator assesses the open space associated with a dwelling, including:</p> <p><b>Public and private open space:</b> The way in which public open space is provided has a great effect on the quality of a residential environment. Boundaries between public and private space must be clear for security and management reasons. Private open space is open space accessible only to the resident. It includes gardens, roof terraces, patios, yards and balconies. Shared open space is accessible to a restricted group of residents. It includes communal or shared gardens or courtyards. Any unit located more than 10m from the shared space (as measured from the closest entrance door) should not be considered to share the open space. Open space accessible by any member of the public or more than 25 units is considered public open space.</p> <p><b>Site security:</b> Security that relates to the area outside and between dwellings is addressed in this section. Others are covered in features of the unit.</p> <p><b>Children's play:</b> In some projects, there will be no provision for children's play or close to existing suitable provision, or because the dwelling types are not expected for families. For these enter "not applicable".</p> <p><b>Shared areas:</b> The shared areas of a block of flats are considered with the "site" as they deal with areas outside individual dwellings. These have constraints and opportunities similar to those of open space: the distinction between public and private is crucial. Size, lighting, and views all contribute to the quality. Where there are no flats enter "not applicable".</p> <p><b>Private open space:</b> It is recognised that larger gardens and private open space have implications for cost and land use, and consequently for "sustainability". These factors must be part of a wider project and policy assessment that relates the HQAT measures to such other issues. Extra area is therefore not scored negatively. In this indicator, a general assumption is made that "more" private open space is "better" on the basis that most residents appreciate space. Safe toddler play is most easily achieved in private gardens.</p> <p><b>Vehicle parking:</b> Provision of vehicle parking is considered to be a positive attribute, as residents normally value this highly. Sometimes there is no possibility for parking. This may be the result of location, building type (flats), or planning requirements. In these cases the reason for absence of provision for vehicle parking should be stated in the "comment" space. A "secure" vehicle space needs to provide security for the vehicle when parked and also for the resident when making their way to and from the car space and unit. At a minimum, this would include good lighting and visibility, and a clear line of sight.</p>		
<b>3.1 Public and shared open space: security and children's play</b>	<b>Yes</b>	<b>No</b>
<b>Site security</b>		
3.1.1 Are spaces between buildings planned for specific uses?		
3.1.2 Are boundaries between public and private spaces clear?		
3.1.3 Are spaces that are to be shared by residents but not for the general public clearly defined?		
3.1.4 Is casual intrusion by non-residents beyond clearly defined public areas discouraged, e.g. using barriers, 'gates', concierges or security systems?		
3.1.5 Is site route network designed to discourage strangers and hinder escape?		
3.1.6 Is advantage taken of opportunities for private open space?		
3.1.7 Do unit boundaries consist of walls or railings to deter intruders and vandalism?		
3.1.8 Is main entrance visible and hiding places, near front doors and pedestrian routes, avoided?		
3.1.9 Does building grouping, position of windows or cameras allow surveillance of unexpected visitors?		
3.1.10 Does building grouping and position of windows allow supervision of open space and play?		
3.1.11 Are vulnerable points on buildings visible by other residents or passersby?		

Shared areas in flats	Yes	No
3.1.12 Are flats with shared areas provided?		
3.1.13 Are halls and corridors in blocks of flats well lit (both natural and artificial light)?		
3.1.14 Are vandal and graffiti resistant glass / finishes used to 2000mm from the ground?		
3.1.15 Is there an entry phone or other security system to main entrances of blocks of flats?		
<b>Children's play</b>		
3.1.16 Is the housing designed for households with children?		
3.1.17 Are play areas provided for 2 - 5 year-olds within sight of 100% of family dwellings?		
3.1.18 Are play areas provided for 5 - 12 year-olds, at a minimum of one for 40 dwellings?		
3.1.19 Are play areas fitted with play equipment for the age group?		
3.1.21 Is energetic play provided for, e.g. by adventure playground, cycle paths, etc.?		
3.1.22 Are play areas and public spaces sited to avoid nuisance to neighbours?		
3.1.23 Do all the "Yes" answers above apply to 100% of the site?		
<b>3.2 Private / shared open space, please enter the number of units to which the following apply</b>		
<b>Principal private open space</b>		
3.2.1 No private open space		
3.2.2 Principal (usually rear) private open space up to 8m <sup>2</sup>		
3.2.3 Principal (usually rear) private open space 8m <sup>2</sup> - 20m <sup>2</sup>		
3.2.4 Principal (usually rear) private open space 21m <sup>2</sup> - 50m <sup>2</sup>		
3.2.5 Principal (usually rear) private open space 51m <sup>2</sup> - 200m <sup>2</sup>		
3.2.6 Private open space over 200m <sup>2</sup>		
<b>Shared or second open space</b>		
3.2.7 No shared open space or no second private open space		
3.2.8 Second private open space less than 8m <sup>2</sup> or shared open space less than 8m <sup>2</sup> per unit		
3.2.9 Second private open space over 8m <sup>2</sup> or shared open space over 8m <sup>2</sup> per unit		
<b>Characteristics of gardens / private / shared open space</b>		
3.2.10 Robust principal (usually rear) private open space, boundary fences or walls 1.2m side, 1.8m rear		
3.2.11 Second private open space or shared open space with boundary fences / walls not less than 700mm high		
3.2.12 Privacy screen 1.8m high to within 2m of house wall; no open space provided		
3.2.13 Lockable gates to open space same height as open space boundaries		
3.2.14 External lockable storage suitable for large items (e.g. bicycles)		
3.2.15 Facilities for water recycling for garden use in open space		
3.2.16 Outside tap with suitable drainage; no private outside space		
3.2.17 Outside electricity supply; no private outside space		
3.2.18 Secure access from front to rear open space without going through house		
3.2.19 Clothes drying facility with access path with no level change		



3.3 Vehicle parking	Yes	No
<b>These questions only apply to one (primary) space per unit</b>		
3.3.1 Provision within 100m of front door		
3.3.2 Underground garages		
3.3.3 Only public road hard standing available; 30m - 100m beyond front door		
3.3.4 Only public road hard standing available; within 30m of front door		
3.3.5 Grouped hard standing more than 30m from unit or site or underground garages only accessible by residents		
3.3.6 Grouped hard standing within 30m of unit		
3.3.7 Grouped garages within 30m of unit or site		
3.3.8 Hard standing outside building plot, but clearly related to dwelling		
3.3.9 Hard standing within unit or building plot		
3.3.10 Vehicle port within unit or site		
3.3.11 Garage within unit or building plot		
<b>Quality of parking provision</b>		
3.3.12 When in dwelling curtilage, a large car space is provided (3.3m x 4.8m) or easily capable of achieving 3.3m in width		
3.3.13 Vehicle space further than 2m from window of a habitable room		
3.3.14 Vehicle space is secure		
3.3.15 Vehicle space provides easy access directly to garden without passing through dwelling		
3.3.16 Vehicle space does not 'dominate' elevation, e.g. less than half width of elevation		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

**Table 5K.5 Site Indicator: Routes and Movements**

<b>Explanatory Notes:</b> This indicator assesses the routes for vehicles and pedestrians for convenience, safety and security. Appropriate traffic measures include clear road hierarchies, road detailing, speed bumps, road narrowing, etc. <b>Access to the unit:</b> There are a number of features of dwellings and mobility standards that relate to items in this indicator. They include: <ul style="list-style-type: none"> <li>• Parking space associated with the dwellings is or can be widened to 3.3m</li> <li>• Distance from vehicle parking space to entrance door kept to a minimum</li> <li>• Level or gently sloping approach to entrance door</li> <li>• Level area outside front door and over the threshold within is covered and well lit.</li> </ul>		
4.1 Routes and movements	Yes	No
<b>General</b>		
4.1.1 Do routes connect with the surrounding neighbourhood?		
4.1.2 Is the hierarchy of routes clear?		
4.1.3 Are road, place and building names, and unit numbers clear, visible, and legible?		
<b>Vehicles</b>		
4.1.4 Are appropriate traffic measures used to control vehicle speed?		
4.1.5 Is vehicle segregation possible to help pedestrians (e.g. young children) to use safe routes?		
4.1.6 Can large, emergency, or service vehicles come within 30m front doors of unit?		

4.1.7 Are there spaces for refuse and service / delivery vehicles to stand without blocking routes?		
<b>Pedestrians</b>	<b>Yes</b>	<b>No</b>
4.1.8 Are public spaces connected by clear, well lit and hard surface routes?		
4.1.9 Is lighting appropriately related to site and easy to maintain?		
4.1.10 Does exterior lighting prevent "pools" of darkness where people walk?		
4.1.11 Are curbs dropped where foot paths cross roads?		
4.1.12 Do all the answers in 4.1 above apply to 100% of the site?		
<b>4.2 Access to the unit</b>		
<b>Are the following requirements met over the site as a whole?</b>		
4.2.1 Pedestrian routes and garden paths: firm, even, slip resistant finish, distinctive texture / colour?		
4.2.2 Pedestrian routes and garden paths: width 900mm minimum		
4.2.3 Gradient on access routes from car parking: maximum 5m at 1:12 or 10m at 1:15 or 1:20 if over 10m		
4.2.4 Where ramps are used, are alternative steps with handrails provided?		
4.2.5 Rails for essential steps and communal stairs with rise at a maximum of 170mm		
4.2.6 Level changes protected from adjacent drop by handrail if drop exceeds 380mm		
4.2.7 Dropped curbs for main footpaths and dwelling access positions		
<b>Are the following recommended standards met over the site as a whole?</b>		
4.2.8 Paths with gradients of less than 1:12 throughout; no new paths on scheme		
4.2.9 Paths with minimum width of 1000mm; no new paths on scheme		
<b>Are the following requirements met for the dwelling entrance approach?</b>		
4.2.10 Gateways have a minimum width of 850mm and no step		
4.2.11 Convenient wheelchair accessible parking space within 30m of the main entrance		
4.2.12 Any slope to external doors to be gentle with a level platform of 1200mm x 1200mm clear of door swing		
4.2.13 Canopy / porch over main entrance with light		
4.2.14 External thresholds nominally flat at a maximum of 15mm		
4.2.15 Main front door 800mm clear width between blade and stop-swings		
4.2.16 Other external doors 750mm clear between blade and stop-swings		
4.2.17 Lifts for dwellings with entrances over 3m from ground level for wheelchair plus accompanying person with good travel speed		
<b>Are the following recommended standards met for dwelling entrance approach?</b>		
4.2.18 Approach to all external doors to be level		
4.2.19 Convenient wheelchair accessible parking space within 30m of main entrance for 100% of units		
4.2.20 Lift to all dwellings with entrances above ground level – no dwellings with entrances above ground level		
4.2.21 Private entrance at ground floor level		
4.2.22 Main front doors with a 300mm return (in addition to the required 800mm width)		
4.2.23 Do all the answers in 4.2 (excluding 4.2.11) above apply to 100% of the site?		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

Table 5K.6 Housing Design Indicator: Size

**Explanatory Notes:**

It is recognized that larger dwellings have implications for cost and land use, and consequently "sustainability". A larger unit may be considered higher quality than a smaller unit; however, a larger unit will not compensate for a poor layout, badly proportioned spaces, and awkward door swings that reduce usability, or poor orientation of units. Unit size should be calculated assuming a "full occupancy".

**Size by internal area:** The size is the internal floor area, measured from wall finish to wall finish of the unit. Specifics of what is and is not permitted when undertaking the unit size assessment:

**Not Permitted:**

- Perimeter wall thicknesses and external projections
- Central lobby areas, passageways and other communal areas shared with other units.
- Any space where the height to the ceiling is less than 1.5m (e.g. rooms with sloping ceilings)
- Porches, covered ways, etc.
- Balconies (private, escape and access) and decks
- Voids and air wells
- Non-habitable basements, attics, thermal buffer zones or sheds
- External storage space (see unit layout for this requirement)
- All space for purposes other than housing (e.g. garages, commercial premises, etc.)
- Conservatories not forming an integral part of the habitable space

**Permitted:**

- Floor area measured between the inside faces of the finished enclosing walls of each unit and measured over:
  - Private staircases
  - Partitions
  - Internal walls
  - Heating appliances
- Internal porches forming an integral part of the habitable space
- Internal storage space greater than 1.5m in height
- Conservatories forming an integral part of the habitable space

Size by number of living spaces								
Number of persons	1	2	3	4	5	6	7	8+
Bedroom	1	1	2	2	3	3	4	4+
Bathroom	1	1	1	1	1	1	1	1
Toilet (separate or within a bathroom)	1	1	1	1	2	2	2	2
Kitchen	1	1	1	1	1	1	1	1
Living room	1	1	1	1	1	1	1	1
Dining Space	1	1	1	1	1	1	1	1
Size							Yes	No
5.1 The number of rooms required are provided as per the table above								
5.2 Additional bedroom is provided at the above-mentioned minimum								
5.3 Additional toilet is provided at the above-mentioned minimum								
5.4 Additional bath / shower facility is provided in separate room from main bathroom								
5.5 Study / separate work area is provided								
5.6 Separate utility room or separable utility space is possible								
5.7 Conservatory / enclosed sun porch / balcony (minimum 3m²) is provided								
Score								
Highest possible score for indicator								
Indicator score (score / highest score as a percentage)								
Comments								

Table 5K.7 Housing Design Indicator: Layout

<b>Explanatory Notes:</b> If all furniture and appropriate activity and access zones can be accommodated, a room meets a basic standard. In assessing the functionality of rooms, furniture, activity zones, and access spaces can be considered as interchangeable. A room should have sufficient space to accommodate the activities and furniture normal to it, as well as the space required to permit movement and ingress / egress. For example, a dining room for a house designed for four people should be at least big enough for a table and four chairs, sufficient space to manoeuvre around them, as well as space to enter and exit without difficulty.		
Layout	Yes	No
6.1 Living room not an essential part of circulation		
6.2 Some storage space not in living room		
6.3 Space for Personal Computer in the living room		
6.4 Two separate living rooms or areas are possible or provided		
6.5 Direct access or via lobby from living to private open space is possible or provided		
<b>Dining space</b>		
6.6 Dining space is separate (not in kitchen / living room)		
6.7 Casual eating for two people in kitchen (if household dining space not in kitchen)		
<b>Bedrooms</b>		
6.8 Space for occasional cot in at least one double bedroom		
6.9 Beds (in all rooms) can be in more than one position		
6.10 Beds (in all rooms) have one position with bed-head NOT under window		
6.11 Double room can accommodate twin beds		
6.12 One or more twin or double bedrooms can subdivide into two single		
6.13. A main bedroom has direct access, or adjacent bedroom / bathroom door to easily adaptable for washing / toilet		
<b>Bathrooms</b>		
6.14 Shower over the (main) bath with necessary wall tiling and screening		
6.15 A separate shower cubicle is provided		
<b>Kitchen</b>		
6.16 View from kitchen of outdoor area suitable for toddler play or sitting		
6.17 Direct access (or via lobby) from kitchen to private open space		
6.18 Kitchen sequence: storage / preparation, cook / serve, waste / wash-up		
6.19 Kitchen work-surface not interrupted by circulation		
6.20 Minimum 1200mm run between stove and sink in kitchen		
6.21 Drawers of varying depth provided in kitchen units		
6.22 Space for auxiliary equipment, (e.g. dishwasher) provided		
6.23 A minimum of 500mm of clear work area / counter top on each side of the stove		
<b>Circulation and storage</b>		
6.24 Halls and corridors well planned and lit		
6.25 Hanging for outdoor clothes by external doors		

6.26 Large item (e.g. push chair, wheelchair) "park" by external doors		
6.27 Recyclable materials storage in kitchen, hall or external lockable store		
6.28 Tall storage in or adjacent to kitchen (or to utility room if this is provided)		
6.29 Provision of fitted storage, e.g. in bedroom, under stairs, etc.		
<b>Safety</b>	<b>Yes</b>	<b>No</b>
6.30 Suitable floors in "wet" areas (bath / shower rooms, toilets, kitchen, utility)		
6.31 Restrictors on upper floor windows		
6.32 Reversible childproof hinges on casement windows to allow safe cleaning		
6.33 Hard wired smoke alarm on every floor of the unit		
6.34 Secure storage for harmful substances, e.g. medicines, cleaning / gardening items		
<b>General</b>		
6.35 Glazing line in living rooms no higher than 80mm from floor level		
6.36 A floor to ceiling height of 2.5m or more is provided		
6.37 One or more twin or double bedrooms can subdivide into two single		
6.38 Shower over the (main) bath with necessary wall tiling and screening		
6.39 A separate shower cubicle is provided		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

**Table 5K.8 Housing Design Indicator: Water, Sanitation, Noise, Light, Services and Adaptability**

<b>Explanatory Notes:</b>							
<b>Services:</b> The following table indicates a standard of service provision for each room – light, power, data and telecommunications.							
<b>Services Specification</b>							
Provision	Living	Dining	Kitchen	Bedrooms	Bathrooms	Hall	Storage
Double sockets	3	2	4	2 per		1	1
Socket location: consistent height – 450mm - 600mm from floor (recommended)	All	All	All	All		All	All
Kitchen appliance spurs: two minimum, three for five or more people				2-3			
Grounded shaver socket					1		
TV aerial links	1						
Phone / data points						1	
Switch location – consistent	All	All	All	All		All	All
Two-way switches						2	

<b>7.1 Noise reduction characteristics</b>	<b>Yes</b>	<b>No</b>
7.1.1 Designed in accordance with minimal standards		
7.1.2 Designed to exceed the requirements of building codes		
7.1.3 Sound reduction compliance demonstrated by testing		
7.1.4 Living / sleeping areas are not adjacent to shared internal areas		
7.1.5 Bedrooms protected: not adjacent to neighbours bath / living areas		
7.1.6 Windows are more than 3m horizontal distance from a public route or space		
7.1.7 Noisy communal equipment is >3m from doors / windows (e.g. lifts, generator)		
7.1.8 There is an effective buffer between building and any noise source identified in 1.3		
<b>7.2 Quality of light, aspect and prospect</b>		
7.2.1 Principal rooms have windows that do not look out on a wall within 3m		
7.2.2 At least one main living area has an exterior view		
7.2.3 Living room window gets good daylight		
7.2.4 Kitchen has a window		
7.2.5 Kitchen window gets good daylight		
7.2.6 All bathrooms have a window		
<b>7.3 Standard of electrical service provision</b>		
7.3.1 Double sockets		
7.3.2 Sockets in consistent location		
7.3.3 Appliance spurs		
7.3.4 Grounded shaver sockets		
7.3.5 TV aerial point with conduit and draw wire		
7.3.6 Phone / data points: Digital / Broadband		
7.3.7 Switches in consistent location		
7.3.8 Two-way switches		
<b>7.4 Additional features - services</b>		
7.4.1 Hot water taps to fittings have a thermostatically controlled supply		
7.4.2 Lights with switches in storage spaces		
7.4.3 Unobtrusive pipes and ductwork		
7.4.4 Fused spur for security alarm		
7.4.5 Fused spur for stair lift		
7.4.6 In flood risk locations are electric sockets fed from above?		
7.4.7 Additional / new cabling can be installed with minimal disturbance to finishes		
<b>7.5 Adaptability</b>		
7.5.1 Designed to allow for future roof space expansion		
7.5.2 Incorporates a basement		



<b>7.6 Water and Sanitation</b>	<b>Yes</b>	<b>No</b>
7.6.1 Water is palatable, and of sufficient quality to be drunk and used for personal and domestic hygiene without causing significant risk to health		
7.6.2 Safe and equitable access to and / or adequate storage of sufficient quantity of water for drinking, cooking and personal and domestic hygiene		
7.6.3 Public water points are sufficiently close to households to enable use of the minimum water requirement		
7.6.4 There is an adequate number of toilets, sufficiently close to the dwellings, to allow rapid, safe and acceptable access at all times of the day and night		
7.6.5 Toilets are sited, designed, constructed and maintained in such a way as to be comfortable, hygienic and safe to use		
7.6.6 Dwelling has an environment in which the health and other risks posed by water erosion and standing water, including storm water, floodwater, domestic wastewater and wastewater from medical facilities, are minimized		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

**Table 5K.9 Housing Design Indicator: Accessibility within the Unit**

<b>Explanatory Notes:</b> <b>Accessibility within the Unit:</b> Accessibility for those with impaired mobility or other access problems is assessed both at the site (external) and the unit (internal) level. This scorecard considers the internal space and movement. The assessment for site accessibility related to external routes and movement is included in indicator 4.		
<b>8. Accessibility requirements for the interior of the unit (100%)</b>	<b>Yes</b>	<b>No</b>
8.1 Is there a standard accessibility for the unit?		
<b>8.2 Lifts</b>		
8.2.1 Is there a passenger lift capable of accommodating a wheelchair and an accompanying person?		
8.2.2 Has a lift been provided to unit entrance level above three storeys, i.e. no unit entrances above three storeys?		
<b>8.3 Wheelchair Designed Units</b>		
8.3 Are wheelchair designed units in full compliance to the latest accessibility codes?		
8.3.1 Vehicle parking: where there is car parking adjacent to the dwelling, is the area capable of enlargement to attain 3300mm width?		
8.3.2 Access from vehicle parking: the distance from the parking space to the dwelling should be kept to a minimum and should be level or gently sloping		
8.3.3 Approach: the approach to all entrances should be level or gently sloping		
8.3.4 All external entrances should:		
a) be illuminated;		
b) have level access over the threshold; and		
c) have a covered main entrance.		
8.3.5 Doorways and hallways: the width of internal doorways and hallways should conform to code		
8.3.6 Living room: the living room should be at entrance level		
8.3.7 Two or more storey requirements: in dwellings of two or more storeys, there should be space on the entrance level that could be used as a convenient bed space		
8.3.8 Toilet: there should be a wheelchair accessible entrance level toilet, with shower drainage provided		
8.3.9 Bathroom and toilet walls: walls in bathrooms and toilets should be capable of having added handrails		
8.3.10 Lift capability: the design should identify space for a through-the-floor lift from the ground to the first floor, for example to a bedroom next to a bathroom		

<b>Score</b>	
<b>Highest possible score for indicator</b>	
<b>Indicator score (score / highest score as a percentage)</b>	
<b>Comments</b>	

**Table 5K.10 Housing Design Indicator: Durability**

The house is able to withstand the combination of loads and other actions. Materials used in construction are the most appropriate for the cost, environment, and the occupants.		
<b>9. Durability</b>	<b>Yes</b>	<b>No</b>
9.1 The house structure maintains integrity in extreme wind: structure can withstand a five year high wind event		
9.2 The house design complies with standard codes		
9.3 Cost-effective materials within the quality standard have been used		
9.4 All locally-available materials have been used, sourced within 40km of the site		
9.5 All the building materials are available (from the supplier or manufacturer) within 40km of the site		
9.6 Materials are environmentally friendly with a minimal embodied energy		
9.7 House is made from materials that produced very little pollution during production (wood, thatch, bamboo, mud, clay)		
9.8 Materials are not toxic or cancer-causing		
9.9 The structure is able to be maintained using local resources; all required materials can be found within 40km		
9.10 Water for mixing mortar and concrete is not contaminated with oil or salt. Water has a pH in the range of 4 - 12.5		
9.11 Asbestos products and lead-based paint are not used		
<b>Score</b>		
<b>Highest possible score for indicator</b>		
<b>Indicator score (score / highest score as a percentage)</b>		
<b>Comments</b>		

**Table 5K.11 External Environment Indicator: Sustainability**

<b>Explanatory Notes:</b> Sustainability with any dwelling scheme should consider how it functions for the quality of life of its residents. The UK's Commission for Architecture and the Built Environment (CABE) established 20 criteria called "Building for Life" that promotes quality design and long-term sustainability. The 20 criteria cover four themes which are Character, Roads, Parking and Pedestrian-friendly; Design and Construction; Environment and Community. The scorecard questions for sustainability, adapted from the "Building for Life" criteria, will result in some duplication in indicators 2 to 4.		
<b>10. Character</b>	<b>Yes</b>	<b>No</b>
10.1 Does the design feel like a place with character?		
10.2 Does the design exhibit architectural quality?		
10.3 Are streets defined by a well-structured layout?		
10.4 Does the design make it easy to find your way around?		
10.5 Does the design consider existing buildings, landscapes or topography?		

Table 5K.12 Further Guidelines on Housing Design

DESIGN	
<b>Covered Area</b>	<p>Each person in the household should have a usable covered floor area of no less than 3.5m<sup>2</sup>. If the minimum standard for usable space has not yet been met, the house should be situated so as to allow for future extension.</p> <p>Covered usable floor space per person is the combined area of all roofed internal and external floors of the house divided by the number of persons normally inhabiting the house. In climates where it is feasible for households to spend significant amounts of time outside but under cover, the measure may include permanent covered porches, stoops (i.e. entry steps), or verandas. It includes space used for appliances and fittings (i.e. it is not just open space), but does not include horizontal space designed purely for storage (e.g. shallow lofts or ledges). For example, a household of four persons would have sufficient floor space per person in a house with total covered space of 14 m<sup>2</sup> on one floor, or 7m<sup>2</sup> per floor on two floors (or some other combination of floors, mezzanines, habitable lofts, and / or verandas that equals at least 14m<sup>2</sup>).</p> <p>Three persons per room is an aspirational standard, but in many developing countries, the initial housing outcome is a single large room or a large room with a mezzanine. In such cases there are three persons per room because there is only one room. In such cases, the goal should be to ensure that the house can be subdivided or extended through future services until the standard has been met.</p> <p>If the initial housing service does not provide adequate area to meet space standards, the house should be situated on the plot, or designed in such a way as to allow for future extension. For example, a single-storey house should be situated far enough to the front, or back, or side of the plot to allow for future extension. Where plot size makes this impossible, the houses should be designed to support additional vertical extensions, that is, with suitably reinforced foundation, posts, and / or frameworks.</p>
<b>Location</b>	<p>The house should be safely located; risks from natural hazards including earthquakes, volcanic activity, landslides, flooding or high winds are minimised, and the area should not be prone to diseases or significant vector (disease carrying agents) risks.</p> <p>The dwelling should not be located on or near toxic waste, in a flood plain, on a steep slope (not steeper than one vertical unit for each two horizontal units), or a dangerous right of way (rail, highway, airport, power lines).</p>
<b>Materials</b>	<p>Locally sourced materials and labour should be used without adversely affecting the local economy or environment, and should thereby enable the maintenance and upgrading of the house using local tools and resources.</p> <p>Design, quantity surveying and other construction planning processes should always start with the assumption that materials and labour that can be sourced closest to the site will be used unless there are compelling technical, logistical, or economic reasons not to do so. "Locally available" means, in descending order of preference:</p> <ol style="list-style-type: none"> <li>Materials and labour that are available within or adjacent to the beneficiary community.</li> <li>Materials / labour that would normally be accessible by the beneficiary households without outside (e.g. HFHI or another agency) intervention, e.g. through normal market channels.</li> </ol> <p>This does not necessarily mean that households should always be able to afford such materials / labour, but that these things are readily available. By contrast, materials that are sourced entirely from outside the country or construction techniques that require imported skills would not be appropriate.</p> <p>Construction techniques and materials should allow households to undertake normal repairs (both minor and major) with materials and / or labour resources that are available either within the community or within the reach of normal market channels.</p>
<b>Durability</b>	<p>In disaster-prone areas, appropriate mitigation strategies should be incorporated into house design. Houses built in areas where earthquakes, floods, typhoons, cyclones or other natural disasters are common must incorporate suitable design elements to mitigate against reasonably expected stresses. Such elements should be as cost-effective and locally-appropriate as possible.</p> <p>Structural materials are durable as understood by local building practices. A house is considered "durable" if it is built on a non-hazardous location and has a structure permanent and adequate enough to protect its inhabitants from the extremes of climatic conditions, such as rain, heat, cold, and humidity. Generally, 20 - 60 years are the minimum and desirable life-spans for structural materials, including the foundation, exterior and interior walls, and horizontal dividers (i.e. floors).</p>
TENURE	
<b>Secure Tenure</b>	<p>Land and property ownership and / or use rights for buildings or locations should be established prior to occupation and permitted use is agreed as necessary. Where use rights do not exist, there is de facto protection against evictions.</p> <p>In all cases, the most important test of secure tenure is whether it is generally and genuinely accepted by the household, community, and relevant parties (such as local activists, academics, officials, etc.) that there is no threat of future eviction. This is more important than legal documentation, since such documents can be ignored.</p> <p>Tenure arrangements should not involve an imbalance between rights accorded to men and women in the household. For example, written documentation pertaining to ownership or title should include both the man and woman's name as joint owners. Where informal tenure arrangements are the norm, explicit agreements should be concluded with households and, where appropriate, the surrounding community to ensure that this condition is met.</p> <p>Title or other legal documentation assigning permanent or long-term ownership or use rights is preferred where possible. The ideal outcome is a formal legal document under the relevant legal system, but where this is not possible but is not perceived as an obstacle by the household, community, or other relevant parties, informal documentation may suffice. Where formal documentation is not available, alternative written records of ownership or use rights may suffice, provided that they are recognised as such by the household, community and other relevant parties such as local government.</p> <p>In some cases, tenure arrangements that fall short of full ownership rights or title may inhibit livelihood strategies by preventing households from using their home as collateral for credit that might enhance their income-generating capacity, education, or other assets. In other cases, ownership rights or title that allow the household (or individuals within the household) to dispose of the property may undermine livelihood strategies, particularly where downward-raiding by better-off households is a possibility. In other cases, collective tenure strategies may inhibit individual households from pursuing livelihood strategies because of discrimination. Therefore, it is important to investigate the link between tenure and livelihood strategies thoroughly and to identify the tenure outcome that is most likely to secure the livelihoods of all members of the household. It is particularly important to ensure that individuals within the household (particularly male household heads) are prevented from disposing of the home without the knowledge and consent of other individuals in the household.</p>

## WATER AND SANITATION

<b>Water Quality</b>	<p>Water is palatable, and of sufficient quality to be drunk and used for personal and domestic hygiene without causing significant risk to health.</p> <p>Faecal coliform bacteria are an indicator of the level of human / animal waste contamination in water and the possibility of the presence of harmful pathogens. Whilst animal excreta is not as harmful as human excreta, it can contain cryptosporidium, giardia, salmonella, campylobacter, caliciviruses and some other common causes of human diarrhoea and therefore does present a significant health risk.</p> <p>Well, boreholes, and / or pipe systems should be designed so as to prevent future contamination. Where water is not reticulated directly to the house, people need vessels to collect water, to store it and to use it for washing, cooking and bathing. These vessels should be clean, hygienic, and easy to carry and be appropriate to local needs and habits, in terms of size, shape, and design. Children, disabled people, older people, and people living with HIV / AIDS may need smaller or specially designed water carrying containers. The amount of storage capacity required depends on the size of the household and the consistency of water availability, e.g. approximately four litres per person would be appropriate for situations where there is a constant daily supply. Promotion and monitoring of safe collection, storage and drawing provide an opportunity to discuss water contamination issues with vulnerable groups, especially women and children.</p> <p>Water that is safe at the point of delivery can still present a significant health risk due to re-contamination during collection, storage, and drawing. Steps that can be taken to minimise such risk include improved collection and storage practices, distributions of clean and appropriate collection and storage containers, treatment with a residual disinfectant, or treatment at the point of use.</p> <p>Even if a sufficient quantity of water is available to meet minimum needs, additional measures may be needed to ensure that access is equitable for all groups. Water points should be located in areas that are accessible to all regardless of sex or ethnicity. Some hand pumps and water carrying containers may need to be designed or adapted for use by people living with HIV / AIDS, older and disabled people and children. In urban situations, it may be necessary to supply water into individual buildings to ensure that toilets continue to function. In situations where water is rationed or pumped at given times, this should be planned in consultation with the users. Times should be set which are convenient and safe for women and others who have responsibility for collecting water, and all users should be fully informed of when and where water is available.</p>
<b>Water Access and Quantity</b>	<p>Safe and equitable access to and / or adequate storage of sufficient quantities of water for drinking, cooking and personal and domestic hygiene. Public water points are sufficiently close to households to enable use of the minimum water requirement.</p> <p>Access to a water source refers to adequate amounts of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs.</p> <p>In collective water-supply situations, the communal water source should be no more than 500m from each household. The number of people per source depends on the yield and availability of water at each source. For example, taps often function only at certain times of day and hand pumps and wells may not give constant water if there is a low recharge rate. There should be a maximum of 200 - 400 persons per tap (depending on flow volume). Excessive queuing times are indicators of insufficient water availability (either due to an inadequate number of water points or inadequate yields at water points).</p> <p>The quantities of water needed for domestic use may vary according to the climate, the sanitation facilities available, people's normal habits, their religious and cultural practices, the food they cook, the clothes they wear, and so on. Water consumption generally increases the nearer the water source is to the dwelling. People living with HIV / AIDS need extra water for drinking and personal hygiene. Measuring the volume of water pumped into the reticulation system or the time a hand pump is in operation will not give an accurate indication of individual consumption. Household surveys, observation, and community discussion groups are a more effective method of collecting data on water use and consumption. Community mapping is particularly effective.</p>
<b>Sanitation and Drainage</b>	<p>Access to and numbers of toilets: communities have adequate numbers of toilets, sufficiently close to their dwellings, to allow them rapid, safe and acceptable access at all times of the day and night.</p> <p>Access to adequate sanitation facilities refers to, at a minimum, adequate access to excreta disposal facilities that can effectively prevent human, animal and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection.</p> <p>Design, construction and use of toilets: toilets are sited, designed, constructed and maintained in such a way as to be comfortable, hygienic and safe to use. To be effective, facilities must be adequate with regards to population numbers, correctly constructed, and properly maintained.</p> <p>Drainage: the dwelling has an environment in which the health and other risks posed by water erosion and standing water (including storm water, floodwater, domestic wastewater and wastewater from medical facilities) are minimised.</p>
<b>Definitions</b>	
<i>Design:</i>	
<ul style="list-style-type: none"> <li>• Covered Area: Each person in the household has a usable covered floor area of no less than 3.5m<sup>2</sup> AND comprises a minimum of two rooms. If the minimum standard for usable space has not yet been met, the house should be situated so as to allow for future extension.</li> <li>• Materials: Locally sourced materials and labour are used without adversely affecting the local economy or environment, thereby enabling the maintenance and upgrading of the house using local tools and resources.</li> <li>• Location: The house is safely located; risks from natural hazards including earthquakes, volcanic activity, landslides, flooding or high winds are minimised, and the area is not prone to diseases or significant vector (disease-carrying agents) risks.</li> </ul>	
<i>Durability:</i>	
<ul style="list-style-type: none"> <li>• Disaster Mitigation: In disaster-prone areas, construction and material specifications should mitigate against future natural disasters.</li> <li>• Safety: Structural materials should be durable enough to allow safe refuge and exit in case of a natural disaster.</li> </ul>	
<i>Secure Tenure:</i>	
<ul style="list-style-type: none"> <li>• Tenure: Land and property ownership and / or use rights for buildings or locations should be established prior to occupation and permitted use is agreed as necessary. Where use rights do not exist, there should be de facto protection against evictions.</li> </ul>	
<i>Water:</i>	
<ul style="list-style-type: none"> <li>• Quality: Water should be palatable, and of sufficient quality to be drunk and used for personal and domestic hygiene without causing significant risk to health.</li> <li>• Access and Quantity: There should be safe and equitable access to and / or adequate storage of sufficient quantities of water for drinking, cooking and personal and domestic hygiene. Public water points should be sufficiently close to households to enable use of the minimum water requirement.</li> </ul>	
<i>Sanitation:</i>	
<ul style="list-style-type: none"> <li>• Access to Toilets: Communities need adequate numbers of toilets, sufficiently close to their dwellings, to allow them rapid, safe and acceptable access at all times of the day and night.</li> <li>• Design, construction and use of toilets: Toilets should be sited, designed, constructed and maintained in such a way as to be comfortable, hygienic and safe to use.</li> <li>• Drainage: Dwelling should be an environment in which health and other risks posed by water erosion and standing water (including storm water, floodwater, domestic wastewater and wastewater from medical facilities) are minimised.</li> </ul>	

# STEP 6 – INTRODUCTION TO DEVELOPING A SOCIAL MANAGEMENT PLAN

## 6.1 OBJECTIVES

*Step 6* is designed to provide guidance on developing an appropriate Social Management Plan (SMP) for the priority issues identified during the SEAT assessment. The approach to prioritisation is described in *Tool 3A – Assessment of Issues and Impacts*. This introduction provides an overview of *Step 6*, and what should be achieved through its implementation.

By the end of *Step 6*, you should be able to fulfil the information requirements listed in *Box 6.1*.

### BOX 6.1 INFORMATION REQUIREMENTS FOR STEP 6

*Step 6* should result in an understanding of:

- the key components of an SMP; and
- how to identify relevant KPIs for your priority impacts.

## 6.2 THE STEP 6 TOOL

*Step 6* only contains *Tool 6A – Developing a Social Management Plan*, which includes:

- management measures;
- monitoring measures; and
- KPIs for identified impacts, and associated management measures.

## 6.3 Implementing the Step 6 Tool

The development of an SMP is one of the most critical elements of the SEAT process. Having invited stakeholders to raise their issues and concerns, *Tool 6A – Developing a Social Management Plan* now provides an opportunity to address these issues through the development of suitable management responses. These responses should be clear, credible, quantifiable, where appropriate, and address genuine stakeholder concerns. Progress in implementing them should be measurable.

However, the development of these management responses is only the first step. Equally important is the development of KPIs and associated monitoring measures. Both of these components allow you to monitor the effectiveness of your management measures in meeting targets and / or objectives, and in assessing the extent to which the impact(s) is / are being effectively addressed.

*Steps 4* and *5* should also be considered when developing your management measures. These steps contain tools that provide guidance on managing key issues and impacts (*Step 4*) and socio-economic benefit delivery (*Step 5*). These tools will be suitable as a basis for the development of management responses to issues and impacts identified during SEAT.





# Tool 6A: Developing a Social Management Plan

## 6A.1 OBJECTIVES

A Social Management Plan (SMP)<sup>(1)</sup> is a framework that details an operation's planned approach to managing social performance. It should identify the key activities and resources required to proactively manage an operation's social issues and impacts, as well as deliver socio-economic benefits.

SMPs are a requirement for all Anglo American managed operations. Unlike a SEAT report, an SMP is primarily an internal document and is updated annually. It is not intended for external publication, although it may be shared, in part or in full, with key stakeholders. Some elements of the SMP are also covered in the SEAT report, specifically: *Section 5: Key Issues and Impacts*; and *Section 6: Initiatives to Improve Social Performance*. However, these two sections of the SMP should simply be based on information gathered during the SEAT process and presented in the SEAT report (updated where necessary). The objectives of this tool are to:

- provide clarity on the objectives, scope, timeframe and target audience of the SMPs;
- present an outline of the structure of an SMP; and
- provide guidance on the preparation and content of each section of an SMP.

Please note that your SMP is not the same as your Stakeholder Engagement Plan (SEP), which outlines planned stakeholder engagement activities at the operation (see *Tool 2B – Developing a Stakeholder Engagement Plan*). The SMP should, however, include a summary of the SEP.

## 6A.2 WHEN TO USE THE TOOL

SMPs must be updated annually. Annual reviews and updates are required to ensure that they remain relevant and responsive to changes in the operation and its socio-economic environment. Significant Anglo American operations<sup>(2)</sup> must also prepare SEAT reports at least every three years. SMPs should outline the management plans to address the issues and impacts identified through SEAT reviews and ongoing stakeholder engagement.

It is critical that senior managers provide their input into the development and finalisation of any management and monitoring plan. The Business Unit (BU) head of social performance (or equivalent) should sign-off on all SMPs.

## 6A.3 STRUCTURE OF AN SMP

This section provides an overview of the structure of an SMP. *Table 6A.1* provides the table of contents for SMPs. The content for each of these sections is discussed further below.

Table 6A.1 Contents for SMPs

Section	Content
1	Introduction
2	Method to Prepare / Update the SMP
3	Regulation and Requirements
4	Stakeholder Engagement Review and Plan
5	Key Issues and Impacts
6	Initiatives to Improve Social Performance
7	Resources and Accountabilities
8	Reporting and Review

### Section 1: Introduction

The purpose of *Section 1* is to introduce the SMP and briefly describe the operation's context. A short description of the operation should be provided, including its location and the general social and economic conditions within the operation's zone of influence, as well as key stakeholders. This section should summarise the priority social issues and impacts that will be managed by the SMP.

### Section 2: Methods to Prepare / Update the SMP

The objective of *Section 2* is to describe (very briefly) the method used to prepare the SMP. The majority of information required for preparing the SMP can be extracted from the SEAT report (where available) and updated and supplemented with other sources of information (e.g. local development plans, impact assessments for mine expansions, outcomes of stakeholder engagement, etc.). For operations that do not have a current SEAT report, SMPs will primarily be based on the outcomes of ongoing stakeholder engagement, complaints and grievances and relevant sources of secondary data. In the case of new operations (under three years), environmental and social impact assessments prepared during the permitting process may be a key source of information.

(1) Formerly called the Community Engagement Plan.

(2) Significant operations include all mines and smelters plus major support facilities, such as owned, managed or controlled port operations.

### Section 3: Regulations and Requirements

The objective of *Section 3* is to identify and summarise relevant legal and regulatory requirements. This section should, therefore, summarise any socio-economic legal or permit requirements as well as company policies and commitments, including *Social Way* requirements, as well as any BU or site-specific policies and standards.

### Section 4: Stakeholder Engagement Review and Plan

The objective of *Section 4* is to evaluate the previous year's engagement activities in order to identify successes, areas for improvement and provide the basis for future stakeholder engagement activities. *Tool 2B – Developing a Stakeholder Engagement Plan* provides detailed guidance on planning future engagement activities. In sum, the SEP should outline:

- stakeholder mapping and analysis;
- summary of the engagement;
- issues identified during engagement;
- plans for future engagement; and
- resources and accountability.

*Table 6A.2* provides a template for recording this information for each stakeholder (note that this is the same as *Table 2B.1*, and is included here for completeness).

### Section 5: Key Issues and Impacts

The SMP should detail the priority issues and impacts and issues that need to be managed. The following sources will be useful:

- Assessment of issues and impacts (see *Tool 3A – Assessment of Issues and Impacts*).
- Ongoing stakeholder engagement, this is particularly important when a SEAT report was not produced in the previous year (see *Tool 2B – Developing a Stakeholder Engagement Plan*).
- Stakeholder complaints and grievances (see *Tool 4A – Complaints and Grievance Procedures*).
- Assessment of key human rights risks (see *Tool 1A – Profiling the Anglo American Operation*).

The SMP should outline management actions and initiatives to improve social performance in relation to these key issues and impacts, as described in *Section 6* below.

### Section 6: Management Actions and Initiatives to Improve Social Performance

#### Introduction

The objective of *Section 6* is to outline the management and monitoring measures planned to improve social performance. The management and monitoring measures should form the main component of the SMP. *Table 6A.3* outlines a worked example for employment and economic development.

The management actions and monitoring measures should include:

- Key stakeholders (internal and external)
- Timelines (implementation and completion)
- Key Performance Indicators (KPIs)
- Performance targets
- Monitoring and evaluation measures

Management and monitoring plans should be developed based on an analysis of existing management actions, as well as input from key stakeholders.

All existing social performance management actions and initiatives, including any impact management or socio-economic benefit delivery initiatives, should be identified and assessed for effectiveness. Under normal circumstances, a three-yearly review (for example, as part of the SEAT process) should be adequate; however, any significant changes in either the operation or the local area may require more regular reviews. The results of the evaluation activity should be reflected in the management plan for the forthcoming year(s). If planned initiatives were not implemented, the reasons should be recorded.

Additionally, input from internal and external stakeholders should be sought in the development of management and monitoring plans. Such involvement helps to ensure that the measures are locally appropriate and may help to create buy-in from local people. Appropriate stakeholders could include:

- local authorities;
- traditional authorities (where applicable);
- local interest groups, such as chambers of commerce, faith groups, youth groups, conservation organisations, etc.;
- community representatives (particularly where there may be doubt as to the extent to which local leaders represent community interests); and
- specialist interest groups, where appropriate (including NGOs).

The management and monitoring measures are described in more detail in the sections below.

#### Management Actions

SMPs should provide sufficient detail for the effective implementation of management actions. This is particularly important for:

- annual budgets, including staff resourcing; and
- monthly outputs and milestones for programme activities.

Each SMP should document the management action(s) that are needed to meet the defined objective(s). When developing management actions, or monitoring measures, an operation needs to consider:

- **Effectiveness:** Whether the recommended management actions will be effective in addressing the issue or impact and, in particular, whether they address root causes or just symptoms of problems (see *Box 6A.1*).
- **Resourcing:** Whether the budgets, time and skills are available internally or among local partners to implement the measure(s) (see *Tool 5A – Approaches to Socio-Economic Benefit Delivery* for more details on partnerships).

#### Box 6A.1 Ensuring that the Operation is Managing the Cause of an Issue or Impact

When identifying management actions it is important that the operation addresses the root causes. For example, ill health in a community may be caused by groundwater contamination. In managing this impact, the operation needs to establish what activities are the cause, and to identify / address the source of the pollution.

A public landfill site might be leaching pollutants into the groundwater. The management actions will need to prevent future leaching and potentially supply alternative potable water supplies if contamination cannot be stopped immediately. Provision of healthcare might also be required whilst symptoms of the pollution persist, but providing healthcare alone would not address the cause.

It is important to note that it is not always possible to address the cause of all impacts, as there are instances where certain activities are non-reversible (e.g. land acquisition). In such cases, it is necessary to identify management actions that address the impacts rather than the cause. For land acquisition, the mine could compensate residents for their land and loss of earnings, as well as assist in purchasing and preparing alternative land, developing new skills and supporting alternative livelihoods.

#### Key Stakeholders (Internal and External)

This section should identify the stakeholders responsible for management actions. External stakeholders may need to be involved in delivering management actions (e.g. partnerships) or by providing direction through ongoing engagement (e.g. focus groups or stakeholder panels).

When developing management responses it is important to remember that Anglo American should not accept sole responsibility for meeting the needs of host communities, the human and financial resources of an operation are finite. Partnering opportunities can be considered, both to ensure that Anglo American is not perceived as being responsible for meeting these needs; partnering can also be used to leverage resources from other organisations. For further details on partnering see *Tool 5A – Approaches to Socio-Economic Benefit Delivery*.

#### Timelines (Implementation and Completion)

The SMP should clearly document the deadline for implementation of the management measure and, if appropriate, the frequency for implementation of the management measure (e.g. for ongoing engagement that does not have an end date) alongside interim milestones and completion dates.

#### Key Performance Indicators

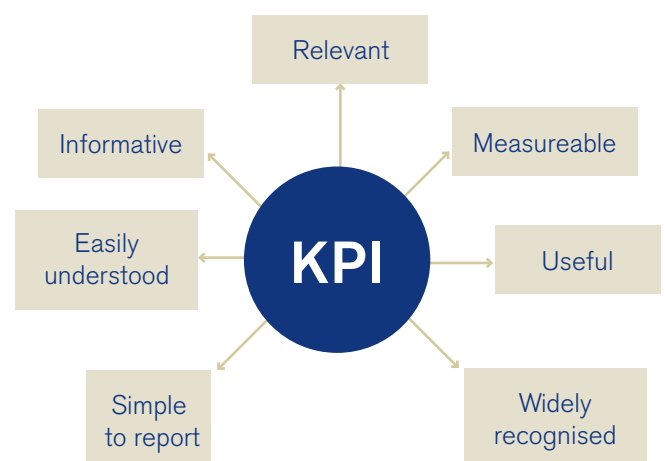
Anglo American has mandatory reporting requirements for all operations to report on their social investment initiatives as well as complaints and grievances. However, the SMP will include issues and impacts that are not covered by these KPIs, for example, how socio-economic baseline conditions are changing. The SMP should, therefore, identify appropriate KPIs that allow the operation to monitor its social performance (in relation to the objectives and targets set out in the SMP). As these KPIs relate to the specific objectives of each SMP, only general guidance on how to select KPIs has been outlined below. When developing KPIs, it is useful to ensure that they meet a number of criteria – illustrated in *Figure 6A.1*.

KPIs should be developed that monitor the inputs, outputs and impacts of each performance area. Examples of these KPIs are outlined below in relation to increasing representation of local people within the workforce:

- **Input:** Financial resources and staff hours deployed to implement a skills training programme for local people.
- **Output:** Number of locals completing the skills development programmes.
- **Impact:** Percentage increase of local representation within the local workforce.

As noted above, these KPIs will need to reflect the specific objectives and actions of the SMP.

Figure 6A.1 Criteria for KPIs



## Performance Targets

The SMP should outline the performance targets associated with each issue or impact. The performance target should specify the desired outcome of the management measures (e.g. percentage of local people represented in the workforce). It may be useful to set a number of sub-targets, which take the operation along a journey of improvement, towards a final target (e.g. percentage targets for local representation in the workforce over six-month and 12-month periods).

## Monitoring and Evaluation Measures

Monitoring measures should be developed in conjunction with management measures; failure to monitor the effectiveness of management interventions may make an operation vulnerable to undetected weaknesses in its SMP.

Operations should review the effectiveness of existing management actions through the development of appropriate monitoring actions / tools. The monitoring should reflect the nature of the level of risk / opportunity associated with the issue / impact being addressed. Monitoring approaches can include:

- **Management review:** Review of the internal control environment and reported performance by management.
- **Internal assurance:** In cases where an issue / impact is assessed as a significant risk or opportunity, it may be necessary for the internal assurance function to conduct an arm's length review of the management approach to ensure that it is being implemented as designed and achieving the desired outcomes.
- **External assurance:** In cases where an issue / impact is assessed as a high risk to the company or stakeholders (e.g. resettlement), it may be necessary to commission independent external assurance to provide comfort to internal and external stakeholders alike that the issue / impact is being managed effectively.

The generic components of a monitoring plan include:

- **Monitoring approach:** Document the specific approach to monitor the effectiveness of the management actions. The approach should use appropriate quantitative and qualitative indicators where relevant. It will be necessary to monitor whether the management measure is being implemented as planned, as well as whether the measure itself is successfully managing the identified impact.
- **Timing / frequency:** Document how often monitoring should be conducted.
- **Responsibility:** Document the person or team responsible for implementing the monitoring.

- **Reporting:** Document which internal and external stakeholders need to report to and how often. This could include periodic reports on the management measure, as well as more regular feedback to groups such as stakeholder panels or focus groups.

In monitoring social performance, it is important to secure feedback from both internal and external stakeholders. Feedback from internal stakeholders can be formally solicited during the annual review of the SMP as well as on an ad hoc basis. Feedback from external stakeholders can be secured through stakeholder engagement, complaints and grievances, and targeted feedback sessions on aspects of social performance.

If monitoring measures indicate that the identified impacts or issues are not being adequately addressed, then changes should be made to the management action to improve its effectiveness.

## Section 7: Resources and Accountabilities

This section of the SMP should present the overall human and financial resources required to deliver the SMP for the year ahead. It should summarise, in full-time equivalents, the number of staff required to deliver the SMP alongside the required budget to implement any actions.

Additionally, it should set out the reporting lines and accountabilities within the operation and Business Unit. In developing the resource plan for the SMP, the individuals and organisations responsible for implementing the management actions should be identified. Responsible individuals may be situated in a wide range of business functions, depending on the issue or impact being managed. For instance, an action relating to local procurement may need to be addressed by Supply Chain with input from other functions (e.g. social performance, finance, safety and sustainable development, etc.).

## Section 8: Reporting and Review

The objective of *Section 8* is to outline the reporting and review protocols for the SMP. The section should set out:

- **Responsibility:** Individuals responsible for authoring, reviewing and approving the SMP. The review and approval process should include the General Manager or the project manager (as appropriate) as well as the Business Unit head of social performance (or equivalent).
- **Distribution:** Individuals to receive the SMP at the operation and within the Business Unit.

Copies of the final SMP should be forwarded to your Business Unit head of social performance (or equivalent).

Table 6A.2 Stakeholder Engagement and Communications Plan

STAKEHOLDER PROFILE												
Stakeholder Mapping and Analysis												
Stakeholder category												
Name of stakeholder representative or group												
Location of stakeholder and contact details												
Local / national / international level stakeholder												
Stakeholders represented (who / number)												
Primary concerns / issues												
Sphere / extent of influence <sup>(1)</sup>												
Summary of Engagement												
Overview of engagement (current and previous)												
Frequency of engagement												
Method of engagement <sup>(2)</sup>												
Anglo American key contact point												
Issues and Responses												
Issues raised												
Management response (outline in SMP)												
Effectiveness of response												
Stakeholder satisfaction with response <sup>(3)</sup>												
STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS PLAN												
Issue	Determine objectives and scope of engagement	Identify stakeholders	Identify method of engagement	Develop implementation schedule (including timelines, milestones and completion dates for activities)	Provide information and communicate with stakeholders	Develop, monitor and evaluate plans (including approach, timing, responsibilities)	Identify required resources (human, financial and in-kind)	Identify responsible parties (organisation, individual)	Ensure staff have capacity to implement SEP	Incorporate issues and impacts into SMP and risk register (where relevant)	Update stakeholder map	Report to stakeholders (internal and external)
Example: Employment and economic development												

(1) The sphere / extent of influence of stakeholder refers to a stakeholder's ability to influence the opinions of other stakeholders and / or decision-making processes.

(2) Method of engagement refers to the type of engagement employed (e.g. workshops, one-on-one meetings, public consultation, etc.).

(3) Assessing and recording stakeholder satisfaction with management responses is critical to effective social performance management.

**Suggestion:** This table will be most easily used in a spreadsheet or database format. The table can easily be copied from Word into Excel, or another spreadsheet format, and resized after completion of the SEAT.



The table below provides an example of integrated management and monitoring measures for employment and economic development. It is important to note that the table below presents an example for a single issue. The example given is quite a complex one in terms of responses required – other issues may need only one or two management actions.

Table 6A.3 Integrated Management and Monitoring Measures: A Worked Example for Employment and Economic Development

MANAGEMENT AND MONITORING MEASURES: EXAMPLE																	
Issue	Employment and Economic Development																
Impact Phase	Construction, operations and decommissioning																
Duration	Long-term																
Zones of Influence	Local Community			Region	State												
	✓		✓			✓											
Potential Impacts and Benefits	<ul style="list-style-type: none"><li>• Direct and indirect employment opportunities for the community.</li><li>• Increased recruitment by the operation may make it harder for local businesses to attract and retain labour force.</li><li>• Additional pressure on housing markets in the region may increase operating costs for local businesses.</li><li>• At national and state levels, the operation will generate substantial benefits in the form of export revenue, employment and income, royalties, taxes, etc.</li></ul>																
Objectives	<ul style="list-style-type: none"><li>• Support the realisation of local business opportunities arising from the operation.</li><li>• Minimise and off-set the labour draw from other local businesses.</li><li>• Support the distribution of project benefits (employment, procurement, etc.) throughout the region.</li><li>• Enhance participation by indigenous peoples in project employment and supply opportunities.</li><li>• Create employment opportunities for other vulnerable groups in the local area and support workforce diversity.</li></ul>																
Key Affected Stakeholders	<ul style="list-style-type: none"><li>• Regional Council</li><li>• Chambers of commerce</li><li>• Businesses in the local community and region</li><li>• Regional economic development organisation</li><li>• The housing construction industry</li><li>• The local workforce</li><li>• Trade unions</li></ul>																
ISSUE AND MANAGEMENT RESPONSE		Key Stakeholders: - Internal - External		Timelines: - Implementation - Interim milestones - Completion		KPIs Used to Demonstrate Performance: - Frequency / timing - Responsibility		Performance Target		Monitoring and Evaluation: - Approach / method - Frequency / timing - Responsibility		Required Resources: - Human - Financial - In-kind		Responsible Person or Team: - Organisation - Individual			
Enhance Local Business Development Opportunities																	
Develop a Local Procurement Strategy.				Example: <ul style="list-style-type: none"><li>• Supply chain</li><li>• Community development</li><li>• Chamber of commerce</li></ul>		Example: <ul style="list-style-type: none"><li>• Strategy complete in 6 months</li><li>• Programme launched in 9 months</li></ul>		Example: Quarterly monitoring of: <ul style="list-style-type: none"><li>• Number of businesses supported</li><li>• Percentage of procurement sourced locally</li></ul>		Example: <ul style="list-style-type: none"><li>• 15% in 2 years' time</li><li>• 20% in 4 years' time</li></ul>		Example: Monitoring of procurement data on a quarterly basis by assistant to the Head of Supply Chain at site		Example: One full-time local procurement specialist plus \$200k per annum for supplier development		Example: Head of Supply Chain, Site Supply Chain Department	



ISSUE AND MANAGEMENT RESPONSE	Key Stakeholders: - Internal - External	Timelines: - Interim milestones - Completion	KPIs Used to Demonstrate Performance: - Frequency / timing - Responsibility	Performance Target	Monitoring and Evaluation: - Approach / method - Frequency / timing - Responsibility	Required Resources: - Human - Financial - In-kind	Responsible Person or Team: - Organisation - Individual
Engage with supplier organisations to understand potential areas of participation and barriers to participation in supply chain tendering.							
<b>Enhance Employment Opportunities</b>							
Implement training schemes for people without mining industry skills to increase employment opportunities and labour availability for the project.							
<b>Promote Workforce Diversity</b>							
Support and promote workforce diversity through: <ul style="list-style-type: none"> <li>targeted recruitment advertising;</li> <li>interview, testing and assessment centres that are cognisant of the special needs of disadvantaged groups; and</li> <li>reviewing roles to take into account the special needs of disadvantaged groups.</li> </ul>							
Support women in the workforce through: <ul style="list-style-type: none"> <li>flexible work hours in accordance with policies and practices of Anglo American;</li> <li>provision of appropriate personal protective equipment clothing, rest areas and amenities;</li> <li>targeted recruitment and training; and</li> <li>career development opportunities.</li> </ul>							
Introduce Anglo American mentoring programmes to assist employees with integration into the workplace.							



# STEP 7 – INTRODUCTION TO SEAT REPORTING

## 7.1 OBJECTIVES

*Step 7* is designed to provide guidance on developing your SEAT report, and on reporting back to stakeholders on the findings and commitments arising out of the process.

As such, *Step 7* represents the culmination of the SEAT process. It takes implementers through a process of compiling all the findings, and then making these public – both through stakeholder feedback of the results, as well as the publication and distribution of the SEAT report.

Of critical importance is the representation of stakeholder concerns in an accurate way. If stakeholder feedback is censored or misinterpreted, the credibility of the whole process will be undermined. SEAT reports should (subject to any legal considerations) be transparent and candid about the operation's strengths and weaknesses, and in explaining why practicalities or resource constraints may have ruled out implementing specific stakeholder suggestions.

## 7.2 IMPLEMENTING THE STEP 7 TOOLS

The SEAT reporting and stakeholder feedback tools in *Step 7* are:

- *7A – SEAT Reporting*; and
- *7B – Sharing Results of the SEAT Process with Stakeholders*.

Report preparation (*Tool 7A – SEAT Reporting*) should precede stakeholder feedback (*Tool 7B – Sharing Results of the SEAT Process with Stakeholders*); however, it is critical that at least priority stakeholders are given an opportunity to comment on the draft SEAT report and on the proposed management responses. This allows for stakeholder comments to be incorporated into the final report and for wider support in the shaping of proposed solutions.

Whilst stakeholder feedback is positioned as a *Step 7* tool, real-time and ongoing feedback is encouraged to ensure that stakeholders support the prioritisation of the issues and impacts identified as well as the management and monitoring measures developed. The guidance on stakeholder feedback, as provided in *Tool 7B – Sharing Results of the SEAT Process with Stakeholders*, has been designed for use at the end of *Step 3* and *Step 6*, as well as for *Step 7*, as part of final stakeholder feedback on the SEAT process.

Although the SEAT report template provides a standardised framework for writing the report, it is intended as a guideline only, and can be amended according to the different characteristics and operating context of each operation.

By the end of *Step 7*, the drafting of the SEAT report should have been completed; a strategy for publication and promulgation of the conclusions should have been agreed, and the process for monitoring and reporting back on the implementation of management measures should have been put in place. By the end of *Step 7* you should be able to fulfil the information requirements listed in *Box 7.1*.

### BOX 7.1 INFORMATION REQUIREMENTS FOR STEP 7

*Step 7* tools should result in an understanding of the following:

- From *Tool 7A – SEAT Reporting*, the structure of the SEAT report template, including:
  - the suggested table of contents, and approximate length (in pages) for each section of the report;
  - the importance of each particular section in the report;
  - what information should be included in each section; and
  - how the information is best gathered.
- From *Tool 7B – Sharing Results of the SEAT Process with Stakeholders*:
  - how to plan and implement your stakeholder feedback sessions;
  - the range of approaches that can be used during stakeholder feedback; and
  - the type of information that should be fed back to your stakeholders.



# Tool 7A: SEAT Reporting

## 7A.1 OBJECTIVES

This tool provides a standard reporting format for the SEAT assessment. It shows where information gathered through the SEAT process should be included in the report, as well as the rationale behind this.

Producing a report as the conclusion to the SEAT process allows the operation to feedback information to management and stakeholders so that:

- stakeholders have evidence that the operation has a better understanding of its socio-economic impacts;
- it is clear that stakeholder views have been dealt with in an appropriate manner;
- ongoing management and performance can be measured against clear objectives; and
- there is an opportunity to record the contributions the operation is making.

## 7A.2 COMPONENTS OF THIS TOOL

This tool has two components:

- *Box 7A.1* – a table of contents setting out a proposed structure for the report; and
- *Table 7A.1* – a table that guides report-writers through the required contents of each section.

The template provides a standardised framework for writing the report, but should be used as a guideline only. The structure should be amended according to the different characteristics of each operation. Each column of the table provides guidance on various aspects of writing the report, as follows:

- **Why include this section:** This provides reasons for why each section should be included in the report.
- **What information should be included:** This provides a brief summary of the information required for each section.
- **How should the information be gathered:** This describes the methods for gathering the necessary information, including from whom and from where it can be sourced.
- **Lessons learnt / key considerations:** This column allows for a sharing of lessons learnt from previous SEAT processes and the writing of the reports.

*Box 7A.1* provides some helpful hints to consider when writing the SEAT Report.

### BOX 7A.1 HELPFUL HINTS

- Refer to published SEAT reports that have been well written and well structured. Examples of these can be found on the Anglo American website ([www.angloamerican.com](http://www.angloamerican.com)).
- SEAT reports should not be big documents. For most operations 30 to 50 pages is optimal. Begin writing sections of the report as you undertake the research; do not leave all the writing to the end.
- Anticipate numerous rounds of reviews, which can be very time consuming.
- The final approval of the SEAT report can cause long delays if the senior member of staff signing off feels concerned about the issues raised and commitments made. Ensure that the person who is responsible for sign-off is kept informed throughout the SEAT process.

Table 7A.1 SEAT Report Table of Contents (with Guidance on Suggested Section Length)

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>EXECUTIVE SUMMARY (Suggested length – 2 pages)</b>					
	Provides a summary of the key findings of the report to the reader.	A summary of each section of the report. The reader should be able to read this summary to understand the key findings and outputs of the SEAT process.	From reviewing the main report.	Keep it brief and focus on key findings.	-
<b>1. INTRODUCTION (Suggested length – 2 pages)</b>					
1.1 Background	Allows the reader to get a picture of what is being assessed, how and why, and who assisted in this process.	A brief explanation of why and when the SEAT process was carried out.	-	-	-
1.2 Structure of Report		A brief indication of the focus of each section.	-	-	-
1.3 Acknowledgements		Acknowledgement of all parties who participated in the SEAT process.	-	-	-
<b>2. OBJECTIVES AND APPROACH (Suggested length – 2 pages)</b>					
2.1 Objectives	Gives the reader an understanding of the drivers behind the SEAT process.	The operation's reasons for conducting SEAT, and / or Anglo American's objectives for undertaking SEAT.	The objectives of the SEAT process are listed in the SEAT <i>Overview</i> document.	Use this as an opportunity to think about what your operation really wants to achieve from the SEAT process.	See SEAT <i>Overview</i>
2.2 Approach	Shows that the SEAT process was conducted in a methodological manner.	Describe the process that was followed to produce SEAT. Provide an overview of how your information was gathered (types of meetings / interviews), and the type of information gathered (whether it is primary or secondary data). Discuss the reasons for your selected methods and approaches.	By reflecting on, and summarising, the approach taken during the SEAT process. Refer to your SEAT planning phase.	Do not forget to describe the secondary data collection process.	<i>Steps 1 - 6</i>
2.3 Stakeholder Engagement Undertaken During the SEAT Process	Shows that a variety of stakeholders were engaged and findings are based on input from stakeholders, not just from the operation's viewpoint.	Provide a list of stakeholder groups engaged as part of the SEAT process. This should be a list of organisations / communities represented, rather than a list of individuals (which can be provided as an annex to the report).	By drawing on records and minutes of all meetings held as part of the SEAT process.	Do not include individuals' names; this process should be anonymous to enable people to speak openly and honestly.	<i>Tool 2B – Developing a Stakeholder Engagement Plan</i>



SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>3. PROFILE OF THE ANGLO AMERICAN OPERATION (Suggested length – 3 to 5 pages)</b>					
3.1 Basic Information about the Operation	To get an understanding of the operation, what kind of commodities are produced, and the size of the operation. By understanding this information, you will be able to identify the potential issues and impacts that your operation has on the surrounding social and economic environment.	A wide range of information about the operation to ensure that stakeholder issues and impacts are understandable in the context of your operation.	This information should be available from the relevant departments. Remember to ask permission from the heads of departments to allow specific individuals to spend some time gathering this information.	The information should be relevant to the year of study.	<i>Tool 1 A – Profiling the Anglo American Operation</i>
3.2 Location of the Operation	So that non-local readers understand the geographic position of the operation.	Include the location of the operation (province, district and municipality), with a map. Also describe which settlements are closest, and the distance to these.	This information should be known by your operation, as well as being readily available from your local municipality.	-	<i>Tool 1 A – Profiling the Anglo American Operation</i>
3.3 Future Capital Investments and Expansion Plans	Future capital investments and expansions may have associated social and economic impacts, which will need to be considered during the SEAT process and, therefore, need to be captured in the SEAT Report.	Provide a brief description of the investments and plans, and how these will change the footprint, and associated requirements (e.g. procurement and employment) of the operation.	Consult the operation manager (or relevant management personnel) about potential future plans for the operation.	Do not describe the resulting impacts – this will be captured later in the SEAT report.	<i>Tool 1 A – Profiling the Anglo American Operation</i>
3.4 Existing Closure Plans	To show that plans are (or are not) in place to address the social and economic changes likely to be brought about by mine closure.	A summary of the closure plan that currently exists, specifically pertaining to the management of socio-economic impacts. If there is no closure plan, provide an acknowledgement of this, a reason why, and whether there are plans in place to develop one.	Depending on the country of operation, a closure plan is often a legal requirement and should be accessible from the operation manager or relevant management personnel. If no closure plan is available, consult the mine manager.	Do not include a vast amount of information from the closure plan. Only include a summary of information that is relevant to the social and economic aspects and impacts of the operation.	<i>Tool 1 A – Profiling the Anglo American Operation and Tool 4E – Planning for the Social Dimensions of Mine Closure</i>
3.5 Surrounding Business Environment	To show the extent of other businesses in your local area. This will provide a sense of whether they may contribute to stakeholder issues and impacts, and whether they could potentially partner with your operation in addressing cumulative impacts and local stakeholder needs. This information will assist your operation to determine the levels of dependence on your operation (i.e. if your operation is the sole employer then the levels of dependence will be high).	A summary of each of the other large businesses / mines / industrial facilities in the area. Include information such as but not limited to: <ul style="list-style-type: none"> <li>• a description of the facility / business;</li> <li>• the distance from your operation; and</li> <li>• the approximate number of employees.</li> </ul>	Use existing statistics and secondary data sources. If no information is available, consider interviewing key people at the business(es).	-	<i>Tool 1 A – Profiling the Anglo American Operation</i>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>4. EXISTING SOCIAL PERFORMANCE MANAGEMENT ACTIVITIES AND SOCIO-ECONOMIC BENEFIT DELIVERY INITIATIVES (Suggested length – 3 to 6 pages)</b>					
4.1 Existing Social Management Activities, including Current Stakeholder List	<p>To record all existing initiatives aimed at managing your social and economic impacts, including engagement with stakeholders. This record enables you to:</p> <ul style="list-style-type: none"> <li>• report externally on all that is being done (e.g. to stakeholders);</li> <li>• identify and document internally what you are and are not doing, and consolidate efforts where necessary – this also ensures valuable organisational memory;</li> <li>• identify which stakeholders you are engaging and which you should be engaging; and</li> <li>• create a “baseline” of all current social performance management efforts (including key strengths and weaknesses) – this allows you to compare improvements over time.</li> </ul>	<p>Provide a summary of all social performance management activities at your operation. These may include standard stakeholder engagement, as captured in your operation’s annual Social Management Plan (SMP), as well as a range of other mechanisms that are used to manage social performance at your operation (e.g. complaints and grievance procedure, emergency planning involving stakeholders, conflict assessment / management, resettlement planning / implementation, mine closure, contractor management, and indigenous peoples plan). The following information is useful to include:</p> <ul style="list-style-type: none"> <li>• title and purpose / objectives of the social performance management activity;</li> <li>• aspects of the operation that it seeks to address;</li> <li>• how long the activity has been implemented; and</li> <li>• comments on the strengths and weaknesses of these activities.</li> </ul> <p>In terms of stakeholder engagement, it is also useful to include a table that shows the process you went through to understand your stakeholders. The information that needs to be captured includes:</p> <ul style="list-style-type: none"> <li>• a list of the stakeholders / stakeholder groups that are relevant to your operation;</li> <li>• indicate whether or not you are currently engaging with them (and if not, why not);</li> <li>• the types of engagement activities that are being implemented for each stakeholder group;</li> <li>• frequency of this engagement; and</li> <li>• the main issues that each stakeholder group is concerned with (this need not be described in much detail, as it is addressed in greater detail later in the report).</li> </ul>	<p>The majority of the information for this section can be gathered from within your operation. Therefore, hold a meeting with all staff involved in social performance management activities and discuss the various aspects of these activities.</p> <p>External stakeholders will provide important feedback on the strengths and weaknesses of your existing social performance management activities. This information should be gathered during the engagement process.</p> <p>Your Stakeholder Engagement Plan (SEP) should contain information on key stakeholder groups associated with the operation, and is, therefore, an important source of information for this section.</p> <p>You may also decide to ask a key stakeholder (e.g. the NGO active in the area or local government official) to review your list, and verify that it is comprehensive.</p>	<p>This is a very important section, and should not be omitted as it provides a framework within which to manage the impacts identified in SEAT.</p>	<p><i>Tool 2B -- Developing a Stakeholder Engagement Plan</i> for identification and analysis of stakeholders, and</p> <p><i>Step 4</i> tools to reflect on existing social performance management activities.</p>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
4.2 Existing Socio-Economic Benefit Delivery	Identifies what contributions the operation is making in terms of socio-economic benefit delivery (SEBD). Including these details in the report is an excellent opportunity for informing your stakeholders about your positive contributions.	This section should include: <ul style="list-style-type: none"> <li>a description of the different SEBD initiatives;</li> <li>identification of the beneficiaries of these SEBD initiatives; and</li> <li>an indication of the total annual budget currently spent on SEBD initiatives.</li> </ul>	Hold a meeting with the different departments that manage SEBD projects.  For Anglo American operations, corporate social investment (CSI) data (as part of SEBD) are mandatory reporting requirements and are captured through internal reporting platforms.	Make sure that this is not merely a list of SEBD initiatives, but that it identifies the recipients and benefits of the projects / programmes.	<i>Tool 1 C – Evaluating Existing Corporate Social Investment Initiatives</i> and <i>Introduction to Step 5</i> tools
<b>5. PROFILE OF THE LOCAL AREA (Suggested length – 6 to 10 pages)</b>					
5.1 Introduction	<p>To get an understanding of the local area in which you operate, and the stakeholders that are potentially affected by the operation.</p> <p>This will help you develop an understanding of what your operation's impacts may be, and provide a baseline against which future impacts can be compared and monitored.</p> <p>This understanding can feed into SEBD activities. It will also provide useful information to feed into the annual SMP and Social and Labour Plans (in the context of South Africa).</p>	<p>A basic map of surrounding properties / neighbouring settlements and communities is very useful here. Key information to include in the introduction:</p> <ul style="list-style-type: none"> <li>how the operation's "local area" is defined – this will need to be communicated in the report;</li> <li>the number of settlement communities within the operation's local area;</li> <li>the distance of these settlements / communities to the operation, with a special mention of those that are considered "fence-line" settlements / communities; and</li> <li>commentary on which of these settlements / communities developed mainly as a result of the operation's presence.</li> </ul>	Most of the information for this section should be available through secondary sources, and through engagement with stakeholders during your SEAT process.	It is important to spend some time on <i>Section 5</i> to ensure you have a good understanding of your local area. It is important that someone with an understanding of the various dimensions of the local socio-economic context can lead, or contribute to, the profile.  Verify any statistics and ensure you use the most recent data that is available, ensuring that it is from a reliable source.  This section can easily be outsourced to ease your load.	<i>Tool 2A – Profiling the Local Area</i>
5.2 Geographic and Historical Context	To develop an understanding of the geographic and historical context in which the operation is located.	Overview of the settlements or communities in the local area and high level understanding of their development.	Most of the information for this section should be available through secondary sources, and through engagement with stakeholders during your SEAT process.	It is important to understand any linkages or dependencies between the development of local settlements and the Anglo American operation.	<i>Tool 2A – Profiling the Local Area</i>
5.3 Demographics	Helps the reader to understand the characteristics of the population, whether it's a small population, young or old, as well as which population groups exist within the local area. Understanding aspects such as religion and cultural background can help the operation better understand the attitudes and opinions amongst affected stakeholders.	<p>This should include information on the size of the population, gender, age, language, religion and ethnic characteristics. It should also describe whether there is much change in the population, and the reasons for this, such as immigration for jobs or out-migration to look for other opportunities in urban areas.</p> <p>Do not simply list data as received. It needs to be analysed, and its meaning and relevance to your operation and surrounding communities.</p>	Demographic information should be available from secondary data, particularly census statistics. Consult the local authorities, local development agencies, non-governmental organisations (NGOs) and community-based organisations (CBOs) for this information.	As above, and ensure that all vulnerable groups are identified.	<i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
5.4 Socio-Political and Governance Context	<p>It is important to understand the socio-political context that impacts on the operation and the local area. These external factors may not be possible to manage, but anticipating and understanding their effect is key to the management of any risks and / or opportunities that these external influences might bring.</p> <p>This section also aims to understand the decision-making structures, and governance / political issues, that influence your operation and the local area.</p>	<p>Describe national / regional factors that may have a bearing on local level conditions. These external factors can come in many forms (e.g. change in government policies, pending national elections, high profile anti-mining lobby groups, key stakeholder opinions, national debates), and at many different levels (international, national, regional level influences).</p> <p>This section should outline how, and by whom, decisions are made that affect the local area. Include both formal government structures and processes and, if appropriate, traditional and informal structures and processes.</p> <p>This section should also include a description of the administration of justice in the local area, including how laws are made and enforced, and how justice is dispensed when breaches of laws occur. Comment on the extent to which the process is transparent, democratic and fair to all stakeholders.</p> <p>Insight gained on sensitive political / governance issues (e.g. corruption, government human rights abuses, lack of media independence) may not be appropriate to include in your SEAT report; however, this information should still be captured in a relevant database, and used to inform suitable responses and interventions from the operation (where appropriate).</p>	<p>Understanding what these external factors might be, or exploring them in more detail, can be achieved through the operation's stakeholder engagement activities (e.g. as part of SEAT), although discussions with key external "influencers" should first be discussed with the Group Government and Social Affairs (GSA) department.</p> <p>Official administrative structures and certain political / governance information should be available from secondary data sources. Information around informal and traditional administrative structures and further information around governance should be gathered during engagement.</p>	<p>In some instances, your insights into external influences may not be appropriate to include in the SEAT report, due to their sensitive nature. Regardless, your findings still need to inform the content of your SEAT social performance management plan.</p> <p>Ensure that traditional and informal administrative structures are not overlooked.</p>	<p><i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i></p>
5.5 Stakeholder Needs, Issues and Concerns	<p>Helps to understand what the main concerns are in the local area, assists in prioritising SEBD initiatives, and also provides insight into the impact (perceived and actual) of the operation on the local area. Also informs which <i>Step 5</i> tools would be most appropriate for future SEBD initiatives.</p>	<p>Summarise what the main problems and concerns are in the local area.</p>	<p>This information should be gathered during engagement with local stakeholders, including residents, local government, community leaders, NGOs and CBOs.</p>	<p>This should not be a wish list of what local residents want, but rather a documentation of the main issues and concerns in the local area (e.g. levels of education, unemployment, etc.).</p>	<p><i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i></p>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
5.6 Stakeholder relations	To understand the nature of the relationships between the operation and the key stakeholders in the local area, as well as any regional / national stakeholders that may have an interest in or influence on the operation and the local area.	Stakeholder map outlining key stakeholders alongside their issues and concerns.	This information should be gathered during engagement with local stakeholders, including residents, local government, community leaders, NGOs and CBOs.	It is important to understand the nature of the relationships with a broad range of stakeholders and not just the local communities that are directly affected by the operation.	Tool 2A – Profiling the Local Area and Tool 2B – Developing a Stakeholder Engagement Plan
5.7 Economy, Livelihoods and Labour Force	To understand whether it is a poor or a rich settlement / community, or whether wealth is evenly distributed. Also, whether local residents have other employment options, or are dependent on the operation for their income.  This should enable you to identify which groups of people may be more vulnerable than others and therefore should be specifically targeted by your planned activities.	A basic map of surrounding properties / neighbouring settlements and communities is very useful here. Key information to include in the introduction: <ul style="list-style-type: none"> <li>• how the operation's "local area" is defined – this will need to be communicated in the report;</li> <li>• the number of settlement communities within the operation's local area;</li> <li>• the distance of these settlements / communities to the operation, with a special mention of those that are considered "fence-line" settlements / communities; and</li> <li>• commentary on which of these settlements / communities developed mainly as a result of the operation's presence.</li> </ul>	Most of the information for this section should be available through secondary sources, and through engagement with stakeholders during your SEAT process.	It is important to spend some time on Section 5 to ensure you have a good understanding of your local area. It is important that someone with an understanding of the various dimensions of the local socio-economic context can lead, or contribute to, the profile.  Verify any statistics and ensure you use the most recent data that is available, ensuring that it is from a reliable source.  This section can easily be outsourced to ease your load.	Tool 2A – Profiling the Local Area and Tool 2B – Developing a Stakeholder Engagement Plan
5.8 Health	Helps the reader to understand whether it is a healthy population and what the main health problems are. Also ascertains whether local residents have access to facilities to help them deal with these health issues.	Overview of the settlements or communities in the local area and high level understanding of their development.	Most of the information for this section should be available through secondary sources, and through engagement with stakeholders during your SEAT process.	As above, and ensure that all vulnerable groups are identified.	Tool 2A – Profiling the Local Area and Tool 2B – Developing a Stakeholder Engagement Plan
5.9 Education	Helps to understand whether the population is educated and skilled. A relatively skilled and / or educated population can more easily be drawn upon by the operation, and also have better options in terms of gaining other employment.	Describe the levels of education the population has attained, as well as the types of skills they have.	The local department of education should have statistics on education and educational infrastructure. The department of labour and employment agencies should have skills statistics.	As above.	Tool 2A – Profiling the Local Area and Tool 2B – Developing a Stakeholder Engagement Plan
5.10 Utilities, Infrastructure and Services	To understand whether local residents have access to water and energy, and to services from the authorities. Accessibility and quality of utilities, infrastructure and services often give a good indication of the standards of living of the community.	Describe the water access (e.g. running water, water from wells, etc.), sanitation, types of energy use (e.g. electricity from a grid, gas canisters, etc.), transport infrastructure (type and quality of roads and availability and usage of public transport).	This information is often available from census data. The planning department of local government may have this information.	As above.	Tool 2A – Profiling the Local Area and Tool 2B – Developing a Stakeholder Engagement Plan

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
5.1.1 Natural Resources	To understand what natural resources are used in the local area, how they are used and by whom – this will allow for improved management of any potential impacts an operation may have on these resources, and its associated users.	Describe the available natural resources that are used in the local area, who relies on these resources, and to what extent. Describe any changes in access to, and quality of, natural resources over time. Note if there is competition for natural resources and whether or not this is a source of tension in the local area.  Comment on what environmental, safety and nuisance issues are raised by stakeholders, and whether or not the operation is compliant with local environmental standards.	This information should be gathered during engagement with local stakeholders, including residents, local government, community leaders, NGOs and CBOs.  Certificates of compliance with environmental standards should be available at the operation.	As above, and ensure that all vulnerable groups are identified.	<i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i>
5.1.2 Safety and Nuisance Factors	To understand whether the Anglo American operation or other actors in the local area create any safety and nuisance factors that are or are perceived to be the responsibility of the operation.	Data gathered from impact assessments, ongoing monitoring efforts, safety and environmental data and stakeholder complaints can be used to build an understanding of any safety and nuisance factors.	This information should be gathered from internal monitoring and reporting systems, complaints and grievance procedures and stakeholder engagement activities.	It is important to proactively identify and address any safety or nuisance factors to ensure that they do not escalate and damage stakeholder relations.	<i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i>
5.1.3 Security	To understand the levels of safety and security in the local area, and to understand the risks and fears faced by local residents. This will inform planning and design of the operation (e.g. security measures required) and help shape potential community projects / programmes in order to address these concerns.	Describe the nature and extent of criminal / illegal activity in the local area. For example, what type of crime is most common, (violent crime, economic crime, trafficking of people for labour or prostitution) and what is the extent of this crime? Include information on who is being impacted by crime and how.  Include comment on how safe the local area is for the general population (perceived and reality).	This information should be sourced using internal sources, such as official crime statistics.  This information should be gathered during engagement with local stakeholders, including residents, local government, community leaders, NGOs and CBOs.	Verify any statistics and ensure the most recent data that are available are used, ensuring that they are from a reliable source.	<i>Tool 2A – Profiling the Local Area</i> and <i>Tool 2B – Developing a Stakeholder Engagement Plan</i>



SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>6. IMPACT IDENTIFICATION AND ASSESSMENT (Suggested length – 10 to 15 pages)</b>					
6.1 Introduction	To provide an introduction of how the issues and impacts were assessed.	<p>Provide a brief description of the approach taken to identifying issues and impacts. Also provide an outline of how this overall section. The list below provides an overview of the content of <b>Section 6</b>:</p> <ul style="list-style-type: none"> <li>• summary of issues raised during engagement;</li> <li>• a summary of all positive impacts identified – providing a description of the impacts and other key information arising from the analysis in <b>Table 3A.1</b> and other sources of evidence (e.g. the economic tool in <b>Step 3</b>);</li> <li>• a summary of all negative impacts identified – providing a description of the impacts and other key information arising from the analysis in <b>Table 3A.1</b> and other sources of evidence;</li> <li>• a table showing the process of analysis carried out during the assessment of impacts / issues (as provided in <b>Table 3A.1</b>);</li> <li>• a table summarising your priority issues and impacts (as identified in <b>Table 3A.1</b>); and</li> <li>• comments on the appropriateness of existing SEBD initiatives.</li> </ul>	<p>By reflecting on, and compiling a summary of the approach taken to impact identification and assessment. This approach is provided in <b>Tool 3A – Assessment of Issues and Impacts</b>.</p> <p>For the internal identification of impacts, a workshop should be arranged which brings together all key staff from different departments to ensure that all activities and associated impacts are identified. Relevant departments to involve include Human Resources, Finance, Procurement, Environmental, and Health and Safety.</p>	<p>Ensure that records and minutes of all meetings held as part of the SEAT process are kept, as this provides the critical material needed when listing and assessing issues raised.</p> <p>Be sure to include issues and impacts identified by the operation (e.g. risk assessments, previous studies). Do not rely solely on stakeholder feedback.</p>	<b>Tool 3A – Assessment of Issues and Impacts</b>



SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
6.2 Description of Issues and Impacts	<p>It is important to capture and report on the positive and negative issues and impacts that have been raised during engagement with your stakeholders. This will provide evidence for your stakeholders that their issues / concerns have been heard and will enable you to track what issue was raised by which stakeholder(s).</p> <p>The positive economic impacts are the most widely recognised. This is your opportunity to highlight the operation's numerous, and often unacknowledged, positive contributions. Highlighting these can have a positive effect on stakeholder relations.</p> <p>Be sure to highlight and acknowledge where the operation is not performing to a standard that meets its own or its stakeholder's expectations, and opportunities for improvement.</p> <p>This section tells your stakeholders that you are aware of their issues and the operation's general impacts, and that you recognise their concerns. This recognition and acknowledgement should build stakeholders' trust in the operation based on open and transparent communication.</p>	<p>Identify and describe the full range of positive and negative issues and impacts that have been identified.</p> <p>Describe the different views related to these issues (e.g. employment may be a positive impact to some stakeholders, while others will be dissatisfied with employment procedures). Also, identify which stakeholders raised the issue(s) being described.</p> <p>The issues and impacts will include economic as well as non-economic impacts. The economic impacts are relevant to all operations and therefore should be described in all SEAT reports. These economic benefits include:</p> <ul style="list-style-type: none"> <li>• employment (direct, indirect and induced employment);</li> <li>• procurement (local, national and international); and</li> <li>• impacts on the national economy (value added, export revenues and taxes, royalties and other payments to government).</li> </ul> <p>Continue to outline and describe ALL additional non-economic positive and negative impacts, including any key information arising from the analysis in <i>Table 3A.1</i>.</p>	<p>The stakeholder engagement process will have highlighted the key issues and impacts raised by your stakeholders. Your annual SMP will also contain information that can be used for this section.</p> <p>For the internal identification of impacts refer to all existing reports and assessments. A workshop should be arranged which brings together all key staff from different departments to ensure that all activities and associated impacts are identified. Relevant departments to involve include Human Resources, Finance, Procurement, Safety and Sustainable Development.</p> <p>For specific quantitative information, contact the following:</p> <ul style="list-style-type: none"> <li>• Human Resource Department;</li> <li>• Procurement Department; and</li> <li>• Finance Department.</li> </ul>	<p>It is important that all issues are listed, regardless of whether you perceive them to be linked to the operation, or not. These non-related issues can provide important insight into stakeholder perceptions, concerns, priorities and needs (i.e. what issues are most important to them, regardless of whether it is linked to your operation).</p> <p>Request information early in your SEAT process from the relevant internal departments as there may be delays in receiving the correct information.</p> <p>Be sure to describe the nuanced views of identified impacts.</p>	<i>Tool 3A – Assessment of Issues and Impacts</i>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
6.3 Assessment of Key Issues and Impacts	<p>This section should enable you to assess each issue and impact described in <a href="#">Section 6.2</a> above. Doing so will ensure:</p> <ul style="list-style-type: none"> <li>• an accurate understanding of your operation's activities that cause social and economic impacts (both direct and indirect);</li> <li>• the significance of each issue and impact; and</li> <li>• an understanding of the effectiveness of existing management measures.</li> </ul>	<p>The key information that needs to be provided is:</p> <ul style="list-style-type: none"> <li>• a description of the issues / impacts raised (if further information is required to that provided in <a href="#">Section 6.2</a>);</li> <li>• the activity that is causing these impacts (and whether this is perceived or not);</li> <li>• the secondary social or economic impacts associated with the issue / impact identified;</li> <li>• an identification of which stakeholder group(s) is / are impacted upon by this issue / impact;</li> <li>• whether there are management plans already in place to address these issues;</li> <li>• the risk to the operation and Anglo American of not addressing the issue / impact;</li> <li>• a comment on the significance of the issue / impact; and</li> <li>• whether or not the issue / impact was raised during the stakeholder engagement process.</li> </ul> <p>This information is most easily captured in tabular format (see <a href="#">Table 3A.1</a>).</p>	<p>Anglo American's Integrated Risk Management (IRM) matrix (<a href="#">Table 3A.2</a>) provides guidance for assessing the significance of each of the issues and impacts identified. <a href="#">Tool 3A – Assessment of Issues and Impacts</a> provides guidance on assessing the potential cause of the impact, its effects, and the effectiveness of existing management measures.</p> <p>If your operation is ISO 14001 compliant, then a framework will already be in place which links operational activities to potential environmental impacts. This framework can be a very useful place to start, and will require you to identify the social implications of many environmental impacts. The same applies to OHSAS 18001 or NOSA, which identifies operational activities and associated health and safety risks.</p> <p>Use feedback provided through the stakeholder engagement process to inform your assessment. Stakeholder perceptions should influence the assessment rating.</p>	<p>Due to time constraints, you may find it difficult to secure time from personnel. If this is the case, it is suggested that you carry out the initial analysis and then ask relevant personnel to check your findings.</p>	<a href="#">Tool 3A – Assessment of Issues and Impacts</a>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
6.4 Summary of Priority Issues and Impacts	To identify clearly which of the issues raised during the SEAT process are considered as a priority to be managed. This will highlight their importance.	A list of the most important impacts identified as a result of the significance ranking exercise. This may be best summarised in tabular form.	The results of the analysis in <i>Table 3A.1</i> will provide this information.	The priority impacts need to be clearly communicated to the parties responsible for their management.  Stakeholders may require justification for why one issue is prioritised over another, particularly when their issues are not featured. In such instances, it is important to provide a timeframe for addressing priority and non-priority impacts.	<i>Tool 3A – Assessment of Issues and Impacts</i>
6.5 Appropriateness of Existing Socio-Economic Benefit Delivery Initiatives	To allow operations to assess whether existing SEBD initiatives can be improved; and whether the initiatives bring long-term, sustainable benefits to the target stakeholders and to the Anglo American operation, where applicable.	<p>Questions to ask about SEBD initiatives include:</p> <p>For SEBD initiatives linked to core business activities:</p> <ul style="list-style-type: none"> <li>• Are the SEBD initiatives appropriately linked to core business activities and requirements within the operation?</li> <li>• To what extent are partnerships, and the leveraging of external resources, being used to enhance the outcomes of this initiative?</li> <li>• What direct and indirect benefits are the operation experiencing as a result of the SEBD initiative?</li> <li>• Has the business plan for the SEBD initiative been reviewed and updated, where applicable?</li> </ul> <p>For SEBD initiatives linked to non-core business activities:</p> <ul style="list-style-type: none"> <li>• Are CSI initiatives based on identified needs within the target community?</li> <li>• Do they benefit disadvantaged people within the community?</li> <li>• Do your projects bring long-term, sustainable benefits to your target community?</li> <li>• Do the CSI initiatives encourage self-reliance, rather than dependence?</li> <li>• Will they be able to continue after funding from your operation comes to an end?</li> </ul>	Consult with the recipients of the SEBD initiatives, as well as partner organisations involved, regarding the effectiveness of these initiatives. Also consult with leaders and residents within the local area, as well as employees, regarding key needs and requirements in the local area.	-	-

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>7. SOCIAL MANAGEMENT PLAN (Suggested length – 6 to 10 pages)</b>					
7.1 Introduction	<p>The objective of this section is to show that management and monitoring measures are in place to address all impacts and issues identified during the SEAT process, as well as efforts to improve existing management measures that were not effective. This aspect of SEAT is critical as it:</p> <ul style="list-style-type: none"> <li>• illustrates your commitment to addressing the concerns of your stakeholders;</li> <li>• shows your commitment to improved levels of social performance; and</li> <li>• details how you will manage and monitor social risks in the future.</li> </ul> <p>Putting monitoring measures in place shows ongoing commitment to ensuring that social and economic impacts and issues are managed successfully.</p>	<p>This section should start with a brief description of the process that took place to determine what management and monitoring measures to adopt to address the identified issues and impacts.</p>	-	-	<p><i>Tool 6A – Developing a Social Management Plan,</i> as well as drawing on <i>Step 4</i> and <i>Step 5</i> tools as needed.</p>
7.2 Management Responses	<p>As above.</p>	<p>The SMP should be summarised. It may not be necessary to include the level of detail required for the internal SMP, as shown in <i>Table 6A.3</i>.</p> <p>Management responses should be included here. The responses should highlight the key issues and impacts identified through the SEAT assessment alongside initiatives to improve social performance. This should include ongoing initiatives as well as new initiatives (e.g. local procurement, CSI, etc.).</p>	<p>Management and monitoring measures should be developed by personnel at the operation and with key stakeholders. It would be ideal to hold an internal workshop with the relevant personnel.</p> <p>Involving stakeholders in the development of management and monitoring measures helps to ensure that the measures are locally appropriate and have the buy-in from people affected by your operation. Key stakeholders that should be involved include:</p> <ul style="list-style-type: none"> <li>• local authorities;</li> <li>• traditional authorities (where applicable); and</li> <li>• other community representatives (particularly where there may be doubt as to the extent to which local leaders represent community interests).</li> </ul>	<p>Management and monitoring measures obviously need to be developed and finalised internally. To do so, it is suggested that social performance managers (or equivalent) interact with key personnel to ensure:</p> <ul style="list-style-type: none"> <li>• linkages with management and monitoring measures implemented by other departments;</li> <li>• financial considerations of the proposed measures are taken into consideration; and</li> <li>• buy-in from other personnel.</li> </ul> <p>This should always be undertaken with input of key personnel, including those who will be responsible for implementation.</p>	<p><i>Tool 6A – Developing a Social Management Plan,</i> as well as drawing on <i>Step 4</i> and <i>Step 5</i> tools as needed.</p>

SECTION	WHY INCLUDE THIS SECTION?	INFORMATION TO INCLUDE	HOW TO GATHER THIS INFORMATION	LESSONS LEARNT: KEY CONSIDERATIONS	SEAT TOOLS
<b>8. NEXT STEPS AND RESPONSIBILITY (Suggested length – 1 to 2 pages)</b>					
8.1 Next Steps	This section identifies who is going to be responsible for the ongoing management, monitoring and reporting of the SEAT process. It also identifies key next steps as identified through the SEAT process.	Include a description and / or list of what other steps need to be taken as identified during the SEAT process. Include timeframes for these additional steps, or addressing of identified gaps.	-	-	-
8.2 Responsibility for the SEAT Process		Include a brief description of who (person and / or team) will be responsible for the on-going management and monitoring of the commitments made in the SEAT report (as captured in the SEAT social performance management plan).	-	-	-
<b>9. GLOSSARY AND CONTACT DETAILS (Suggested length – 1 to 2 pages)</b>					
9.1 Glossary of Key Terms	Some terms may need to be explained to the reader, as they may not be familiar with the terminology used in conducting a socio-economic assessment, or those related to the operation.	The SEAT manual provides a glossary of key terms used in the SEAT process. Where terms relate to the specifics of your operation and you are not familiar with these, or they are not covered in the SEAT manual, you should consult the relevant department or mine manager.	The SEAT manual provides a glossary of key terms used in the SEAT process. In addition, consult the relevant department or mine manager.	-	-
9.2 Contact Details	To ensure that stakeholders are able to contact you about the contents of the report, or any issues and impacts associated with the operation. Providing your contact details therefore allows for on-going stakeholder communication and input.	Name, telephone and fax number and email address for the general manager and personnel responsible for social performance issues associated with the operation.	-	-	-

# Tool 7B: Sharing Results of the SEAT Process with Stakeholders

## 7B.1 OBJECTIVES

The objective of this tool is to provide guidance on reporting to stakeholders on the findings and commitments arising out of the SEAT process.

Involving stakeholders in the SEAT process (e.g. obtaining an understanding of key issues, accessing baseline data, discussing potential management responses, etc.) inherently brings with it the responsibility to provide feedback. Such reporting is an integral part of the SEAT process and provides a continuing basis for accountability – for monitoring the progress being made in delivering on management commitments. Conversely, if feedback is not provided, it may make stakeholders feel that their input has not been appreciated and they are not able to see how the issues they have raised have been addressed. This, in turn, can affect levels of trust between an operation and its stakeholders, and might result in stakeholder reluctance to participate in future engagement activities.

**Because feedback is so important, the SEAT process is not considered complete until feedback has occurred – a report has been produced and distributed to stakeholders.**

## 7B.2 WHEN TO USE THE TOOL

Structured feedback should be included in the SEAT process:

- at the end of *Step 3*, once all impacts and issues have been identified and assessed, and management responses to these issues / impacts need to be developed;
- at the end of *Step 6*, once the management and monitoring plans have been developed; and
- during *Step 7*, after the draft SEAT report has been completed.

The advantages of including interim reporting at the end of *Step 3* are that:

- it provides the opportunity to discuss and test the robustness and validity of the results and proposed responses before their finalisation; and
- stakeholder involvement develops a shared understanding and ownership of the issues / impacts, and allows for stakeholder participation in the development of management responses.

Even if feedback is not possible after *Step 3*, it is important that stakeholders are given an opportunity to comment on the draft SEAT report.

## 7B.3 PLANNING YOUR STAKEHOLDER FEEDBACK

It is useful to include the following steps in the feedback process:

- **The objective and scope of stakeholder engagement at the feedback stage.** The objectives of stakeholder feedback are different to those of your initial rounds of engagement and, therefore, need to be revised accordingly. Key objectives that should be considered include:
  - providing stakeholders with the opportunity to comment on the draft SEAT report; and
  - providing the operation with the opportunity to verify the accuracy and completeness of their draft SEAT report, as well as the appropriateness of the management measures that have been identified.

These objectives need to be considered when developing your approach to stakeholder feedback.

- **Key stakeholders for the feedback stage.** In general, all stakeholders who participated in the SEAT report should at least be sent a copy of the report. More important stakeholders should also receive a personal briefing. More broadly, the operation should take steps to ensure that all local stakeholders at least have the ability to access free copies of the report in electronic and hard copy format.
- **Means of providing feedback.** The specifics that you need to think about and include in your plan are:
  - preferred mode of engagement for the different stakeholder groups;
  - list of activities required in preparation for engagement;
  - timing of engagement activities (remembering to provide stakeholders with the necessary notice periods); and
  - identification of roles and responsibilities for the engagement activities, including preparation.

*Table 7B.1* provides a pro forma for planning a feedback approach.

- **Incorporate issues and insights gathered during engagement into the final SEAT report.** All feedback received from stakeholders should be considered and, where appropriate, incorporated into the final SEAT report.
- **Update your stakeholder engagement analysis.** The stakeholder mapping and analysis undertaken in *Step 2* should be updated (see *Tool 2B – Developing a Stakeholder Engagement Plan*). In particular, the columns entitled “Manner in which issue was addressed” and “Stakeholder response” in *Table 2B.1* should be updated where the SEAT process may have affected.

#### 7B.4 APPROACH TO STAKEHOLDER FEEDBACK

When seeking feedback on the draft SEAT report the following information needs to be provided to stakeholders:

- length of the review period;
- key contact person for submission of comments; and
- date by which the final SEAT report will be available for review.

For more interactive approaches to stakeholder feedback, small group formats are often better as they offer the opportunity to discuss issues and management responses in some detail. However, the particular circumstances of the operation and the associated issues must be taken into account when determining an approach. For example, if earlier rounds of engagement identified emotive or high conflict issues, it would be wise to avoid large public meetings, and instead arrange small group or one-on-one feedback on the particular issues concerned.

*Tool 2B – Developing a Stakeholder Engagement Plan* provides guidance on the types of engagement and communication techniques that may be appropriate in different circumstances. Approaches that you may want to consider include:

- workshops;
- focus groups / forums; and
- use of advisory committees / panels.

#### 7B.5 INFORMATION TO PROVIDE TO STAKEHOLDERS

The following information should be covered in your feedback session:

- brief overview of the SEAT process followed to date, plus a list of all stakeholders that were involved;
- description of the material issues and impacts that were identified during the engagement process;
- identification of the priority issues or impacts that have been identified, and how these priority issues were arrived at (i.e. what criteria did you use?);

- the management objectives and measures that have been developed to address your priority impacts and issues (see *Tool 6A – Developing a Social Management Plan*);
- timeframes for implementing these measures, together with targets that have been set for the management of each impact and the monitoring measures that have been developed;
- overview of the results of assessments carried out for the operation's socio-economic benefit delivery initiatives, as well as any actions or management responses that have been identified as a result; and
- notification of the due date for finalisation of the SEAT report, and which stakeholders the report will be sent to and / or where it will be publicly available.

*Table 6A.3 in Tool 6A – Developing a Social Management Plan* provides a template for summarising commitments that have arisen out of the SEAT process.

For each of the above items, it is critical that stakeholders are provided with ample opportunity to ask questions and discuss the contents of the SEAT report. Assurances should also be provided that their comments will be considered in the finalisation of the SEAT report, where appropriate.

Operations should also consider using this opportunity to solicit feedback from stakeholders on the perceived strengths and weaknesses of the SEAT process, including any ideas for improvement in subsequent SEAT assessments, as well as in your day-to-day activities.



Table 7B.1 Planning Feedback Requirements

PART 1: IDENTIFYING FEEDBACK REQUIREMENTS BY STAKEHOLDER			
Stakeholders			Proposed feedback method (refer to <i>Tool 2B – Developing a Stakeholder Engagement Plan</i> for guidance on stakeholder engagement techniques)
Stakeholder name (include all those involved to date)	Key issues raised during earlier engagement	Important stakeholder characteristics	
PART 2: IDENTIFYING FEEDBACK REQUIREMENTS BY STAKEHOLDER			
Feedback method (identified in Part 1 above)	Stakeholders to be involved / covered	Supporting materials required	Timing and responsibility



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# GLOSSARY

## GLOSSARY OF TERMS

**AA1000** – a framework to help organisations to build their accountability and social responsibility through social and ethical accounting, auditing and reporting. It addresses the need for organisations to integrate their stakeholder engagement process into their mainstream business activities and includes an assurance process for external certification of stakeholder engagement procedures and activities. See [www.accountability21.net](http://www.accountability21.net).

**Accountability** – a responsibility to account for and / or explain actions undertaken. “Public accountability” is where an agency has to account to the wider public for a decision (e.g. on policy or on expenditure).

**Activities** – the things that an operation has (e.g. a tailings dam) or does (e.g. employment) in order to do business or to meet required standards and policies (local and corporate).

**Aspects** – those elements of activities (e.g. a smelter) that have the potential to bring about change to the receiving environment (e.g. release of air emissions). “Aspects” are also referred to as “mechanisms of change”.

**Baseline** – a data set that provides information on the current or pre-existing conditions in the environment within which Anglo American is operating or seeks to operate.

**Benchmark** – a standard or level against which factors or performance can be measured.

**Black Economic Empowerment** – measures to ameliorate the historical disadvantages created by apartheid through ensuring, inter alia, equitable employment practices, and enabling minimum levels of equity participation for black people in South Africa.

**“Business Principles”** – the framework of ethical, social, environmental and economic standards adopted by the Anglo American plc Board. The Anglo American “Good Citizenship” Principles provide the underpinning for the Group’s interactions with society, and form the basis of a Letter of Assurance compliance process.

**Business Unit** – Anglo American has eight business units: Iron Ore and Manganese, Metallurgical Coal, Thermal Coal, Copper, Nickel, Platinum, Diamonds and Other Mining and Industrial.

**Capacity Building** – interventions designed to develop the ability of organisations, including the skills and experience of staff, to plan and deploy resources in order to achieve objectives, and to serve community development needs more effectively and efficiently.

**Civil Society Organisations** – a variety of different formal and informal organisations that represent the interests of various members of society. They may include, for example, community-based organisations, industry associations, unions, and non-governmental organisations (NGOs, see below).

**Community-Based Organisations (CBOs)** – organisations that are established by, and drawn from, community representatives. See also non-governmental organisations (NGOs, see below).

**Community Engagement Plans (CEPs)** – plans required of all significant Anglo American operations that detail how stakeholder engagement and stakeholder issues are to be managed. CEPs are mandatory, have a three year time horizon and must be updated annually. See the *SEAT Overview* for further information.

**Community Social Investment (CSI)** – contributions (monetary, staff time or gifts in kind) that bring benefits to communities over and above an operation’s core activities. Beneficiaries can range from local stakeholders to national and international ones. The scope may range from donations to charities to those that complement business needs (e.g. improving the skills base of local people, except where this is explicitly tied to a job offer).

**Consultation** – a general term used to describe the many forms of stakeholder involvement undertaken with the aim of developing a continuous exchange of views and information. Consultation is essential for operations seeking to understand host communities’ attitudes to operations, as well as their socio-economic development needs.

**Corporate Social Responsibility (CSR)** – treating stakeholders ethically or in a responsible manner; undertaking activities on a voluntary basis to improve an enterprise’s socio-economic or environmental impacts.

**Danish Institute for Human Rights** – the Institute’s mandate is to strengthen the collection, development and communication of knowledge on human rights. It has developed human rights assessment tools to identify and address human rights impacts associated with businesses. The Institute works with human rights in a number of focus areas. The work is concentrated in the realms of research, education, information and projects on a national as well as an international level.

**Development** – the process of economic and social development that builds capacity and alleviates poverty through raising living standards.

**Disadvantaged Groups** – those groups that, due to their current or historical economic, cultural or social circumstances (e.g. due to their religion, education status, gender, ethnicity, age, geographic location or employment status) suffer from discrimination, have been deprived of opportunities relative to other members of society, or are not able to access goods and services, information, participation and decision-making opportunities to the same extent as other community members.

**Disaggregating Communities** – the process of analysing the constituent parts of communities in order to identify the different categories of stakeholder within a community (e.g. according to interests, needs, power relations, income levels, ethnicity, gender, education, etc.) and to identify the dynamics between the specific groups.

**Empowerment** – the process by which people take greater control over the decisions, assets and policy, institutions and processes that affect their livelihoods. This may be achieved through: increasing the incomes and assets of the poor; interventions that aim to enhance confidence and self-respect; by developing collective organisation and decision-making and by reforming political institutions to make them more inclusive.

**Environmental Impact Assessment (EIA)** – a process for assessing the environmental implications of new projects. An assessment should cover all relevant environmental impacts of a project (water, air, soil, noise, waste, land disturbance, etc.), and include a management and monitoring plan to mitigate and manage negative impacts. Such assessments are normally a legal requirement for any significant development (including any new mine development or extension project), and even where they are not Anglo American has a requirement that EIAs are undertaken before significant projects can proceed. The requirements for EIAs can vary by country. For example, in some countries they include social issues, whilst in others they are more focused on physical environmental impacts. There are international standards established by organisations such as the World Bank and the International Finance Corporation and Anglo American is committed to meeting or exceeding such standards. EIAs and Social Impact Assessments (see below) are often undertaken together to provide a comprehensive assessment of a project's impacts.

**Extractive Industries Transparency Initiative (EITI)** – an initiative to improve the transparency of the payment and spending of revenues from the extractive sector so as to improve development outcomes, reduce the potential for corruption or large-scale embezzlement of funds by host governments and stimulate debate about the uses to which these revenues are put. Anglo American is a participant in the process.

**Focus Groups** – a means of engaging with a selected group of stakeholders through encouraging a relatively small group to discuss specific issues. As the name suggests, focus groups normally focus on a particular topic of interest to stakeholders or the organisation which convenes the

group. Depending on the feedback being sought, they can involve a cross-section of the community or include members of a specific social or demographic group (for example, the young or a culturally distinct group).

**Full-Time Equivalents (FTE)** – a full-time job is one that occupies employees for thirty hours or more per week. The following employment examples each constitute one FTE year of employment: one employee who works a permanent five-day week contract with a full working day, or those on full-time shift patterns; two part-time staff, each of whom works two full days a week throughout the year; and four seasonal or casual staff who work for five full days a week, but only for three months of the year.

**Gross Domestic Product (GDP)** – the sum of the value added created by all organisations in an economy. GDP is the most common measure of income and wealth and is often expressed on a per capita (per person) basis.

**Health Impact Assessment (HIAs)** – a process similar to EIAs and SIAs, but with the focus on health impacts of projects. Unlike EIAs and SIAs, HIAs are rarely mandatory, but they are increasingly used for major projects by project proponents seeking to follow best practice in impact assessment.

**Human Capital** – the skills, knowledge, capacity to work, and good health that together enable people to pursue different developments, and achieve their personal, family or community development goals. At a household level human capital is a factor of the amount and quality of labour available. This varies according to household size, skill levels, education, leadership potential, health status, etc. Human capital is necessary to be able to make use of other forms of capital (assets), such as financial capital, natural capital (see below), social capital (see below) or fixed / manufactured capital (productive assets such as machinery, roads or factories).

**Human Development Index (HDI)** – an index created by the United Nations Development Programme (UNDP) which aims to provide a standard composite index that measures a country's average achievements in three basic aspects of human development: life expectancy, adult literacy and cost of living adjusted GDP per capita.

**Human Rights** – the right of every individual to liberty, freedom of association and personal safety. These are the foundation of a human rights code present at the core of national and international law. The United Nations Universal Declaration of Human Rights is widely regarded as the minimum set of standards that must be observed. Increasingly NGOs will also refer to economic, social and cultural rights enshrined in other conventions.

**Impact** – changes attributable to a project, programme, policy or process. Impacts (also referred to as effects) may be planned or unplanned; positive or negative; achieved immediately or only after some time; and sustainable or unsustainable.

**ISO 14001** – a certification developed for environmental management systems (EMS) by the International Standards Organisation. An EMS provides a framework for managing environmental responsibilities so they become more efficient and more integrated into overall business operations. ISO 14001 is the leading EMS certification system, and many Anglo American operations have been certified as meeting its requirements.

**Key Performance Indicators (KPIs)** – a set of criteria that relate to specific issues associated with an operation (e.g. stakeholder consultation). These criteria (e.g. number of community meetings per year) are used to measure performance on the identified issue, over a period of time. See *Tool 6A – Developing a Social Management Plan*.

**Leveraging Resources** – using resources from one party to secure a (larger) contribution from others. For example, Anglo American providing start-up resources to a new business may leverage greater contributions from development agencies. See *Tool 5B – Local Procurement* for more detail.

**Livelihood** – the financial or subsistence means whereby people secure a living. Also referred to as a combination of the resources used and the activities undertaken in order to live. The resources might consist of individual skills (human capital), land, savings and equipment (natural, financial and physical capital, respectively), and formal or informal networks that assist in the activities being undertaken (social capital).

**Management and Monitoring Plan** – a plan which allows managers to measure impacts over a period of time and specify activities that will be implemented over a certain time period to manage or enhance impacts.

**Micro-credit** – the provision (normally to poor people) of very small loans to help them engage in productive activities, or grow their business activities.

**Micro-finance** – a term used to describe the provision of financial services to poor households. Over time, micro-finance has come to include insurance, credit, savings, etc.

**Migrant Labour** – workers who have moved from another area to work at your operation. Migrants can be from neighbouring regions, or even from other countries. Migrants will either have moved their home (and possibly their family) to an area near their place of work, or reside in accommodation away from their family homes during their periods of work.

**Millennium Development Goals (MDG)** – an international development agenda for reducing poverty and improving lives that world leaders agreed on at the Millennium Summit in September 2000. For each of the eight goals one or more targets have been set, most for 2015, using 1990 as a benchmark.

**Mitigation Measures** – ways of trying to reduce or enhance a particular impact that an operation may be having, on the environment, the community or the economy.

**Monitoring** – the collection and analysis of financial and non-financial information on a regular basis in order to check a project's performance compared with its stated objectives, budget and work plan. Monitoring is normally concerned with inputs, activities and outputs.

**Natural Capital** – the stock of natural assets, including mineral and oil and gas reserves, water and biodiversity. Also referred to as natural resources.

**Needs Assessment** – a systematic process of identifying community needs, based on an assessment of existing and projected population levels, goods and service provision, infrastructure provision and resource use.

**Non-Government Organisations (NGOs)** – private organisations, often not-for-profit, that provide information, lobbying, community development and environmental perspectives and advice. See also Community Based Organisations (above).

**Nuisance Factors** – aspects of the operation that may cause annoyance to the community and impact on their quality of life, but not necessarily cause ill health or environmental damage.

**Partnerships** – agreements or alliances with external organisations to further common goals, such as supporting socio-economic development or environmental protection. See *Tool 5A – Approaches to Socio-Economic Benefit Delivery* for further information.

**Small and Medium Sized Enterprise (SME)** – the term used to describe businesses that employ small numbers of people. The definition varies from country to country, but SMEs are normally assumed to employ 50 persons or fewer.

**Social Accountability 8000 (SA8000)** – an international standard for accountability developed by Social Accountability International (SAI) through multi-stakeholder consultations. The objective is to ensure ethical sourcing of goods and services. SA8000 is a voluntary standard and can be applied to any size of organisation or business. The standard is based largely on ILO conventions, and sets basic standards for issues including child labour and forced labour, health and safety, freedom of association, collective bargaining, freedom from discrimination, disciplinary practices, working hours and employee compensation.

**Social and Labour Plan (SLP)** – a plan that each mine in South Africa must prepare as a requirement of the Mining Empowerment Charter. The plan sets out the socio-economic context of the mine, identifies what impacts the mine will have and outlines the measures that the mine will take to enhance socio-economic development outcomes in the host area. See the *SEAT Overview* at the start of this manual for more information.

**Social Capital** – the networks and institutions through which societies and communities interact; their capacities and capabilities and investment in social infrastructure created for the use of the community as a whole, such as schools, hospitals and clinics.



**Social Economic Benefit Delivery (SEBD)** – refers to all the ways in which Anglo American contributes to socio-economic development, whether through core or non-core business activities. As such, SEBD includes local procurement, local employment, local infrastructure and corporate social investment.

**Social Impact Assessment (SIA)** – the process of identifying the impacts of a project on the social environment in which it operates. A range of issues can be addressed, including cultural impacts, health, demographic effects, resettlement, indigenous peoples' rights and economic impacts. SIAs should include a management and monitoring plan to mitigate and manage negative impacts. As with EIAs (see above), SIAs are a legal requirement in many countries, and even where they are not Anglo American has a commitment to undertake SIAs of all major projects. EIAs and SIAs are often undertaken together. There are international standards for SIAs which have been established by organisations such as the World Bank and the IFC, and Anglo American is committed to meeting or exceeding these requirements.

**Social Impact Monitoring** – a process for measuring, over time and according to a defined set of indicators or measures, the impacts of an operation on a community.

**Social Licence to Operate** – a concept used to describe the importance of having broad-based community consent for major projects. The social licence to operate concept is normally seen as being additional to the need to secure formal licences, planning permissions and permits from government agencies. Failing to address community concerns and hence losing community support (the licence to operate) has resulted in severe disruption to, or closure of, many large investment projects, including in the mining industry.

**Social Management Initiative** – an initiative, such as stakeholder engagement or social investment, designed to manage the socio-economic impacts of an operation or contribute to local community development.

**Social Performance** – all the different ways Anglo American operations contribute positively or negatively to the communities and societies they operate in.

**“Speakup”** – Anglo American’s confidential in-house facility for recording breaches of the company’s Business Principles, including ethical, accounting, procurement, human resources, environmental, health and safety issues, and for reporting non-compliance with relevant legislation. Any Anglo American employee can report breaches via web, email, phone or postal means, and the system is operated by external service providers who are independent of company management.

**Stakeholder** – an individual or group that may be affected by, have an interest in or can influence the operations of the company.

**Stakeholder Engagement** – a process of consultation and two-way communication with stakeholders.

**Stakeholder Gap Analysis** – the process of identifying the differences between one group of stakeholders that is currently known and consulted and another that is not, but should be.

**Stakeholder Panels** – a means of engaging with a selected group of stakeholders on an ongoing basis. Panels generally have a consistent membership and provide feedback and advice to operations over a period of time. See *Tool 2B – Developing a Stakeholder Management Plan* OR *Tool 7B – Sharing Results of the SEAT Process with Stakeholders* for more information.

**Sustainable Development** – development that meets the needs of the present without compromising the ability of future generations to meet their needs. It is normally accepted that sustainable development can involve the depletion of one type of asset (or “capital”) as long as other forms of capital are developed. For example, the environmental impacts of a mining operation could be offset by increases in skills and education and local infrastructure.

**Sustainable Livelihoods** – a term used to describe the generation of employment or income, generally for poor communities in developing countries. Sustainable livelihoods projects often have a rural focus. However, urban and non-natural resource projects can also fall under the sustainable livelihood umbrella. A livelihood is sustainable when it is capable of continuously maintaining or enhancing the current standard of living without undermining the natural resource base. For this to happen it should be able to overcome and recover from stresses and shocks (e.g. natural disasters or economic upsets).

**“theSource”** – Anglo American’s information portal.

**UN Global Compact** – a United Nations initiative which encourages responsible corporate behaviour and to ensure that business is part of the solution to the challenges of globalisation. Anglo American is a member and subscribes to the GBC’s ten Principles which cover the protection of internationally proclaimed human rights; ensuring that businesses are not complicit in human rights abuses; upholding freedom of association and the effective recognition of the right to collective bargaining; eliminating forced labour; supporting the abolition of child labour; eliminating discrimination in the workplace; observing the precautionary principles to environmental challenges; undertaking initiatives to promote greater environmental responsibility; encouraging the diffusion of environmentally-friendly technologies; and combating corruption.

**Value Added** – the contribution of a company to a country’s economy. See *Tool 1B – Evaluating Economic Impacts* for information on how to calculate value added.

**Voluntary Principles on Security and Human**

**Rights** – a framework within which companies in the extractive sector can ensure the legitimate security of their employees and assets without adversely affecting the human rights of people living in communities close to company operations. The Principles provide guidance on best practice in conducting security risk assessments involving a range of stakeholders, on the governance of arrangements with public security providers (army, police, public militia, etc.); and for the selection, training and accountabilities of private security providers. Anglo American was accepted into the process in January 2005 and has produced a manual, the Anglo American *Human Rights Policy*, to help operations meet the requirements.

**Zone of Influence** – the area(s) impacted by Anglo American operations. There may be different areas for different types of impact. For example, the zone of influence with respect to recruitment may be very broad, and could even include areas in other regions or countries. Conversely, areas of direct environmental impact may be limited to a limited area around an operation. See *Tool 2A – Profiling the Local Area* for more guidance.



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