

COMMUNITY DEVELOPMENT PLAN
For The
KINGAMYAMBO MUSONOI TAILINGS PROJECT
KATANGA PROVINCE
DEMOCRATIC REPUBLIC OF CONGO

In partnership with:

SRK Consulting (Johannesburg, RSA)

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List of Abbreviations

ADB	African Development Bank
BoT	Board of Trustees
CBO	Community Based Organisation
CDP	Community Development Plan
CHSP	Community Health and Safety Plan
CSO	Civil Society Organisation
DPEM	Department for the Protection of the Mining Environment
DRC	Democratic Republic of Congo
EA	Environmental Assessment
EASS	Environmental Audit and Scoping Study
EITI	Extractive Industries Transparency Initiative
EMAK	Entente des Mineurs Artisanaux du Katanga
EMP	Environmental Management Plan
EPP	Emergency Preparedness Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
FEC	Fédération des Entreprises du Congo
GA	General Assembly
IDC	Industrial Development Corporation
IFC	International Finance Corporation
KMT	Kingamyambo Musonoi Tailings
KOV	Kolwezi Olivera Verdue
KMT	Kingamyambo Musonoi Tailings Project
LACP	Land Acquisition and Compensation Plan
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
NGO	Non Government Organisation
PCDP	Public Consultation and Disclosure Programme / Plan
PLC	Public Liaison Committee
SAESSCAM	Service d'Assistance et d'Encadrement du Small Scale Mining
SDP	Sustainable Development Plan
SIA	Social Impact Assessment
SNEL	Société Nationale d'Electricité
SRK	Steffen, Robertson and Kirsten
SSAM	Small Scale and Artisanal Mining
WBG	World Bank Group

COMMUNITY DEVELOPMENT PLAN

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1 Introduction

1.1 Background

The Kingamyambo Musonoi Tailings Project (KMT) will reprocess tailings material generated from 1952 onward by the Kolwezi concentrator. The project represents a major new investment in a mining and minerals industry that has been all but dormant for a decade, and in a region that has suffered political upheavals and serious economic stagnation. Against this background, KMT will revive copper and cobalt production, and with other mining ventures in Kolwezi will provide a kick-start for economic and social development in the KMT project impacted area (Kolwezi town and proximate traditional villages). The tailings reprocessing is expected to continue for around twenty years, providing a unique opportunity to facilitate and entrench sustained and sustainable development.

The KMT project shareholders are: CMD (65%), Gécamines (the DRC mining conglomerate), the International Finance Corporation (IFC), the Industrial Development Corporation (IDC), and the Government of the DRC. CMD is owned by First Quantum Minerals (FQM). FQM has committed financial and human resources to the development and implementation of a **Community Development Plan (CDP)**. The plan outlined in this document has been developed in compliance with Article 127 of the DRC Mining Regulations and other international guidelines outlined in Section 2 below. KMT will contribute to socio-economic development in the project impacted area in several ways (see Section 6). The CDP is the vehicle for cooperative development involving local stakeholders. The vision for the CDP is that it will grow to incorporate other companies active in and around Kolwezi, widening its reach and impact. This vision sees an evolved form of the CDP remaining active beyond the closure of the Kingamyambo Musonoi Tailings project.

1.2 Goal and Methodology

The specific objectives of the KMT CDP are discussed in Section 6. The overarching goal is the following:

To establish a durable and locally appropriate framework and model for sustained and cooperative socio-economic development of affected local communities, to enhance community participation in the determination and implementation of social development priorities in and around the KMT concession, and for the duration of the tailings project to provide a vehicle to put into practice FQM and KMT community development policies and responsibilities.

The design and implementation of a viable and sustainable CDP likely to realise the goal requires care and commitment. This is particularly the case in a town and sub-region where development institutions are fragmented, and where some sections of society are deeply disadvantaged. In this context, the CDP has to win and retain the participation and ownership of all stakeholders. This requires thorough consultation, confidence building, cooperative planning and inclusive decision making.

The CDP development and implementation process has begun, but more remains to be done. The elements of the establishment process ahead are outlined in Section 8. Initiatives that have informed CDP development to date are the following:

- Phase 1 Environmental Audit and Scoping Study (EASS), including a preliminary social assessment.
- Public Consultation and Disclosure Programme (PCDP) and extended Social Engagement Plan (SEP), including discussions related to development needs and opportunities.
- Baseline social assessment of the KMT project impacted area, including a review of institutions in various sectors and a detailed survey of communities in resident in the area.
- Development of FQM (and hence KMT) policies relevant to local social and economic development (including policies for the environment, community development, employment and health and safety. Policy summaries are presented in Appendix E1.
- Social impact assessment (SIA) and Environmental and Social Management Plan (ESMP).
- Initial consultations with local and regional NGOs (such as PACT Congo and BDD (Bureau Diocesain Pour Developpement)), regarding cooperation around CDP implementation.
- Review of CDP and Development Foundation best practice and experience from other parts of Africa.
- A social impact assessment by PACT Congo in January 2008 (PACT, 2008)

Development of the CDP is also based on an understanding of DRC and international policies, regulations and guidelines relating to community development, corporate citizenship, and the mobilisation and operation of non-profit development foundations and trusts (see Section 2).

1.3 Structure of the Report

This report addresses the following themes:

- The local and international policy and legislative context.
- The proposed project and the socio-economic characteristics of the project impacted area.
- The role and facilitation of public consultation and participation.

- The scope and objectives of the KMT CDP.
- Development opportunities and constraints, and potential projects to be undertaken under the umbrella of the CDP
- The proposed organisation of the CDP, and its links with other institutions in the field of development.
- Capacity Building.
- Roles and responsibilities in the management of the CDP, and proposed arrangements for monitoring and evaluation.

2 Relevant Legal and Policy Context

2.1 Context

The CDP has been developed in the context of a variety of legislation and guidance. This includes the Mining Regulations of the DRC, the Policies, Guidelines and Procedures of the World Bank Group (WBG), the International Finance Corporation's (IFC) Performance Standards (PS), the requirements of the banks who are signatories to the Equator Principles, the policies, procedures and guidelines of the African Development Bank, as well as FQM's policies.

2.2 DRC Mining Regulations

The DRC Mining Regulations require a Sustainable Development Plan (SDP) which addresses social, cultural and economic issues among populations affected by a mining project (Democratic Republic of Congo: Mining Regulations. Decree No 038/2003 of March 2003, Annexe 9, Article 127). The text of the Article is included below.

Table 1.1: Purpose and structure of Sustainable Development Plan

The Environmental Management Plan of the Project must present a Sustainable Development Plan aiming to improve the economic, cultural and social well-being of the local populations affected by the project during and after the project operation, in accordance with Article 452 (e) of the Mining Regulations. The applicant must present in particular:

- *the commitments of the mining company in relation to the local communities affected by the project;*
- *the monetary and non-monetary compensatory measures and their terms;*
- *local development programmes in various domains such as education, health, infrastructure and production with operation and cost thereof, the financial participation of the mining or quarry company, monitoring and follow-up measures as well as participants (NGOs, local government, beneficiaries);*
- *The schedule and cost of this Sustainable Development Plan.*

The SDP has been submitted to and approved by the Department for the Protection of the Mining Environment (DPEM). The principles and structure of the CDP remain the same, but it contains more detail. The CDP will be steered through a carefully planned consultation process (see Section 5). It will be elaborated and amended as needed, incorporating inputs by relevant Government authorities, local communities and other stakeholders.

2.3 DRC Regulations Pertaining to Non-Profit Organisations

Non-profit organizations (French: *Associations sans but lucratif*) are regulated in the DRC by a law passed on June 20, 2001¹. This law includes the following provisions:

- A definition of non-profit organizations.
- An approval process including the following:
 - The Minister of Justice is responsible for approvals after the relevant Ministry has reviewed the application.
 - A draft constitution must be submitted as part of the application, together with information relating to the founding members.
 - A temporary approval can be awarded for no more than 6 months.
- Various provisions relating to the internal operation of the organization.
- Particular provisions relating to development-oriented organizations specifically designated as “NGOs”, and their interaction with the Government.
- Particular provisions relating to “Public Utility Organizations”.

In practice, and beyond the mandatory development of a Constitution (“*Statuts*”), such organizations will also have to develop Internal Regulations (“*Réglement Intérieur*”), which are more practical and operational in character. An Establishment Convention with the Government is also necessary, particularly to deal with tax issues. The organization’s objectives must be clearly stated, as well as the decision-making and reporting mechanisms and the roles of the different entities administering the organization (such as the General Assembly – “*Assemblée Générale*”, the Board of Trustees – “*Conseil d’Administration*”, the Managing Committee – “*Bureau*” or “*Comité de Gestion*”, and the auditors – “*Commissaires aux Comptes*”).

2.4 World Bank Group Policies and Guidelines

(Removed substantial section as not related to CD) Since 1990, the WBG has adopted poverty reduction as a key operational objective. The role of the private sector in this context is

¹ Loi Portant Dispositions Générales Applicables aux Associations Sans But Lucratif et aux Établissements d’Utilité Publique

articulated largely through policies and guidelines promoted by the IFC. Key points are the following^{2,3,4}:

- The IFC recognises that there are mutual advantages for business and communities in appropriate, sustainable and well-managed community development programmes. Important elements of such programmes are clear objectives, understanding expectations, forming partnerships (see below), and including community development in the company's mission.
- Apart from dedicated community development vehicles (such as trusts and foundations), the IFC notes that there are community development opportunities in core business activities. These include: maximising local employment; local subcontracting; coordinating company infrastructure development (roads, water, energy) with community needs; and promoting employee involvement in community development initiatives.
- The IFC argues that partnerships are fundamental to successful community development programmes. Key partners include NGOs and CBOs, national and local government, other businesses and development and donor organisations.
- The way a programme is structured and managed is a fundamental determinant of its success, according to the IFC. Important considerations in this context are strong support from senior management, meaningful stakeholder engagement, legitimate and representative management, capable and committed staff, steady and adequate funding, and financial disclosure.

2.5 African Development Bank Policy and Guidelines

The Poverty Reduction Policy of the African Development Bank (ADB)⁵ has been revised against the background of the Millennium Development Goals (MDGs) for Africa⁶. The MDGs are:

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.

² International Finance Corporation, 2000: Paths Out of Poverty – The Role of Private Enterprise in Developing Countries.

³ International Finance Corporation, 2001: Investing in People – Sustaining Communities through Improved Business Practice.

⁴ International Finance Corporation, 2007: Sustainable Engagement – A Good Practice Handbook for Companies Doing Business in Emerging Markets.

⁵ African Development Bank, 2004: Bank Group Policy on Poverty Reduction.

⁶ African Development Bank, 2002: Achieving the Millennium Development Goals in Africa.

- Combat HIV/AIDS, malaria and other diseases.
- Ensure environmental sustainability.
- Develop a global partnership for development.

Against this background, the Policy identifies five priority development areas, and two cross-cutting themes:

- Agriculture and rural development including rural infrastructure.
- Human resources development.
- HIV/AIDS.
- Private sector development.
- Good governance.
- Gender (cross-cutting).
- Environment (cross-cutting).

In implementing the poverty reduction policy, the ADB advocates and supports (among other measures) stakeholder participation in development planning and implementation⁷, and particularly cooperation with Civil Society Organisations⁸ (CSOs), including both formally constituted and informal organisations). The ADB recognises the potential of private sector – CSO partnerships in promoting poverty reduction and human development.

2.6 Other Internationally-Based Business Guidelines

International Alert (a London based NGO specialising in peace-building) published a guide in 2005 on conflict sensitive business practice for extractive industries⁹. The guide emphasises that social investment initiatives can be a two-edged sword with potential to promote sustainable development or to spark conflict. The social impact assessment for the Kingamyambo Musonoi Tailings Project has noted this risk, proposing that the CDP process should be consultative, inclusive and locally-relevant. The International Alert guideline underlines this approach, and suggests a “nuanced and creative approach to social investment”, with the following elements:

- Social investment as an operational matter, and not an add-on. The FQM Community Development Policy (Section 2.9) is clear that community development is to be integrated in all phases of project development.

⁷ African Development Bank, 2001: Handbook on Stakeholder Consultation and Participation in ADB Operations.

⁸ African Development Bank, 2001: Cooperation with Civil Society Organizations – Policy and Guidelines.

⁹ International Alert, 2005: Conflict-Sensitive Business Practice – Guidance for Extractive Industries

- Social investment policy design to be based on a context analysis and social impact assessment. The CDP is informed by the baseline study and ESIA (see Section 4.3).
- Where projects have the objective of enhancing stability, they must address root causes and not symptoms. Approaches to artisanal mining are a relevant example in Kolwezi (see Sections 2.8, 6.3 and 6.5).
- Involve the government and ensure buy-in from local government authorities prior to establishing social investment projects. The CDP emphasises such involvement (Sections 5 and 7).
- Collaborate with others, including other multinationals, development agencies, NGOs and local businesses. The CDP underlines collaboration (see Section 7.3).
- Focus on impact rather than input, and be clear about the objectives of social investment projects. The CDP is aligned with this approach (see Section 6.2).

The International Council on Mining and Metals (ICMM) has developed a comprehensive Community Development Handbook, which provides guidance on all facets of private-sector facilitated community development.

2.7 Other Relevant National and Regional Initiatives

The CDP notes that there are emerging national and regional initiatives that are relevant to development in and around Kolwezi. Two that are particularly relevant at present are the following:

- *The Extractive Industries Transparency Initiative (EITI)*. EITI is an international voluntary initiative that seeks to promote transparency and accountability around payments made by companies to governments, and revenues received by governments from such companies¹⁰. The purpose is to enable citizens to hold governments to account for the use of the money. The DRC is one of several countries that have endorsed EITI. The government is currently considering implementation of the initiative. FQM has subscribed to the EITI principles and will engage EITI as appropriate, through its own corporate citizenship commitments, and through the CDP.
- *Industry Cooperation in the Kolwezi District*. Two initiatives are of note: the Katanga Mining Association, an inclusive forum involving almost formal mining companies operating in Katanga, and the IFC/USAID led 'Economic Development and Governance Transition Strategy' for Kolwezi. Work with the artisanal mining sector is one area where this initiative can add particular value. Both projects are currently in the early stages of implementation, and will probably become more active in 2008. The international NGO PACT Congo is assisting with the facilitation of both initiatives. KMT through FQM has interacted with PACT, and roles relevant to the CDP may be negotiated as the programme evolves.

¹⁰ EITI Secretariat and the Department for International Development 2005: Extractive Industries Transparency Initiative Source Book.

The work done for the ESIA has revealed other areas where public-private and sectoral cooperation would be beneficial. These include an integrated water and effluent management strategy and plan for river catchments serving the Kolwezi urban-industrial complex. Such cooperation is likely to evolve as mines and government realise the potential for collective action. KMT will support and participate in such initiatives if they have developmental merit, using the vehicle of the CDP if appropriate.

2.8 FQM Policies

FQM has developed several policies relevant to development in its sphere of influence (see Appendix E1). These policies apply to KMT and its operations, and include the following:

- Environmental Policy.
- Community Development Policy.
- Health and Safety Policy.
- Employment Policy.

The CDP is founded and will operate under the Community Development Policy (see Appendix D1). The key tenets of the policy are:

- Implementation of the policy will apply to all phases of project development.
- FQM is cognisant of the principles of sustainable development, and is committed to facilitating sustainable contributions to the physical and economic development of communities close to project sites. The ultimate objective is to reduce the dependence of these communities on mining projects.
- KMT is committed to the establishment of a not-for-profit Foundation. The Foundation will be established and managed with the purpose of financing sustainable community development initiatives, within carefully prescribed guidelines.

3 Project, Site and Affected Communities

3.1 CDP Context

The CDP is an initiative linked to the proposed Kingamyambo Musonoi Tailings Project (KMT). The following sections provide an overview of the project; the project site and the social and economic circumstances in the “Project Impacted Area” (see Section 3.5). The CDP is informed by and responds to these circumstances, seeking appropriate and locally relevant ways to promote sustainable development using dedicated KMT resources.

There is very little original vegetation in the area as the trees have been cut for charcoal and construction and the area is dotted with small fields. Water quality in the Musonoi is poor due to the presence of the tailings although some limited fishing takes place in the tributaries of the river and the Kasobantu dam lake. Large animals which may originally have inhabited the area have been hunted out, leaving smaller rodents and reptiles. There is still a number of bird species present, and in places plant communities consisting of species tolerant of high levels of copper and cobalt in the substrate have developed on the surface of the tailings. A number of small wetlands, which have been enlarged by the damming effect of the tailings in the river valley, have developed, and one or two small areas of gallery forest remain.

The old tailings deposits are a major source of dust in the area although there are no sources of gaseous air pollution. Noise levels are commensurate with a rural area, although background levels are surprisingly high in places despite the lack of industrial activity. No significant archaeological sites have been found but a number of cemeteries have been located and one or two traditional sacred sites.

3.2 Affected Communities

The communities affected by the project are in Kolwezi town itself, and in a number of villages several kilometres from the town, in and around the concession. Some of these villages are traditional both in terms of buildings and administration, while others have been purpose built as housing for mine workers. Some of the villages share characteristics of both types of communities.

The predominant land use in the area is small scale shifting agriculture. Apart from this subsistence farming, many households supplement their income by artisanal mining or 'stone picking', a relatively recent phenomenon which has arisen due to a sharp increase in world cobalt prices. Unemployment is high, with Gécamines, previously the largest employer in the town, largely inactive. The project will take place in an economically depressed region with crumbling infrastructure and will employ around 1300 people during construction (including around 700 locals) and around 600 during operations.

The target area for the CDP is the "Project Impacted Area", excluding the town of Kolwezi. This target area includes traditional villages inside and immediately outside the Project Concession Area and mine villages immediately outside the Project Concession Area. The key characteristics of these settlements are as follows¹¹:

- **Traditional Villages:** These are small settlements of between ten and one hundred households. Housing is modest and services limited. Traditional villages in the Project Impacted Area are Kamimbi (population 970), Kashala (population 60), Kipepa (population 31), Samukonga (population 78), Kanyembo (population 120), Kisangama (population 480), Ndzanzama (population 120) and Samukinda (population 330). Kamimbi, Kashala, Kipepa and Samukonga are located within the KMT Concession Area.

¹¹ The population figures presented below are estimates. Figures for Kolwezi proper were provided by the Office of the Mayor, and are for 2003. The reliability of these figures is unknown.

- **Mine Villages:** These “villages” are sizeable enclaves built by Gécamines to house workers and officials. Housing is mostly modest but solid, and some services are present. Mine villages to be considered for the CDP are Tshala Village (population 7621) and Tshamudende Village (population 15000). Tshala has most of the characteristics of a traditional village (including housing types and limited services). However it has its origin in an overflow from the mine settlements, and houses many people with an existing or former association with the mines. Tshamudende Village adjacent to Lulu Village has similar characteristics.

The CDP will consider projects throughout the Project Impacted Area (excluding Kolwezi town), but the proximate communities in traditional villages will receive special attention.

3.3 Socio-Economic Baseline

A social assessment incorporating a social baseline study was undertaken in 2004 as an input to the Environmental and Social Impact Assessment (ESIA) presented elsewhere.

The investigation for the social baseline focused on the KMT “Project Impacted Area”. This area includes traditional villages inside and immediately outside the Project Concession Area and mine villages immediately outside the Project Concession Area, and the town of Kolwezi. The investigation included a review of documents (including relevant DRC policy, and reports from the KMT Public Consultation and Disclosure Programme), site interviews and focus group discussions, and a survey of households in selected settlements.

The key findings of the baseline assessment are:

- The Kolwezi District has suffered a number of social and economic setbacks over a period of several decades. The most recent setback is the bankruptcy of the state-owned Gécamines mining company, and the drastic reduction of Gécamines activities in and around Kolwezi.
- An economic revival is underway, with investments by several international mining companies, and the restructuring and rationalisation of Gécamines.
- Against this background, Kolwezi is still in an economic slump with some evidence of recovery. The local economy remains characterised by high levels of unemployment, risky conditions for business, and high levels of poverty among both rural and urban households.
- Many social services are still available (water, energy, education, health care, communications), but most are under pressure from limited income. As a result the services are sometimes poor and unreliable. The rural villages have few formal services.
- The most important sectors of employment in this depressed environment are mining, agriculture, trading and commerce and the public sector. In the first three areas, informal small scale activities remain important. In the mining context, artisanal mining (“stone picking”) is a prominent activity, providing incomes to many thousands of miners. In agriculture, most formal commercial farming takes place outside the Kolwezi District. In the Project Impacted Area small scale farming is widely practiced, providing livelihoods to poor

households all over the area. Formal commercial businesses operate in Kolwezi town, but numerous people derive a living from informal trading in markets or on the streets of Kolwezi and surrounding settlements.

- Many institutions and organizations are seeking to organize development and to assist individuals and communities. Local government and traditional leaders address infrastructure development and access to land, and non-government and community-based organizations provide services and resources over a wide spectrum of needs, including assistance to vulnerable groups, health care, education, farming methods and small business development.

The household survey undertaken in 2004 as part of the social baseline study examined livelihoods and incomes in a sample of four traditional villages and three mine villages (Kamimbi, Ndanzama, Kipepa, Samukonga, Luilu, UZK and Tshala). The average per capita income (cash and non-monetary) for all of the surveyed communities was found to be less than US\$ 1 per day, underlining the pervasive poverty in all of these communities. Typical livelihood sources were the following (see Table 3.1):

The Kingamyambo Musonoi Tailings Project will change socio-economic baseline conditions in many ways. The major drivers of change will include the construction and operation of the KMT works, the creation of jobs, the procurement of goods and services, the construction and upgrading of infrastructure, capacity building and training for KMT staff, and the implementation of social policies and programmes (see Section 4.3).

Table 3.1: Livelihood sources in the Project Affected Area

Traditional Villages	Mine Villages
<p>From the 2004 survey, agriculture was by far the predominant source of livelihood in these communities. Agricultural products were sold to secure cash income, and were also produced for household consumption. The most common crops were cassava, sweet potatoes and Irish potatoes. Other products sold (and consumed) were sugar cane, maize, fruit (e.g. mangoes), groundnuts, tomatoes and onions. Many households also raised and sold goats and chickens. Non-agricultural sources of livelihood were varied. These included the collection of mineral-bearing rocks such as heterogenite (“stone picking” or “hand picking”) and the production and sale of charcoal.</p>	<p>Agriculture was also an important source of livelihood in the mine villages. This demonstrated the diversification of income earning activities in former mining communities following the failure of Gécamines. The range of products sold and consumed was similar to that characterizing the communities in traditional villages. A significant difference between the villages and the mine villages was the relatively greater importance of “stone picking” and artisanal mining as a source of livelihood (especially in UZK and Tshala). For many households these activities far outweighed other livelihood sources. Charcoal production and sale was common, but there was also a greater variety of non-agricultural income earning activities than in the villages. The wider range of activities may have been a result, in part, of better access to markets in and around Kolwezi town. Some people were salaried employees, and there were some who received pensions.</p>

4 Scope of the CDP

4.1 Background

It is challenging to establish and implement a community development initiative in a context where poverty and underdevelopment are pervasive, and where expectations of change are growing as a result of international investment in the economy of Kolwezi, and the visible presence of mining companies in and around the town. The challenge for KMT (and others) is to demonstrate a solid and well structured commitment to locally-relevant and sustainable development, managing ill-informed speculation, whilst being seen to be contributing to the incremental development of affected communities in and around the concession area.

Against this background, the sections that follow seek to clarify the scope of the CDP. Section 6 and following sections deal with issues of organisation and management.

4.2 Community Socio-Economic Mitigation and Development Vehicles

Whilst the CDP is a dedicated initiative for support to long-term and sustainable community development, there are many vehicles for community-oriented mitigation and development initiatives under the KMT umbrella. These include the following:

- *Internal Labour, Human Resources and Procurement Practices:* Internal labour, human resources and procurement practices will be guided by FQMs policies (see ESIA, Chapter 2, Appendix 2.4). These practices will be the primary vehicle to deal with matters relating to employment, conditions of service, health and safety, benefits, training, social security and severance. The application of these practices will clearly benefit communities, especially where community members are employed by KMT.
- *Environmental and Social Management Plan (ESMP) and System.* Environmental and social mitigation measures will be addressed via an ESMP. In the social context, the ESMP captures programmes and activities designed to address negative social impacts (for example community disruption during construction) and to add value to positive impacts (such as the deployment of internal medical facilities).
- *Community Health and Safety Plan (CHSP):* The CHSP (Annex A) contains measures to ensure that project-generated health and safety risks to local communities are minimised. It entrenches a preventative approach to community health and safety, and addresses infrastructure and equipment safety, hazardous materials safety, environmental health, communicable diseases, emergency preparedness and response (referring to the EPP outlined below), and the community-oriented responsibilities of security personnel.
- *Emergency Preparedness Plan (EPP):* The EPP (Annex C) incorporates provisions for KMP operations and sites, and for surrounding areas. Key focus areas include plant operations, materials handling, transport, and the selection, training, deployment and management of security personnel.

- *Framework Resettlement Action Plan (FRAP)*: The RAP is the vehicle to deal with compensation and mitigation issues that are the result of economic displacement in project footprint areas. Best practice regarding resettlement and displacement is clearly defined in IFC and World Bank Guidelines, and these have guided the development and implementation of the RAP and interim resettlement measures for KMT. The Framework RAP is presented in Annex B.
- *Community Development Plan*: The Community Development Plan (this Annex), supported by the proposed KMT Social Fund, will be the primary vehicle for social and community development initiatives in groups and communities affected by the KMT project.

The context of and linkages between the various plans outlined above are illustrated in Figure 4.1 below.

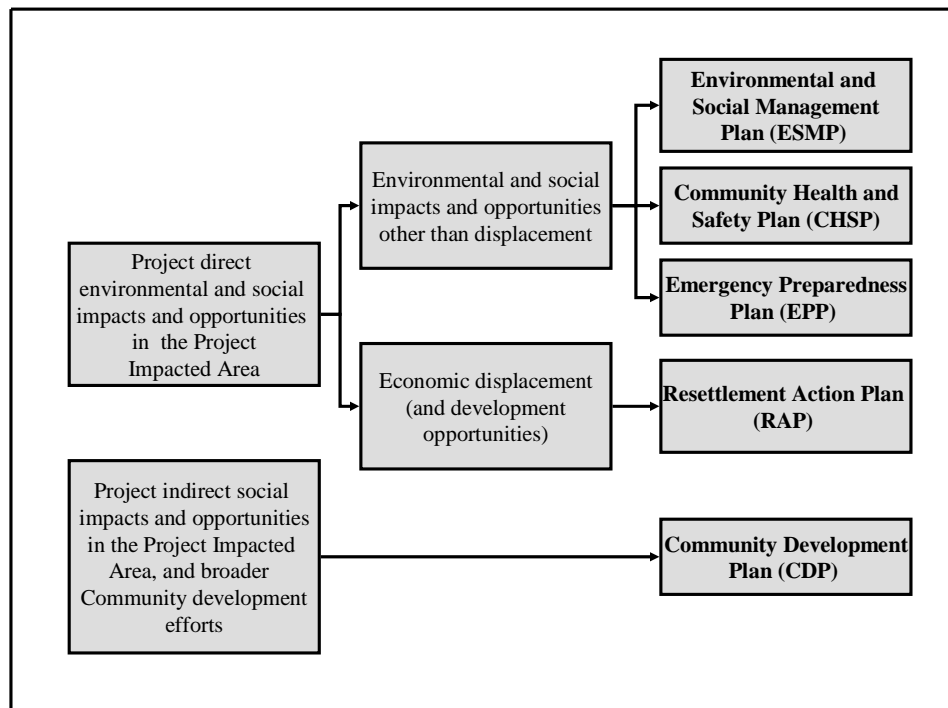


Figure 4.1: KMT operational plans relevant to community development

4.3 Overview of Community Benefits

The benefits that will accrue from the project to the local communities can be divided into four main areas:

- The direct benefits of jobs, incomes and multipliers. It is anticipated that around 700 local people will be employed during the construction phase, which is forecast to last 2 years, and that there will be over 600 direct jobs during the life of the mine, currently predicted to be 23 years. A high percentage of these jobs are expected to be locally sourced. In addition, locally procured goods and services will create more jobs in the district and the wages paid locally

are expected to have a significant multiplier effect in the local economy. Other direct benefits include medical facilities for staff and their immediate families, and the effects of infrastructure improvement which will occur as part of project development, such as refurbishment of a hospital and some roads around Kolwezi town.

- KMT operational responsibilities arising from Mitigation Measures and associated management plans. Mitigation measures that provide community benefit include upgraded water supply in some contexts, and the provision of assistance to better agricultural techniques to offset the loss of land to project infrastructure (taken up in the FRAP – Annexure B). These mitigation measures will be funded as an essential part of the operating costs.
- Policy commitments that will be funded directly by the parent company as part of the Community Development Plan. In addition there will be projects to be decided by the KMT Foundation, within guidelines laid down in the Constitution of the Foundation. The non-profit KMT Foundation will be established and managed with the purpose of financing sustainable community development initiatives, within prescribed guidelines. The communities that it will benefit will also be selected within a framework of guidelines, to ensure an equitable spread of projects (see Section 6.2).

4.4 CDP Principles and Objectives

4.4.1 Principles

The development principles guiding the Community Development Plan are founded in international best practice (see Section 2), in DRC legislation and policy (Section 2), in FQM policy, and in the specific needs and challenges of the Project Impacted Area. These principles are:

- The promotion of sustainable social and economic development in project impacted communities, with an appropriate balance between present development needs and priorities, and the resources needed to ensure continued development for future generations.
- The promotion of self-sufficiency among organizations and structures planning and facilitating development, and the avoidance of paternalistic and other practices that will promote dependency.
- Wide and continuing consultation and engagement with representative and development-oriented organizations and groups.
- Respect for social and cultural diversity.
- Communication processes ensuring an equitable hearing for all sections of the project impacted communities, and particularly groups that may be less forthcoming or marginalized, and equitable access by all groups to development initiatives promoted under the CDP.

- Optimum effectiveness of development support, through participative project screening and prioritization, focused implementation and regular monitoring. Attention will be given to initiatives where limited resources can “leverage” significant development results.
- Local project implementation mechanisms and the development of capacity in local implementing agents (including NGOs and community-based organizations).
- The continued implementation of the Community Development Plan throughout all phases of the Kingamyambo Musonoi Tailings Project, and continued co-operative development planning and support beyond KMT decommissioning and closure.
- Upholding best practice in the context of corporate citizenship, and forming working alliances with like-minded companies and organisations.

4.4.2 Goal and Objectives

The overarching goal of the CDP is:

To establish a durable and locally appropriate framework and model for sustained and cooperative socio-economic development in and around the concession area, and for the duration of the tailings project to provide a vehicle to put into practice FQM community development policies and responsibilities.

The CDP has five sets of core objectives. These are discussed below.

Input Objectives

Input objectives refer to the KMT resources required to mobilise and sustain the CDP. They are:

- To ensure access to the KMT Social Fund (US\$ 20 million over the lifetime of the mine), based on sound and responsive financial planning and robust accountability.
- To ensure the human resources and skills required to meet KMT responsibilities in the establishment, facilitation and management of the CDP and the KMT Foundation.

Management Objectives

The CDP and the KMT Foundation will be structured to secure a meaningful level of stakeholder management (see Sections 6.2 and 9). In this context, KMT management objectives are:

- To promote a culture of planning in the CDP and in the KMT Foundation. This will include strategic, development, human resource and financial planning.
- To negotiate and agree clear roles and responsibilities in the management of the CDP and the KMT Foundation.
- To ensure the correct balance between autonomy in the management of the CDP and the Foundation, and acceptable standards of performance and accountability.

Participation Objectives

Participation is fundamental to the success of the CDP and the KMT Foundation. Key objectives in this context are:

- To ensure and protect an inclusive approach to participation in the CDP and Foundation.
- To facilitate effective participation by stakeholders in the structures of the CDP and Foundation.
- To promote development oriented partnerships as means of adding value to the CDP.
- To ensure appropriate and accessible recourse for stakeholders who have a problem with the CDP or Foundation.

Impact Objectives

The CDP and Foundation will focus on impacts and not simply on activities. The following are the core objectives:

- To focus on development initiatives among communities in the Project Impacted Area, and to prioritize improvements in the quality of life of the poor and vulnerable in this context.
- To give particular attention to development projects that embody significant multipliers, thereby maximizing impact per unit of input.
- To monitor impacts through a structured process, and to promote changes suggested by the feedback.

Sustainability Objectives

Sustainability is a key element of the CDP goal. The following are the sustainability objectives:

- To ensure that project/programme selection and development processes give attention to factors that will promote self-sufficiency and limit dependency.
- To promote the systematic improvement of community development capacity in and around the concession, including the strengthening of development-oriented institutions.
- To promote the growth of the CDP (or an evolution thereof) to include other companies (as appropriate), and to encompass a spectrum of regional cooperative development initiatives.
- To monitor and evaluate sustainability and to promote changes if necessary.

Development Challenges and Constraints

There is an expectation in Kolwezi town and the surrounding villages that the Kingamyambo Musonoi Tailings Project will contribute to reversing the economic decline and social hardship

that has characterised the past decade. An important part of the planning and community engagement process is to ensure that the expectations are well informed and realistic.

Several challenges and constraints confront the mobilisation of the CDP, and the realisation of the full suite of community benefits arising from KMT activities. The most significant constraints are the following:

- *The scale of poverty and infrastructural decline.* Poverty is pervasive in the Project Impacted Area. The Ministry of Labour estimated unemployment in Kolwezi at 95% in 2004, and the household survey undertaken for the ESIA showed all surveyed communities to have an average per capita daily income below one US Dollar (see the Socio-Economic Baseline Study – Chapter 6 of the main report). In addition, the physical infrastructure underpinning the regional and local economies is generally in a poor state of repair. Regional and local roads are mostly poor, and almost impassable in some cases. Mining companies have upgraded access roads in their concession areas, and many of these are in good condition. In addition, portions of the Kolwezi-Lubumbashi road have been repaired, with contributions by mining companies that use the road. The providers of water and electricity services (REGIDESO and SNEL) have done remarkably well to sustain (intermittent) services in some areas, but both organisations are working with facilities and networks that are in poor condition. Against this background, two challenges face the CDP (and other development initiatives). The first is to find appropriate points of entry in a context that may seem overwhelming. The second is to be aware of possible impact of broader poverty and infrastructural constraints on the effectiveness and sustainability of CDP and related development projects.
- *Lack of development planning.* Against the background of the above, there is presently no substantial commitment to development planning. In the public sector, local activities and the projects of sectoral ministries are coordinated via the Office of the Mayor (see Chapter 6 of the main report). There is no development planning function in this office (see Section 6.1), but efforts have been made to prioritise local development initiatives. The 2004 Short Term Action Plan produced by the Mayor's office was a promising start, but the plan was limited, and implementation was not followed through.
- *Institutional fragmentation.* Despite the coordination function vested in the Office of the Mayor, a significant level of institutional fragmentation characterises government at local and district level. The social assessment (Chapter 6 of the main report) found evidence of limited strategic and operational cooperation between sectoral departments active in Kolwezi. Cooperative links between the public and private sectors are also mostly weakly developed. Organisations like Fédération des Entreprises du Congo (FEC), Entente des Mineurs Artisans du Katanga (EMAK) and SAESSCAM (Service d'Assistance et d'Encadrement du Small Scale Mining) are notable exceptions (see Section 6), but even these initiatives are limited in their engagement with private sector enterprises (in the case of the former) and artisanal mining (in the latter two cases). The substantial NGO sector is also loosely organised, but there are several promising networking initiatives. Locally, the *Bureau Diocésain Pour Développement* (BDD) provides a coordinating function, and at regional level internationally-funded NGOs such as PACT Congo are strengthening networks and leading cooperative development initiatives (see Sections 2.8 and 6.1.5).

- *Capacity limitations.* Low capacity is a characteristic of almost all organizations (government and others) with a role in human and community development. There are many reasons, including the state of the district and local economy, the limited funding distributed to district and local level by central government (see Section 6.1.4), and a small resource base for local NGOs and community-based organizations.
- *Unregulated economic sectors.* Against the background of a formal economy that has been damaged by many years of deep recession, informal activities characterize all major economic sectors, including mining, agriculture and commerce. These activities are important sources of livelihood for the poor. In general, the informal sector is uncoordinated and unregulated. It is thus difficult to engage elements of the informal sector in a systematic way to address issues of business development, economic mainstreaming and sustainability. Artisanal mining and “stone picking” are particularly ephemeral, waxing and waning with commodity prices. Further, many of the players in the sector (buyers, agents and diggers) are reluctant to expose themselves to the scrutiny of government and NGOs. EMAK and SAESSCAM (Sections 6.1.3 and 6.1.6) are potential allies in projects involving artisanal miners, as is the coordination work proposed by PACT Congo (see Section 2.8).
- *Potential for division.* A key development challenge is the potential for social division resulting from competition for resources made available by mining investors. The ESIA has recognized this risk very clearly, and the ESPM includes clear mitigatory measures to deal with it. There is no guarantee, however, that other international ventures will deal with conflict potential in the same manner.

Not all community sectors will experience the same benefits from the presence of the Kingamyambo Musonoi Tailings Project. In an attempt to manage the benefits so that their accrual is seen to be fair, a schematic table has been developed which identifies the different benefit types and the beneficiary communities. Table 4.1 shows which sectors of the community will benefit from the different types of development outlined in Sections 4.2 and 4.3 above.

Table 4.1: Likely Distribution of Community Benefits

Community sector/Benefit	Wages and services	Mitigation measures	RAP	CDP	Foundation	Royalties
Proximate Communities	Direct - small	Direct - medium	Direct – land and assistance	Direct - medium	Direct - great	Little benefit
Project Impacted Area - Rural	Direct - small	Indirect - medium	Indirect – potentially great	Direct - great	Direct - great	Little benefit

The locally-paid corporation taxes and royalties of the Kingamyambo Musonoi Tailings Project could make a difference in proximate communities and rural areas, if properly utilised¹². The assessment of cumulative impacts in the ESIA takes into account that many other projects are being developed in the Kolwezi area. If all of these are carried through into operation, further tax

¹² A small proportion of these government revenues reach local level and little if any of this benefits traditional communities or rural areas. A revised system of distribution is required, possibly driven by local development planning.

and royalty-derived benefits may eventually begin to filter through to areas surrounding Kolwezi, especially once the infrastructure of the town is fully operational.

The mining companies active in and around Kolwezi have joined forces in the Katanga Extractive Industries Development Partnership; a collaboration between international donors USAID/IFC/Department for International Development (DfID), and the mining companies Anvil/Metorex/Tenke/ and FQM. This will allow for a collective approach to the current high level of need, and in particular to regional issues such as artisanal miners, migration and infrastructural upgrading.

4.5 Development Opportunities

There is a potentially endless array of development needs and priorities among communities and stakeholders in the Project Impacted Area. Projects and programmes undertaken in the framework of the CDP will be carefully selected according to principles and objectives listed earlier (Section 4.4) and with reference to transparent and carefully selected criteria (Section 9.2). The human development priorities of the African Development Bank (Section 2.6) and the DRC Mining Regulations (Sections 2.2 and 2.3) suggest broad domains for possible development support. FQM policies also mention specific development contributions (for example health advisory programmes, training and development programmes, teacher training, equipment for schools, SME development). The social assessment has also revealed areas where development inputs are urgently needed, and where such inputs would make a significant difference.

Against this background, Figure 4.2 depicts areas of human and community development that will be of particular interest to the CDP and the Kolwezi Foundation.

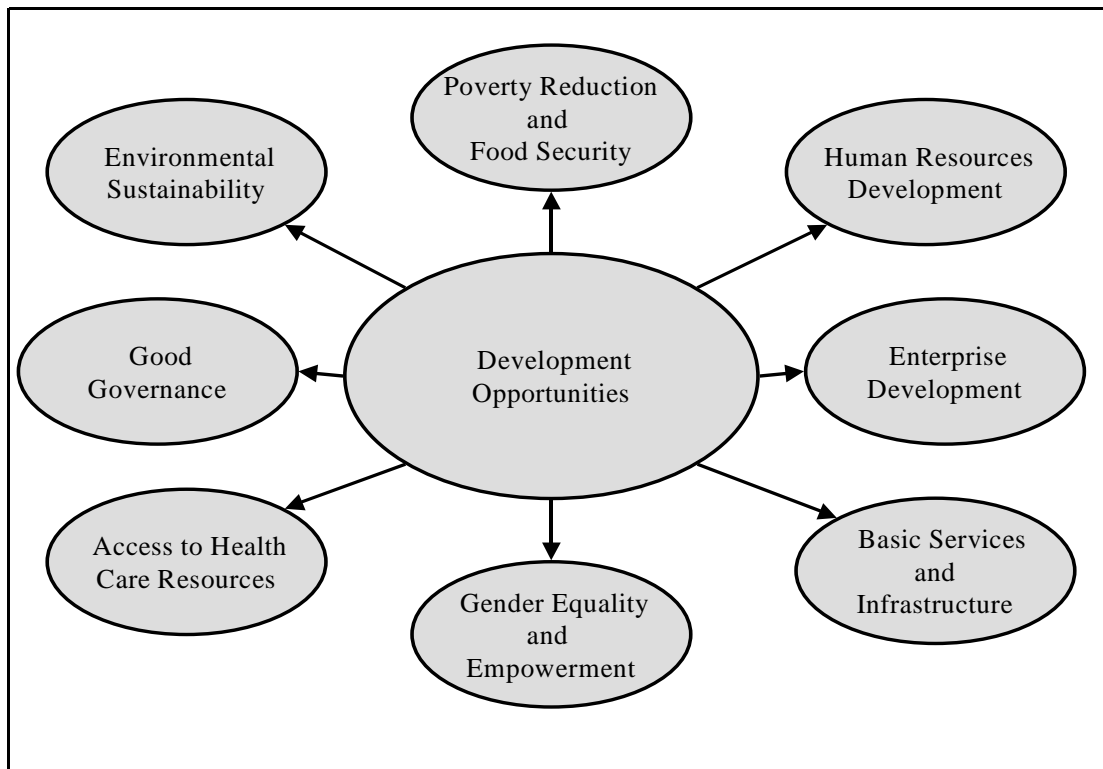


Figure 4.2: Development Opportunities in the Scope of the CDP

Each of the eight areas identified is likely to incorporate a number of projects. Some projects may well be grouped as programmes within a particular theme, but it is premature to describe projects and programmes in detail at this stage. In compliance with Congolese regulations, FQM policy and the principles listed above, this can only be done through consultation, and via appropriate management and implementing structures and processes. The preliminary suggestions noted in Section 4.7 of this report should be tabled and processed in this context.

Development needs and opportunities identified by participants in the social baseline study are summarised in Table 4.2 below. The list includes planned and ongoing initiatives that might be worthy of support through the Community Development Plan and implementation programme. The list is not fully representative, nor is it complete. It is however a point of reference for project identification discussions in the context of the CDP and the KMT Foundation.

Table 4.2: Revealed Development Needs

Proponent	Expressed Needs
Office of the Mayor, Kolwezi	Water Roads Electricity
Régideso	Development of alternative water sources for Kolwezi and sourcing of donor funds
Kamimbi women	Reliable water sources Electricity Business training (for example carpentry – for manufacture of coffins) Transport for agricultural goods and charcoal (to markets) Access to jobs Access to hospitals and health care
UZK youth	Sports facilities Access to education Recreation centres
Gécamines	Preventative Malaria programme
NGOs	Democratic institutions and elections Food security Preventive medicine

Many of the expressed needs listed above seek major infrastructure development. These will not be addressed by the CDP or the Foundation. Instead, it is expected that these will be addressed by local government, using funds derived from the corporation tax (40% under the new constitution) and royalty payments made by KMT.

To ensure that the best use is made locally of these revenues, it is proposed that the CDP provides capacity building to Local Government in Development Planning. As much of the infrastructure is in need of repair or refurbishment, assistance in developing plans will provide valuable input into determining the scale of need of different infrastructure projects and in determining priorities for action. Additional capacity building in auditing, tender and contract procedures, managing project budgets, accountability and public reporting will also be provided to ensure transparency in the process of refurbishing the town's infrastructure.

This support can continue throughout the life of the project as revenues become available and priorities change.

4.6 Project and Programme Types

A number of different projects have been identified, many of which may be put forward for consideration for funding by the Foundation. Some of these have come from local people while other possibilities have been noted through the experience of other mining projects and through the work of regional development professionals.

The preliminary project list in Table 4.3 below includes:

- Projects to which FQM has made a commitment in its policies.
- Business opportunities which are as a result of the local procurement of goods and services, but which may require micro-finance or business support.

- Other projects identified which do not fall into these categories, and which may be considered as Foundation projects.

Table 4.3: Preliminary Project List.

Initiative identified	Details	Revenue source
Policy Commitments		
Awareness and preparedness for emergencies at local level (APELL)	To ensure communities are aware of possible emergencies that may arise and are equipped to deal with them	Operational cost
Scholarship scheme	To be initiated in the first year of production, in a mining related subject	CDP
Community Nursing, health education programme including infant vaccinations	To encourage good practice in infant and child nutrition, hygiene, malaria, family planning and HIV/AIDS	CDP
Medical centre for employees and immediate families	For the treatment of routine illnesses and minor accidents	Operational cost
Training programmes for employees, e.g. literacy, numeracy, languages, IT skills	A voluntary 'night school' to encourage employees to advance their general education	Operational cost
Mitigation measures		
Local economic planning with e.g. FEC	To encourage the development of appropriate local businesses that are not dependent on mining	Foundation
Small traders interest group	To encourage the involvement of smaller businessmen in the overall economic growth predicted to occur	Foundation
Local development planning with Office of the Mayor	To ensure that royalty payments allocated to Kolwezi district are spent wisely on a series of prioritised infrastructure improvements. To provide a 2 year, 5 year and 10 year plan for the development of the town	CDP
'Foundation' type projects:		
Agricultural projects		
Improved agricultural practices programme	As demand for land increases due to its use by the project, it may become necessary to use it more intensively but without expensive chemical inputs. ¹	FRAP, but can extend to CDP to benefit other farmers in the concession. Possibly in association with PACT Congo
Development of tree nursery and planting programme	To ensure supply of fuel wood, wood for building, protect remaining woodland and provide trees for rehabilitation programmes and eventual closure.	CDP/Foundation

Initiative identified	Details	Revenue source
Small orchard development	Planting fruit trees can provide alternative/additional income for women. ²	Foundation
Bee-keeping, honey production	Low input, high value product, can be carried out by women ³	Foundation
Animal husbandry for meat production	Chickens and goat could be sold locally to fulfil mine requirements or increased demand	Foundation
Fish farming	To supply local demand. Most fish is brought in from Lake Nzilo and has the potential to be contaminated	Foundation
Small dairy unit	To supply local demand. All dairy produce currently brought in from abroad.	Foundation
Vegetable production	Locally sourced goods to supply increased demand from workers and families and for the mine requirements	Foundation
Small Mining Projects		
Artisanal mining transformation	Cooperation with EITI, PACT Congo, SAESSCAM to assist artisanal miners to organise, ensure safer working conditions, or to find alternative work	Foundation
Craft and Artisan Projects		
Supply and repair of overalls for mine use	Locally sourced goods	Operational cost
Traditional craft items	For sale to visitors, export to Lubumbashi, corporate gifts for KMT	Foundation
Basketry	For sale to visitors, export to Lubumbashi, corporate gifts for KMT	Foundation

Notes:

1 'Education on organic agriculture combats natural resource degradation in the Democratic Republic of Congo' Action pour le Developpement et l'Alphabetisation des Masses (ADAM Congo), in Overseas Organic Support Group Newsletter, Henry Doubleday Research Association, Spring 2005. A common invasive weed at site, *Tithonia diversifolia* has been shown to be ideal for use as a green fertilizer.

2 Meeting with personnel responsible for the development of women at regional level, Feb 2005

3 Bees for Development charity (already working in DRC); www.tropicalforest.com exports organic, Fairtrade wild forest honey from north western Zambia is for sale in UK at premium prices.

5 Participatory Approach in Community Development

5.1 Context

Meaningful and ongoing stakeholder engagement is recognised to be fundamental to the success of the CDP and the Kolwezi Foundation (see also Annex F: Stakeholder Engagement Plan). This consultation and engagement will take place in two broad contexts:

- During the development of the CDP and Foundation.
- As part of the ongoing operations of the CDP and Foundation.

The following short sections outline the nature of engagement in these contexts.

5.2 Development of the CDP

The development of the CDP and the establishment of structures within it will move through several phases. These are outlined in Section 8. The key areas of consultation and participation in this context are the following:

- The role, operating procedures and membership of the proposed Public Liaison Committee (PLC). The PLC will serve as the primary interface between stakeholders in the Project Impacted Area and KMT (see Section 6.2.2). It will assist with the further development of the CDP, and will provide interim support, but it will ultimately operate as a consultative body addressing issues of public interest across the spectrum of KMT activities. Consultations informing the development of the PLC were undertaken in 2006. Following a period of recess, the PLC was revived in March 2008.
- The structure, objectives, procedures and membership of the CDP and its consultative and management forums and committees. It is anticipated that this important area of participation and consultation will be steered and monitored by the PLC (see Section 8.1).

Effective consultation and participation relies on the identification of all stakeholder groupings. The Public Consultation and Disclosure and Stakeholder Engagement processes and plans have gone a long way in developing a stakeholder database, and initial contact with key organisations and individuals in the Project Impacted Area. The database will however be subject to ongoing review and revision by KMT community development staff.

5.3 Consultation During CDP Implementation

Consultation and engagement during CDP implementation will take place through a variety of vehicles:

- Monitoring of and feedback on KMT operational activities.
- Monitoring of and feedback on KMT mitigation activities (as detailed in the ESMP – see Section 4.2).

- Monitoring of and feedback on specific community-focussed plans and processes, such as the LACP and the CHSP (see Section 4.2).
- Participation in the structures of the KMT Foundation (including the proposed Board of Trustees and General Assembly (see Section 6.2.3).

The PLC will remain in place as a more general forum, whilst the Foundation structures will be devoted to community development issues.

6 Institutional Framework

6.1 Existing Institutions

6.1.1 Institutions and Development

The CDP will operate in an institutional context illustrated in Figure 6.1 below. The broad domain of the CDP is the Project Impacted Area defined earlier (Section 3.4). The CDP itself comprises two institutional arrangements: the KMT Foundation, which is the vehicle for stakeholder and community-led development initiatives; and the KMT management which is responsible for KMT community commitments entrenched in FQM policy and in other undertakings. It is possible for these KMT commitments to be undertaken through the Foundation, if stakeholders see merit in doing so.

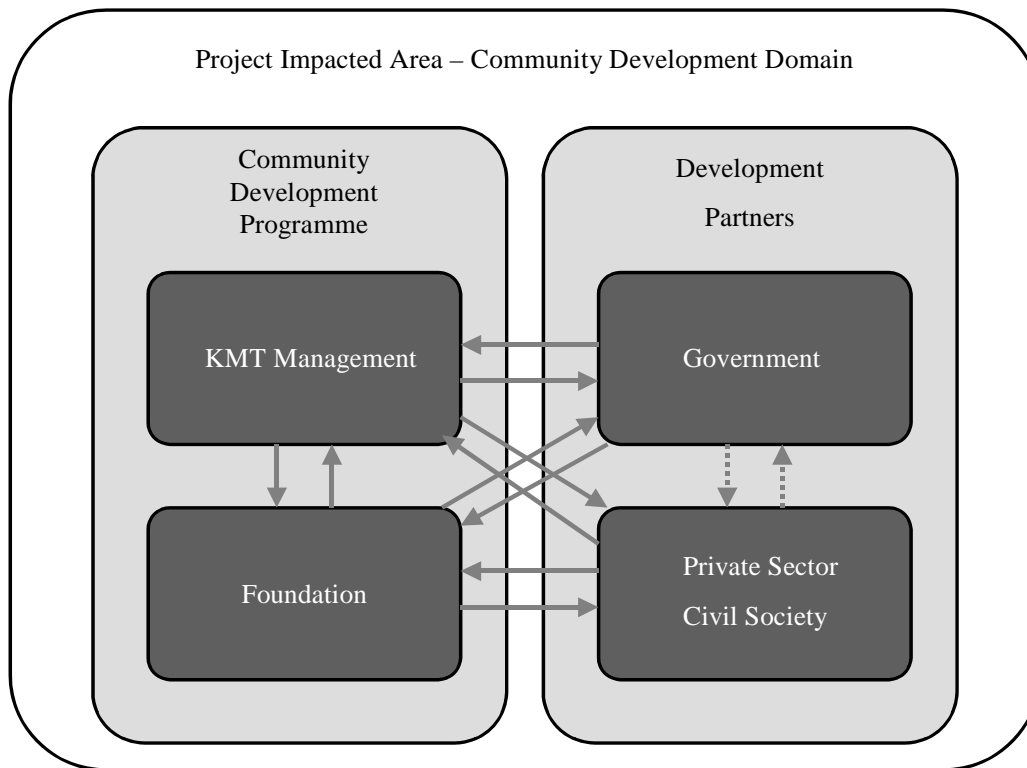


Figure 6.1: CDP Institutional Context

The CDP will interact and cooperate with development partners in government, the private sector and civil society. The interactions will be varied, ranging from capacity building in strategic partner organisations, through cooperation in development ventures to the use of selected partner organisations as implementing agents in appropriate situations. Direct development-related interactions between government, the private sector and civil society are beyond the immediate sphere of influence of the CDP, but CDP initiatives may play a role in promoting these (for example the facilitation of a local development planning project).

The sections that follow (6.1.2-6.1.6) examine the structure and organisation of potential partner organisations. Specific modes of cooperation are considered in more detail in Section 6.3. Section 6.2 describes the organisation of the CDP in more detail.

6.1.2 Structure of Government

The DRC has a multi-layered institutional system. Governance reflects a mix of “modern” and traditional systems, with government officials and traditional authorities responsible for specific administrative units in the institutional hierarchy. Within this framework, the Project Impacted Area is subject to various layers of oversight and administration. These are the following:

- The District of Kolwezi, headed by the Mayor of Kolwezi.
- The *Territoire* of Mutshatsha, headed by its Administrator.
- The *Communes* of Dilala and Manika, headed by *Bourgmestres*.
- The *Secteur* of Luilu, headed by the *Chef de Secteur*.
- The *Groupement* Kazembe headed by the *Chef de Groupement* Kazembe.
- Traditional villages (discussed in Section 5.3), headed by *Chefs de Village*, also referred to as “*Capitas*”.

In addition to these “modern” administrative levels, there are also traditional institutions, such as the “*Chefs de Terre*” (Land Chiefs). The *Chefs de Terre* deal with land allocation and management in a given area, the boundaries of which are not necessarily consistent with those of the administrative subdivisions.

6.1.3 Local Government

The key local government institution is the Office of the Mayor of Kolwezi (the *Mairie*). This office has jurisdiction over the entire Kolwezi District. In the Project Area, the *Mairie* oversees two urban *Communes* (Dilala and Manika) and two largely rural *Territoire* (Mutshatsha and Lubudi). The distribution of resources appears to be heavily weighted toward the urban areas. The local activities and projects of sectoral ministries are coordinated via the *Mairie*, and priorities for development are determined. There is presently no formal development planning function in local government, but at the time of the 2004 survey, the Mayor’s Office had compiled and published a short-term plan, comprising 11 priority initiatives¹³.

At the time of the social assessment, the Mayor expressed the view that his office is adequately staffed. The financial situation of the Office is poor. Only 16% of the 2002 budget (derived

¹³ *Etat des Lieux de la Ville de Kolwezi et Plan d’Action à Court Terme*, Office of the Mayor, 2004.

mainly from local taxes) was realized, leading particularly to the severe curtailment of projects and interventions¹⁴.

6.1.4 Dedicated State-Funded Development Services

The Ministry of Mines established SAESSCAM (*Service d'Assistance et d'Encadrement du Small Scale Mining*) to organize and develop small scale and artisanal mining (SSAM). SAESSCAM was not active in Kolwezi at the time of the social assessment (September 2004), but has now established a small presence. The remit of SAESSCAM includes the following:

- Technical assistance to SSAM.
- Promoting integrated development.
- Oversight of EMAK.
- Setting up digger cooperatives.
- Monitoring the movement of ore.
- Encouraging the payment of taxes/levies.
- Promoting social development around SSAM.
- Ensuring the integration of women in SSAM.
- Promoting safety.
- Encouraging investment in sectors providing alternatives to SSAM.
- Establishment of a mining fund to support SSAM.

Despite its youth, the SAESSCAM initiative in general and the office in Kolwezi in particular have an important role to play in formalising and legitimising possible development initiatives around small scale and artisanal mining. Appropriate capacity building through the CDP might be worthy of prioritisation early in the mobilisation of the CDP (see Annex I: KMT Artisanal and Small Scale Mining Strategy).

6.1.5 NGOs and CBOs

Numerous Non Government Organizations operate in the Project Impacted Area. The NGOs are both international (e.g. World Vision, PACT Congo) and local. There are several organizations seeking to coordinate NGO activities, among them the CRONGD network. The NGO activities are wide-ranging (see Table 6.1 below).

¹⁴ *Etat des Lieux de la Ville de Kolwezi et Plan d'Action à Court Terme*, Office of the Mayor, 2004.

Table 6.1: Overview of NGOs in and Around Kolwezi

Name	Activities	Focus Area	Size
World Vision	Nutrition Animal breeding Technical assistance to farming Support to immunization Support to health institutions Basic medicines Wellbeing of children Microcredit	DRC	Information required
World Food Programme	Emergency food supply	DRC	Information required
UNICEF	International Medical supplies Establishment schools and clinics Counselling conflict victims Polio immunisation	DRC	Information required
PACT Congo	International Capacity building local organizations Separated and abandoned children Market approaches to livelihoods	Katanga Province, including Kolwezi District	Work through partner NGOs. About 10 staff
BDD. <i>Bureau Diocésain Pour Développement</i>	Multisectoral. Coordinating. Oversees the CRONGD network in Kolwezi. Participated in the World Bank funded Gécamines restructuring programme	Kolwezi diocese area (60 km radius)	7 staff
Eco-Dev. <i>Action Pour l'Eco-Développement</i>	Women, families and children Civic education Cleaning the environment	Kolwezi, Kazembe, Musonoi	7 staff 30 volunteers
PCI-Rayon. <i>Prise en Charge Intégrale Rayon</i>	Health care AIDS victims	Manika	Information required
ARDERI. <i>Association Régionale Pour le Développement Rural Intégré</i>	Rural development Providing water in villages	information required	Information required
BDOM. <i>Bureau Diocésain Pour les Services Médicaux</i>	Providing medicines to parish pharmacies	Diocese of Kolwezi	Information required
Maisons WENGI	Orphans Street children	Unknown	Information required
Maison BUMI	Support to children	Information required	Information required
<i>Jeunes Pour le Bien Etre Commun</i>	Youth Improving quality of life	Kasulo	30 members
ABC. <i>Associés Pour Bien Commun</i>	Food production Improving quality of life	Kolwezi	30 members
IDK. <i>Initiatives Pour le Développement</i>	Food production Improving quality of life	Kasulo	30members
COOPAGRIS. <i>Coopérative Agricole de Solidarité</i>	Agriculture Food production Improving quality of life	Kolwezi	20 members
<i>Centre des Personnes Handicapées</i>	Handicapped persons Fund raising activities	Kolwezi	45 members

Name	Activities	Focus Area	Size
<i>Association des Femmes Congolaises Pour le Développement Agricole</i>	Women in agriculture Food production Improving quality of life	Kolwezi	20 members
<i>Union des Cultivateurs de Kasulo</i>	Food production Improving quality of life	Kasulo	25 members
<i>Associations Feminines (11)</i>	Women Fund raising activities for members – savings clubs	UZK, Luilu, Tshala	Collectively – 220 members
<i>Atelier Rapide de Couture</i>	Clothing Improving quality of life	Kolwezi	10 members
<i>Association AFIA</i>	Household agricultural assistance Medicine (cough syrup) Literacy	Kolwezi, Kasulo, Katembe	18 members
AMKO (mostly former Gécamines employees)	Wood processing Rearing goats and chickens Fish farming Health services Centre for women (making clothes) Heterogenite mining	Kolwezi and villages	97 members
ASEMIR. <i>Association pour la Scolarisation des Enfants au Milieu Rural</i> (former Gécamines employees)	Heterogenite mining Assistance to children affected by war	Kolwezi and surrounds	Information required
SODICOM (former Gécamines employees)	Further information required	Kolwezi and surrounds	Information required
SATA. <i>Service Agricole et Transport Association</i> (former Gécamines employées)	Further information required	Kolwezi and surrounds	Information required
SATEERA (former Gécamines employees)	Technical support (e.g. motor mechanics)	Kolwezi and surrounds	Information required
URK Network. GAPAT, AMKO, MAISHA	GAPAT supports agro-pastoral activities. Further information on others required	Kolwezi and surrounds	Information required

Note: This table is based on contacts with NGO informants in the Kolwezi District during 2004. The list is not necessarily complete and some NGO details were not available at the time of the survey.

The extensive community of NGOs is in part a symptom of the difficulties faced by communities in a depressed economic and social environment. The NGOs often fill gaps left by poorly resourced state institutions. The NGOs themselves are not rich, but they are a key resource in the context of the CDP.

Many churches are active in the Project Impacted Area. Major denominations include Catholic, Methodist and Lutheran. There are however many other groups, including very active evangelical congregations. Several churches are active in education, and numerous NGOs have associations with particular denominations.

6.1.6 Sector Coordination Organisations

The *Fédération des Entreprises du Congo* (FEC) is a government body linked to the Economic Affairs ministry. It performs some of the functions of a Chamber of Commerce, but a key role is

that of guiding businesses (especially those newly established) through legal and administrative procedures. FEC had 74 members at the time of the social assessment, including the major mining *maisons* (Bazano, Chemaf etc.) and a variety of retail operations and hotels. The state enterprises REGIDESO and SNEL were not members at that time.

EMAK is a state-sanctioned organization focused on supporting and to some extent regulating small scale manual mining. It has a permit for artisanal exploitation, and is not bound by state labour regulations. It is also not linked to any trade unions. The relative autonomy of EMAK stems in part from its role in the “social calming” and employment creation policy that has emerged since the failure of Gécamines. EMAK had a membership of 6000 – 10500 in 2004 (claims from different sources), including both diggers and agents. The members receive some benefits, including counselling on financial management, advice on safety and social security, and assistance with funds for events like funerals. The head office of the organization is in Lubumbashi.

6.2 CDP Structure

6.2.1 Overview

The Community Development Plan is located in an institutional framework comprising development partners and the structures of the CDP itself (Section 6.1). This section outlines the proposed organisation of the CDP, and especially the proposed KMT Foundation. The proposal will of course be discussed with stakeholders (see Section 5.2), and will be revised if necessary. Hence proposals should be seen to be preliminary. The envisaged organisation is strongly aligned with DRC policy and recent best practice in Francophone Africa, so the model is believed to be robust and appropriate.

One of the options open to KMT is to administer its donations directly and also to implement development actions directly. This approach might be effective for short-term inputs, but will not promote local participation, and will not build capacity amongst the local stakeholders. There are many examples of such approaches generating frustration in the very communities that were expected to become trustful partners of the company. Another option is to select one or several NGOs amongst those present in the area, and to fund them to implement given development activities.

However, KMT’s community development goal and objectives (Section 4.4.2) seek a long-term relationship with development partners and neighbouring communities, covering the whole operation period. Experience worldwide shows that such objectives are best met through institutional arrangements allowing for the engagement of various stakeholders, such as the Government at the different levels of administration (central, regional, local), the local beneficiary communities, and organizations active in local development such as local NGOs and locally-based international NGOs.

Against this background, the CDP will establish a non-profit development Foundation to ensure that donations through the Social Fund will facilitate cooperative and sustainable development among communities in the Project Impacted Area. International experience indicates that smooth operation of a development Foundation needs a “warm-up” period. During this period,

the donating company should keep some direct control of funding and fund allocation, and contribute to building capacity amongst the different partners involved, while the first development projects are implemented. Such an interim arrangement is discussed in Section 6.2.3 below.

Transfer of full responsibility to multi-stakeholder governing bodies takes place when management capacity is assessed by all parties to be sufficient. This establishment or interim period also allows for all legal steps required by the formal authorization process to be made, which experience suggests may take some time.

The KMT Foundation structure is informed by models of Foundations or Trusts in operation at different mines in Africa and elsewhere. A careful study of representative examples has been undertaken. It is currently envisaged that the Foundation will receive around US\$20 million over the life of the mine and that administrative overheads will be kept as low as possible to ensure the delivery of maximum benefit to the communities.

6.2.2 Public Liaison Committee

The role of the PLC is to provide a forum for interaction between stakeholders in the Project Impacted Area and the management of KMT. It will be managed through the HSEC (Health, Safety, Environment and Community Relations) function of KMT, and will address relationship matters not taken up by internal HR forums, or by the structures of the Foundation. In this context, the PLC will be a primary tool for the KMT external communication strategy.

The PLC will not duplicate the role and work of the Foundation's General Assembly. Whilst the latter will focus on the community development business of the Foundation, the former will deal with a wider spectrum of issues. In many ways the PLC will be KMT's external sounding board, referring specific matters to the appropriate structures as required.

Consultations leading to the establishment of the PLC were undertaken in 2006, with the active participation of social specialists from the IFC. Nominations were discussed and agreed, but the PLC was placed in recess pending FQM's evaluation of mining options following its acquisition of KMT. The PLC was re-activated in March 2008, and now requires a period of capacity building and consolidation.

The membership of the PLC is structured to include representation from all major stakeholder groupings. A senior member of KMT will have a seat on the PLC. Other members include a representative from the Mayor's Office, representatives of the traditional chiefs and communities, church representatives, members of women's and youth groups, local business representatives and representatives of locally-based NGOs.

The activities of the PLC will be guided by a constitution and a set of operating procedures. The PLC will provide interim support to the Foundation during its set-up phase (role described in Section 8.1). Hence establishment of the Committee is a necessary and urgent precursor to the implementation of the CDP.

6.2.3 Foundation

In conformance with Congolese law and in line with African and international experience, the fully developed and capacitated KMT Foundation will incorporate following structures and functions:

- A General Assembly – “*Assemblée Générale*”
- A Board of Trustees – “*Conseil d’Administration*”
- If needed, a Managing Committee – “*Bureau*” or “*Comité de Gestion*”,
- Auditors – “*Commissaires aux Comptes*”)

Whilst capacity is being developed, an interim structure with KMT oversight will be established. The interim structure of the Foundation is shown in Figure 6.2 below:

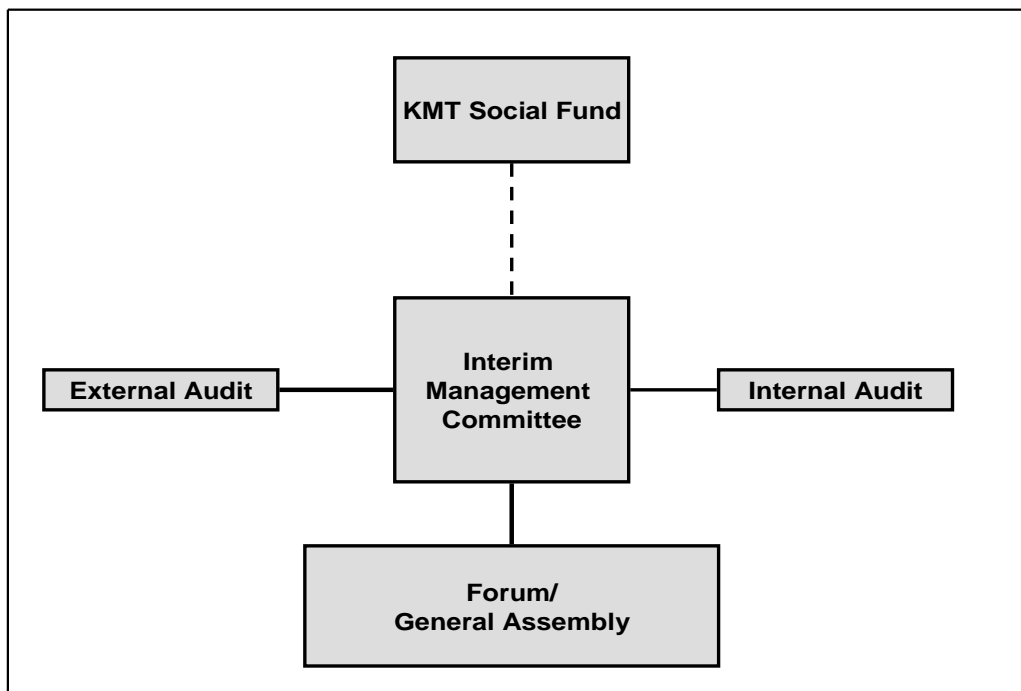


Figure 6.2: Proposed Interim Structure of the KMT Foundation

The main features of the structure are:

- KMT funds will be made available to the Foundation through the Social Fund.
- The interim structure will be managed by an Interim Management Committee under the chairmanship of KMT, and incorporating representatives of the PLC management.

- A Development Forum will be established, guided by the PLC, maturing into a General Assembly (GA). The GA role is discussed below.

The proposed “mature” structure of the Foundation is shown in Figure 6.3 below:

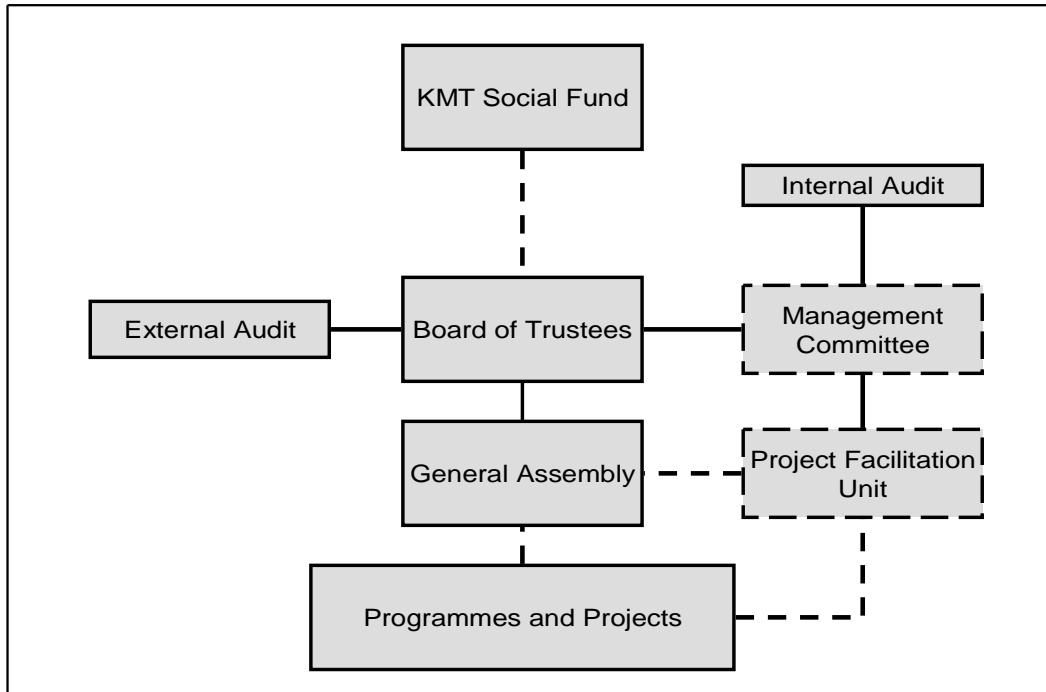


Figure 6.3: Proposed Structure of the Kolwezi Foundation.

Key features of the structure are the following:

- As with the interim structure, KMT funds will be made available to the Foundation through the Social Fund. If the Foundation evolves to the point where it draws on other sources of funding (from other companies; or via donors, government or other benefactors) the nature and management of the Social Fund will have to be reconsidered.
- The General Assembly (GA) is an inclusive consultative forum representing all community and development partner interests. Its rules will ensure an effective voice for communities and sub-groups within them. Particular attention will be given to promoting the participation of vulnerable groups within the communities.

The GA membership will comprise representatives of each concerned community (including for instance the village chief, one women’s representative, one representative of youth, and “ordinary” representatives elected by the community at large), as well as other stakeholders and development partners such as Government officials, local and regional NGOs, church groups, KMT representatives, and other donors and companies if applicable. The GA chair will be elected by the assembly, and should be drawn from the body of community representatives.

The GA will meet on a yearly basis once the Foundation is fully established. It will review the Foundation progress and its financial reports, and decide on main strategic orientations. It will also allow members to introduce new development proposals, and to reflect on the impacts and effectiveness of existing community development ventures.

- The Board of Trustees (BoT) will be nominated by the General Assembly for a two-year mandate, and will meet on a quarterly to review implementation progress, to review accounts and finance, to decide on staff recruitment, as well as to hire consultants and implementing partners (NGOs and others) for specific activities. A senior KMT manager (probably the General Manager) will serve on the Board and members will elect the Chair. The Chair should not be on the staff of KMT.

As the Foundation grows, it might be necessary to consider a small Management Committee reporting to and assisting the BoT. A linked Project Facilitation Unit might also be formed, to assist with the formulation of projects and to follow day-by-day progress.

- All financial mechanisms (including accounting rules, reporting and auditing mechanisms) will be defined during the establishment period prior to the Foundation being legally established. An external audit function will be established, and will report to the BoT. Internal audit will be undertaken by KMT financial staff, and will also report to the BoT. The KMT Administration and Finance function could provide accounting support services to the Foundation, on an agreed basis.
- The Foundation will be administered through a Constitution (“*Statuts*”) and Internal Regulations (“*Règlement intérieur*”).
- The Constitution will provide the following general rules:
 - Objectives, area of activities, location of headquarters,
 - Funding and budget,
 - Members (who can be a member, different types of members),
 - Governing bodies, their composition, designation, roles and interactions with each other (General Assembly, Board of Trustees, Managing Committee, Auditors)
- The Internal Regulations will establish more practical, management-orientated provisions (details of organization, financial management, roles of staff).

The draft Constitution and Internal Regulations will be prepared during 2008, in a participatory manner, and discussed with the Public Liaison Committee (in its transitional role, as mentioned above). Once they are in final form, the Foundation will apply for official recognition from the Ministry of Justice of the DRC, through the Ministry in charge of Mining. The applicable tax regime, including exemptions of import duties and other taxes as provided under the law, will be discussed by KMT before the final establishment of the Foundation. The application dossier for the Foundation will be submitted in the name of members of the Public Liaison Committee.

6.3 Potential Partnerships

6.3.1 NGOs and Civil Society

NGOs and CBOs (especially churches) are already important development agents in the Kolwezi District. There are many such organizations, and some networks (Section 6.1.5). Since they are already active, NGOs and CBOs are potentially valuable implementing agents for development initiatives, especially at community and household level. Some NGOs operating in Kolwezi and throughout Katanga and DRC have been identified as possible partners for assistance in delivering different aspects of the CDP and in Foundation initiatives. More detailed discussions will be required to identify the most suitable groups for different aspects of the planned programme.

For example, it is most likely that a partnership with an international NGO will be developed to deliver the Community Health Programme and the infant vaccination programme, due to access to a wide range of resources and experience of similar programmes elsewhere. For issues such as improved agricultural practices, a local NGO currently promoting this type of activity may be contracted to deliver this programme. Negotiations with PACT Congo have identified possible coordinating roles for this organisation, including the ongoing promotion of cooperation among Kolwezi-based mining companies, and the facilitation of initiatives to develop the potential of small-scale mining, and to develop those currently engaged in artisanal mining.

Community leaders have considerable influence in the communities they serve. They are therefore an important interface between the community-oriented initiatives and the communities themselves. The leaders also have a key role in some aspects of mitigation and compensation, especially with regard to the allocation and development of land. Communities themselves have the potential to organize around development inputs, as has been shown in many of the villages in the Project Impacted Area.

6.3.2 Other Businesses

The KMT project is one of several internationally funded mining ventures in Kolwezi. Several major projects are now in advanced planning or early implementation. Important initiatives bordering the KMT Concession Area include the Katanga Mining project (formed through a merger of the Katanga Mining Kamoto project and the Nikanor KOV project), and the Anvil Mining Mutoshi project.

Other mining ventures are potential partners in a number of contexts:

- Cooperation around regional programmes such as the Extractive Industries Transparency Initiative (EITI), projects related to the regularisation of the artisanal mining sector, and possible coordination around the management of catchments affected by mining activities in Kolwezi (see Section 2.8).
- Coordination of interaction with local government to ensure the most effective use of tax and royalty-derived income (for example support to local development planning).

- Contribution to an extended CDP and development foundation, especially in the interest of post-closure sustainability.

The latter is an attractive option, and one that the CDP and KMT Foundation will pursue as a longer-term possibility. A merger or expansion will of course have to be discussed with KMT CDP stakeholders, and agreed by them. New participants would have to agree to uphold the international standards and basic principles underpinning the CDP.

6.3.3 Sector Coordination Organisations

Organisations such as FEC, SAESSCAM and EMAK (Section 6.1.6) provide contact with local business organizations and with artisanal mining enterprises, and are possible partners for initiatives in this context. They are also repositories of substantial local experience and information, and could make important inputs in the planning of development projects in the business and mining sectors.

6.3.4 Government

Local Government

Local Government has clear development responsibilities in the Kolwezi District. As a tax payer and corporate citizen, KMT will work with local government wherever possible as a vehicle for development in the areas for which it is responsible. The new constitution provides that 40% of the KMT Corporation Tax is payable to the town. This represents a dramatic increase in local resources. Formerly, 15% of the royalty payment was to be returned to an account designated by the administration where the mining activities take place.

The Mining Code Article 242 describes the earlier dispensation regarding the distribution of mining royalties. The wording is presented in Table 6.2 below.

Table 6.2: Framework for Distribution of Mining Royalties

"The mining royalties are paid by the holder of the mining exploitation title to the Public Treasury. The latter is in charge of distributing the receipts of the mining royalties as follows: 60% remain in the hands of the Central Government, 25% is paid into an account designated by the Provincial Administration where the project is located and 15% into an account designated by the Town or the administrative territory in the area where the exploitation activities take place. The funds resulting from the distribution referred to in the previous paragraph of this article, in favour of the Decentralised Administrative Entities above, are allocated exclusively to the building of basic infrastructure in the interest of the community. The Mining Regulations determine the conditions of the collection and distribution of the mining royalties in accordance with the distribution mentioned above, as well as the Entity in charge thereof."

To ensure that the best use is made locally of these revenues, and in accordance with the principles of the Extractive Industry Transparency Initiative (EITI) it is proposed that the CDP provides capacity building to Local Government in development planning.

As much of the infrastructure is in need of repair or refurbishment, assistance in developing plans for 2 years after the mine opens, 5 years and 10 years will provide valuable input into determining the scale of need of different infrastructure projects and in determining priorities for action. Additional capacity building in auditing, tender and contract procedures, managing project budgets, accountability and public reporting will also be provided to ensure transparency in the process of refurbishing the town's infrastructure. This support can continue throughout the life of the project as revenues become available and priorities change.

Mining

As noted in Section 6.1.4, the small-scale mining support agency SAESSCAM is an emerging player in the artisanal mining sector. It is also potentially an important strategic partner in initiatives involving artisanal miners and mining, not least because it brings government influence to an industry that has hitherto appeared unmanageable (see Section 4.5). As with local government, it may be necessary to assist with capacity building in SAESSCAM, enabling it to deliver on its promise as a development partner.

Agriculture

The Ministry of Agriculture has a framework for agricultural extension and support, including a group of agronomists who are meant to be active at village level. Only 40 out of 112 posts at this level were filled at the time of the social assessment (for the whole Kolwezi District), and evidence from the traditional villages in the Project Impacted Area suggested that the existing agronomists have limited impact.

However, the Ministry remains a key partner and a potential resource to the CDP. It could inform and co-facilitate many of the agricultural development projects envisaged in this CDP (see Table 4.1) and in the RAP. With appropriate and targeted capacity building, it could also resume some of its mandated extension work, providing sustainability beyond the life of the CDP.

7 Capacity Building

Capacity building is a broad concept. It is frequently seen to be synonymous with human resources development, but in the context of the CDP it may include the development of capacity in planning, fund raising, management, communication, project implementation and monitoring. It is not appropriate to specify capacity building projects at this stage of CDP development, but in broad terms capacity building will take place in the following contexts:

- Capacity building for office-bearers and participants in the structures of the CDP and the Kolwezi Foundation.
- Capacity building as a component of identified community development projects and programmes.
- Capacity building among development partners (see Section 6.3).

In any situation, capacity building undertaken by the or through the CDP will be objectives driven and will be monitored and assessed. The capacity building work will be done by a variety of agents, including (potentially) the KMT internal training function, NGOs and professional service providers.

8 Establishment Process

8.1 Interim Arrangements

During the establishment/interim period, the Foundation will be assisted by the Public Liaison Committee (see Section 6.2.2). When it is fully established and is operating effectively, it will be handed over to its own Board.

The first tasks of the Public Liaison Committee in its interim management role will be the following:

- Develop eligibility criteria (what types of projects for which communities?),
- Develop a programme for consultation with the purpose of refining the CDP, potentially with support from specialised consultants and/or regionally-based NGOs.
- Develop a first list of priority, “quick-impact”, activities, such as small community infrastructure projects, in order to build confidence and refine operating procedures.
- Recruit staff (tentatively an administrator, a finance officer and a Project manager).
- Prepare an application dossier for the official recognition of the future Foundation with support from Congolese lawyers.
- Assist with the identification and implementation of the first quick-impact projects.
- With KMT, establish and agree a capacity building programme to support the development of a “mature” Foundation. Develop a review process and programme to determine the criteria and timing of conversion from “interim” to “mature” status.

8.2 Timetable

The proposed sequence and timing of activities for establishing and implementing the CDP is the following:

- Finalise the details of the Social Fund, including the budget, indicative annual allocations, and methods of disbursement and control (for further review by FQM, target for completion end-2008).
- Initiate consultations with local government, community representatives and NGOs regarding Foundation models, and options for mobilizing the Community Development Plan in this context (ongoing).
- Against the background of the consultations, establish the Public Liaison Committee, and agree its constitution. There is considerable advantage in early establishment, because the PLC could assist with communication during the parallel construction and set-up phases (by March 2008).

- With the PLC, review development needs and opportunities and agree a conceptual implementation framework for the Community Development Plan, including pre-identification of priority development activities, eligibility criteria, funding model and community participation arrangements. Also agree the structure and terms of reference for the KMT Foundation. (First quarter 2009).
- Establish officially the KMT Foundation (Second quarter 2009).
- Initiate discussions within the KMT Foundation and through them with communities and stakeholders in the Project Impacted Area. Identify projects and schedule the first cycle of project implementation (once first payment is made to the Foundation from the Social Fund, estimated fourth quarter 2008).
- Identify project implementing agents (where necessary) and implement the first cycle.
- Plan and implement subsequent cycles.

8.3 Budget

The total donation from KMT to the CDP and Foundation will be about US\$ 20 million over the whole Project life. Beneficiary communities will be encouraged to contribute (in cash or in labour) to the direct Project costs. If fully successful, the Foundation should attract non-KMT related funds, such as external donors' matching funds, and participation by other mining companies. Hence the budget might increase substantially over the life of the CDP.

9 Operation and Monitoring

9.1 Project Identification, Development and Selection

The project identification and selection process is critical to the success of the CDP and Foundation. It is also potentially divisive (see Section 2.7). Against this background the principles listed in Section 4.4.1 will be strictly applied in developing the rules and method for identification and selection, and in the application of these. The rules and method will be developed and agreed in consultation with stakeholders, and will be documented and widely disseminated. As described in Section 8.1, the PLC will play a major role in ensuring the integrity of this process.

The selection criteria have yet to be developed, but in principle the following considerations are likely to influence selection:

- *Eligibility* (is the project in the Project Impacted Area, and does it have a community development purpose or outcome?).
- *Impact* (how will the project benefit its beneficiaries, and how substantial / widespread will the benefits be?).
- *Sustainability* (how durable is the project, and what matching commitment has been made by the beneficiaries?).
- *Legitimacy* (what is the extent of community buy-in and how well is this demonstrated?).
- *Multipliers* (what are the spin-off or cumulative benefits of the project and how well have these been motivated?).
- *Priority* (is the project seen as a priority by the beneficiaries, and by the broader community of stakeholders?).

Projects and programmes considered by the CDP through the Foundation are likely to have a variety of sources, including: FQM / KMT policy commitments; ESMP commitments (where there are community development value-added components); programmatic and strategic responses to development needs or gaps (for example a malaria control programme); projects identified and motivated by communities; and projects identified and motivated by development partners. Where project ideas require further development, these might be referred back to the protagonists, to a facilitating agent (such as an NGO), or to the proposed (optional) Project Facilitation Unit.

9.2 Monitoring and Evaluation

9.2.1 Context

Monitoring is a continuous process which accompanies the implementation of a project or programme. Monitoring is usually undertaken against the background of a work plan, with defined deliverables, deadlines and benchmarks.

Monitoring assists with determining:

- Progress with activities – what has been done and what has not been done.
- The nature and causes of problems and the options for the solution of problems.
- The effectiveness of the human and financial resources deployed for the implementation of the project / programme.
- Whether the project / programme is producing the required results.

Whilst monitoring focuses on the process of implementation, evaluation typically concentrates on the impacts or effects of the project/programme. It seeks to establish whether the original goals and objectives have been achieved and if they were relevant.

The sections that follow outline proposed monitoring and evaluation procedures and categories of indicators. Resources for M&E are considered in Section 9.2.4.

9.2.2 M&E Procedures

Monitoring and Evaluation (M&E) of the CDP is necessary to measure and improve performance. It is also a critical component of transparency and stakeholder participation. In the latter context accessible reporting is extremely important (see Section 9.2.5 below). The following M&E procedures are proposed:

- Monitoring of inputs (funds, human resources), and the effectiveness of their deployment. Input monitoring should be undertaken on an annual cycle. Important sources of information will be the Board of Trustees, the Management Committee and the audit functions.
- Monitoring of participation (extent and effectiveness). Participation monitoring should take place every six months. Sources of information will be the General Assembly, representatives of specific stakeholder groupings, development partners and individuals.
- Monitoring of outputs (products of CDP projects or programmes), and the extent to which they match the outputs originally planned. Output monitoring should be undertaken annually. Information will come from the Board of Trustees, development partners, implementing agents and beneficiaries themselves.
- Evaluation of impacts (the outcomes of CDP projects and programmes), and the extent to which they match the impacts originally planned. Evaluation should take place bi-annually.

Sources of information will include the Board of Trustees, development partners, implementing agents and beneficiaries.

A variety of methods will be used to collect M&E information including stakeholder interviews, focus groups, workshops, review of meeting minutes and reports, and surveys (the latter especially for evaluation).

9.2.3 Indicators

All of the M&E procedures described above require carefully developed indicators. Indicators will be formulated during the establishment period described in Section 8.1.

9.2.4 Resources

The funds for M&E will come from two major sources. Where projects have links to KMT commitments, or to other programmes such as the FRAP or the CHSP, funds will come from the KMT operating budget, or from the specific programme budgets. Pure CDP and Foundation projects will be monitored and evaluated using a dedicated component of the CDP operating budget.

9.2.5 Reporting

M&E reporting will serve a management information function, and a transparency/disclosure function. The former is internal and the latter external. External reporting must be accessible, considering matters of language, literacy and the patterns of use of public communication vehicles. Methods of reporting might include the following:

- CDP published reports.
- Newspaper and radio reports.
- Briefing sessions and workshops.
- Reporting in CDP forums such as the General Assembly.
- Reporting through the PLC.

The KMT communication and public liaison function will be well positioned to advise and support the CDP reporting activities, on an agreed basis.

Appendix D1: FQM Policies

FQM Environmental Policy EPO 21 01

First Quantum Minerals Limited (the “Company”) is a growing copper mining and exploration company producing LME grade "A" copper cathode, copper in concentrate, gold and sulphuric acid. Our mining operations take place in Africa with the Kansanshi and Bwana Mkubwa operations in Zambia; the Frontier, Lonshi and Kolwezi projects in the Democratic Republic of Congo; and Mauritania Copper Mines in Mauritania.

The Company’s overall environmental objectives include: a commitment of management to pollution prevention; compliance with all applicable environmental laws and continual improvement to protect the environment.

In particular, we shall:

- Recognize environmental management as a corporate priority and establish policies, programs and practices to continually improve our environmental performance in line with ISO 14001 standards and the Equator Principles.
- Assess, design, construct, operate and close facilities in compliance with Company policies and all applicable laws providing for the protection of the environment, our employees and the public.
- In countries where legislation does not meet our standards or is inadequate, the Company will apply management practices under the Equator Principles and IFC standards to advance environmental protection and manage risks and impacts.
- Develop, design and operate facilities in an environmentally sound manner, taking into consideration the efficient use of energy and other resource materials.
- Re-use, recycle and dispose of wastes and by-products in a safe and responsible manner.
- Provide adequate resources, personnel and requisite training so that all employees and contractors are aware of and are able to fulfil their environmental responsibilities.
- Develop, implement and continually update our Environmental Management System to manage, reduce and where possible prevent environmental pollution relating to our activities, products and services.
- Consider and communicate with stakeholders on new and current projects as well as our Environmental Policy.
- Conduct audits of our environmental and social systems to ensure continual improvement and report on environmental performance.

KMT sprl.**Community Development Policy**

KMT recognises that it has responsibilities towards the local communities in which its projects are based. The Company is committed to the integration of community consultation, liaison and development at all levels of project development and operation, and seeks the best possible participatory relationships with all parties.

The implementation of the Community Development Policy will be a key requirement at all phases of project development. KMT will also seek to require its consultants, contractors, suppliers and subsidiaries to adopt the principles of this Community Development Policy as a minimum standard.

The Company is committed to facilitating sustainable contributions to the physical and economic development of communities close to its project sites and ultimately to limit the dependence of these communities on mining projects.

KMT is cognisant of the principles of sustainable development, which is taken to mean “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

KMT will assist in the improvement of conditions and infrastructure in communities close to its project sites, while recognising that it cannot undertake major infrastructure development projects. The Company will, in due course, seek to provide a specific amount of financial support to a KMT Not-For-Profit Foundation, depending on the financial success of the operations. The Not-For-Profit Foundation will be established and managed with the purpose of financing sustainable community development initiatives, within carefully prescribed guidelines.

Policy Implementation

Technically sound and economically feasible approaches to community development will be adopted throughout the exploration, development and operational phases of its projects, as well as on closure.

Specific Goals

The Company is committed to the following:

- The Company will adhere to all health and community laws, regulations and guidelines that are applicable to its project sites. Where no such national framework exists, the Company will seek to apply the World Bank Group policies, guidelines and procedures as at 28th April 2004;
- The Company will respect diversity and cultural differences;
- The Company will work with government, stakeholders and local communities at its project sites to maintain open and constructive communication and to address priorities and concerns, where possible through Partnership agreements;
- The Company intends to undertake a series of projects to benefit the local community, to be identified, evaluated and approved, based on local needs identified in consultation with communities, their representatives and leaders, government and NGOs as appropriate. Such

programmes must be shown to be efficient, equitable and transparent, and may include such projects as teacher training, equipment for schools, sports equipment and community transport schemes;

- Where appropriate, NGO partners may be invited to assist in implementing aspects of the Community Development Policy and Community Development Plan at each project site, which will be a product of the Environmental and Social Assessment process.
- KMT will undertake to provide a scholarship scheme for local students, beginning with the year in which production commences at each of its project sites;
- The Company will undertake to employ skilled Community Nursing personnel at its project sites to provide a Health Advisory Programme that will include inter alia infant vaccinations and education programmes on basic hygiene, nutrition, family planning, malaria and HIV/AIDS;
- The Company will seek to establish and provide initial seed capital to a Not-For-Profit foundation to enable financing of Sustainable community development issues in the communities living inside and adjacent to the KMT Concession.;
- The Company will manage the Not-For-Profit foundation established by it only until such time as the relevant stakeholder group can manage it effectively themselves;
- The Company will seek to engage in open dialogue with stakeholder groups and communities at each project site to assist in defining, prioritising, implementing and maintaining community development projects, which may include advice and support for small businesses, and social and legal advice surgeries;
- The Company will seek to ensure that community development is managed by appropriately qualified local staff who are aware of local issues;
- The Company intends that the results of the community development initiatives will be monitored by a Public Liaison Committee made up of individuals and representatives of the local population, KMT and NGO representatives and appropriate local Government officials in terms of success, sustainability and compliance with this Community Development Policy;
- The Company will work with employees, regulatory agencies and the local communities to promote awareness of and ensure preparedness for possible emergencies related to each of the Company's project sites;
- KMT will work effectively with stakeholders such as employees, government, and local communities to maintain open and constructive communication at each of its project sites;
- The issue of artisanal miners within KMT Concession will be addressed as appropriate and possible measures may include the implementation of community programs, SME development and job opportunities, following consultation with the affected parties;
- This Policy will be reviewed on a periodic basis and updated as necessary.

FQM Minerals Inc.

Employment Policy

FQM Minerals Inc. and its controlled affiliates (the “Company” or “FQM”) recognises its responsibilities as regards employment of its workforce. The Company is committed to equitable and transparent recruitment and personnel management at all levels of project development and operation. This policy also links with the Company’s Health & Safety Policy, Community Development Policy and Environmental Policy.

The Company will seek to develop an Employment Programme (including management procedures) for its operations, in accordance with local legislation and internationally recognised industry best practice. FQM will implement training and development programmes as part of its objective of aiming continually to improve performance in the workplace and community.

The implementation of the Employment Programme will be a key requirement at all phases of project development. FQM will also give preference to consultants, contractors, suppliers and subsidiaries who uphold the principles of this Employment Policy.

The Company is committed to securing sustainable benefits for local communities through the use of local goods, services and labour, where equal quality, standards and competitive terms can be demonstrated.

The Company recognises the presence of HIV/AIDS in local populations and is committed to developing an HIV/AIDS policy, and where appropriate a programme of information, including training on universal precautions, for the workforce.

Policy Implementation

The Company is committed to protecting the health, wellbeing and safety of its employees and to adopting employment practices that are fair, non-discriminatory and transparent.

Thorough employment and personnel management procedures will be developed and put in place at the earliest stages of project development.

Specific goals

To implement this, FQM is committed to the following:

- The Company will adhere to all employment laws, regulations and guidelines that are applicable to its projects. Where no such national framework exists, it will seek to apply the World Bank Group policies, guidelines and procedures as at 28th April 2004;
- The Company will respect diversity and cultural differences;
- The Company will work with employees, government, stakeholders and local communities to maintain open and constructive communication and to address priorities and concerns;
- Clear procedures will be put in place for the recruitment of unskilled and skilled temporary and

contract positions. These procedures will be widely publicised;

- The Company will give preference in recruiting new skilled staff at its project sites to former employees of mining companies operating locally and residents of the region in which the project is located, over expatriates or nationals from other regions, where permitted by applicable laws. Such recruitment will be conditional upon equivalent qualifications and experience being established;
- At project sites where there may be no suitably qualified staff living locally, recruitment will be carefully managed, in a manner appropriate to the area, to obviate the need for inward migration as far as possible;
- A programme will be put in place at each project site to train employees to carry out their tasks effectively and safely. Safety procedures and protocols for employee activities will be developed and detailed training given, covering methods of working, use of Personal Protective Equipment (PPE), first aid and action in emergencies;
- The Company will provide a health screening programme as appropriate for employees and a medical facility to deal with general health and to treat minor emergencies at each of its project sites;
- Training programmes will be implemented at project sites to enable employees to improve their skills in inter alia literacy, numeracy, foreign languages and technical subjects relevant to the project ;
- The results of the employment initiatives will be monitored in terms of both success and compliance with the Employment Policy.
- This Policy will be reviewed on a periodic basis and updated as necessary.