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SOCIAL DEVELOPMENT CONSULTING



**Building community relations and community development strategies from day one:**

**A case study of the Inmet Mining/Monkey Forest experience  
in a complex socio-political context.**

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Inmet Mining is committed to implementing the highest corporate responsibility standards in its mining operations worldwide. Inmet is 100% owner of Minera Panama, a world-class copper project that is currently in the feasibility phase in north-central Panama. Panama has limited experience with modern mining, limited mining capacity, and the project context involves significant social, environmental and political complexity. The Project area is remote with recent in-migration of latino and indigenous people, informal and small-scale mining, local subsistence populations and considerable biodiversity value, coupled with a complex jurisdictional setting. In short, it is increasingly the kind of project mining companies are taking on because the easy projects have already been developed.

With such challenging conditions, anticipating and managing social risks is critical to effective project management. To this end, between August 2007 and the third quarter of 2009 Inmet seconded Monkey Forest Consulting Ltd to the project to assist Minera Panama in building and implementing an effective, early phase external relations strategy. The team was also tasked to find and develop a locally based team that could sustain success through project development and into operations.

Today's presentation was created by Inmet and Monkey Forest and describes some of the lessons learned in implementing an effective early phase process for managing social issues.

There are three main things we would like to share with you:

**1. It's never too early**

*Be phase-appropriate. Things don't have to get big until they need to be big. Instead, they need to be flexible and well-resourced to be responsive to the identified priorities of local stakeholders.*

## **2. Build and Maintain relationships**

*Be ambassadors, proactive and analytical. Keep in mind that the situation is dynamic and both stakeholders and their interests will change over time and these changes have to be anticipated. Carry the values and objectives of the development team forward while demonstrating caring for local communities.*

## **3. Focus on practical solutions**

*Be strategic members of the development team. Don't just identify problems but help integrate stakeholder information across project planning functions to demonstrate the value of the corporate responsibility.*

# **1. It's never too early**

Social issues management strategy and effort need to be aligned with corporate values, goals and principles. Making sure that the management and External Relations teams are on the same page regarding CR goals, roles and messaging with respect to social issues is crucial. The right structures and communication channels make this possible.

That starts with the way the team is tasked. In our case, we knew that, based on early due diligence, the project was in a complex social environment that required early, on-the-ground presence. The Project had been started once 10 years before and had then been mothballed – with the result that the new Project team was encountering a number of legacy and other expectation-based issues it needed to get up to speed on fast while still carrying out its exploration and ESIA baseline studies. So it made sense to have a dedicated social team on the ground managing issues and building relationships while the ESIA was getting going.

To be effective, external relations management needs to go beyond “avoiding the negative,” such as demonstrations or negative press articles. At its core, strategic external relations management is a risk management strategy that needs to capitalise on opportunities. But it is more than a risk management strategy: it's about doing the right thing and making a strong business case that doing good is good for business. Inmet has had these values consolidated within its business case for years and this has been crucial for the project's success to-date.

### **1.1 Set Up Effective Structures and Strategies.**

Corporate commitment to strategic external relations management enabled effective structures and strategies to be implemented:

- There was an imperative early in the project that social and environmental issues would be paramount. A commitment to meeting or exceeding the International Financial Corporation's Performance Standards was made at the outset.
- ER was represented at management meetings from the beginning – which provided an opportunity for discussion of emerging social issues and input of them into analysis of

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options with other departments, including environment, permitting, security and operations. ER was fully integrated into project planning from the outset.

- From its initial implementation the ER department incorporated four complementary areas: communications, community relations, government and civil society relations and community development. Each was developed as necessary and depending on need.
- Strategic planning was carried out annually based initially on project needs (permits, ESIA, resettlement, land access) and adding in key stakeholder concerns as they were better understood.

Having effective structures enabled the team to focus on some key activities.

## **1.2 Start engagement and social mapping as early as possible - but be strategic and prioritize.**

When initiating engagement activities, we adopted an informal and systematic approach starting with delineating the project's area of influence and identifying key leaders. We made sure to include those whose "interests" determine them as stakeholders (our most vocal opposition came from stakeholders outside the affected area). It simply is not practical, and usually not necessary, to engage with all stakeholder groups with the same level of intensity all of the time. Being strategic and clear about who you engage with and why, before jumping in, can help save time and money. Some of the things we learned in this process include:

- **Begin from the inside.** Inmet seconded MFC consultants to the project to act as company representatives and to establish the first contact with people on the ground. Having company representatives rather than external consultants in charge of this task gave the company first-hand knowledge of emerging issues and the ability to respond in real time.
- **Start low profile.** Initially, we used door-to-door, informal communication. Gradually, a team of local facilitators was hired and trained to conduct periodic, weekly visits in each community. The objective of these visits was to "be available" to answer questions, to listen rather than speak, and to familiarize ourselves with community issues, key stakeholder groups. Team members documented grievances and were the face of MPSA in the community. As a result, people who had questions, concerns or frustrations could discuss them at an early stage.
- **Establish local contact points.** MPSA built a local office in the field (Coclesito) so people had easy access to us and to encourage relationship building. We also developed a team of dedicated community liaison officers over time to provide a direct interface in each local community.
- **Support other Project activities.** ER was tasked to integrate itself into the larger Project team and to encourage all staff to become ER team members so that it wasn't seen as just the ER department's job. This meant, for example, that ER staff supported consultants executing the ESIA. This helped to build long-term relationships between the project staff and project stakeholders, reduced third-party risks from consultants engaging on their own, and ensured that project staff developed first-hand knowledge of the issues as well as ownership of mitigation measures recommended in the consultants' reports. This also meant educating project staff that the ER function is about more than "putting out fires" or dealing with troublesome neighbours when field staff are trying to gain access, etc.

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- **Take the long view.** In many situations ER is seen as a means to an end; a short-term necessity to accomplish a particular task. We made it clear that a strategic ER function was a long-term business priority, without which we wouldn't be able to build social license and *maintain* it. Too often, we have seen eyes taken off the ball once social license is thought to have been earned.

### **1.3 Keep partnerships short-term prior to the final investment decision.**

Inmet firmly believes that partnerships spanning all social and environmental aspects have strategic business value to help us achieve our CR objectives. One of the challenges with an early phase project is the need for caution when entering local strategic partnerships before the project has received its final regulatory or financial approvals. There is always the potential for delays and the impact they can have on expectations. Because of that, it is essential – both with the project partners and the partnership beneficiaries – to keep these relationship objectives short-term. Successful short-term partnership projects build excellent stakeholder relationships and prepare the ground for a more elaborate partnership programs later on.

We had a couple of successes.

- **Carpentry Program:** MPSA developed a village-based carpentry program in five communities in the immediate project area of influence. Through this program local people received technical and financial assistance, including health and safety training, so they could produce a steady supply of wooden core-boxes to the Project.
- **Maintain and modify existing programs:** When taking over programs from previous project owners we focused on decreasing dependency on the company and working in partnership with government agencies. So the Ministry of Education funded teachers, while we provided funding for infrastructure and scholarships. Overall for 2009, the company allocated \$110,000 to education programs: \$60,000 to high school and primary scholarships and \$50,000 to infrastructure, teacher development or other support for high schools. Each school received a specific allocation from the company and was required to establish funding priorities, through a 'education community committee' with representation from students, teachers, parents and administrators.

### **1.4 Document the process and results of every consultation and communication.**

Keeping track of the “who, what, when, and where” of stakeholder communications is critically important. Especially for any communications in which commitments – or perceived commitments – are made. Such documentation demonstrates to stakeholders that their views will be incorporated into project strategies, especially if it is used as a resource for reporting back on how their concerns have been addressed.

Some MPSA Examples included:

- **Internal & External reporting.** We set up simple systems to document and track issues arising in the field and kept management informed of critical issues. Driven by the number and complexity of the communities, 12 local facilitators and 4 field coordinators were trained

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to a) develop timely, concise, and relevant reporting of critical issues and changes in community profile; and b) disseminate key messages on company policies and activities.

- **Video Reporting:** We supplemented our written reporting with a video documentation program that added strength to the overall program. Video documentation “shows”, rather than “tells” that a project has in fact understood the key concerns raised by stakeholders. It also provides a compelling baseline projects can use to demonstrate their response.

## 2. Build and Maintain relationships

*Be proactive. It is important to keep in mind that the situation is dynamic and both stakeholders and their interests will change over time.*

### 2.1 Systematically identify project stakeholders and their interests.

As the project became better defined, we moved to engagement with stakeholders on a more systematic basis, either to inform them of formal ESIA studies or to provide information on changes in the company structure or on the status of project development.

Some examples include:

- **Keeping in Contact:** Through its stakeholder contact program, MPSA developed various lines of communication with stakeholder groups. These included weekly visits to communities, monthly contact with government officials and periodic public consultations. Engagement activities varied from informal meetings through structured interviews, focus groups, workshops and group discussions to community information meetings. MPSA maintained direct communication with key stakeholder groups and kept them informed of the current status of the project. For instance, in April 2008 at a major project decision point, the External Relations team contacted key community leaders, environmental groups and government officials before an announcement was made in the local media and concurrently with shareholder announcements. As a result, people felt the Project was communicating with them directly and they weren't just hearing about developments through the news media. Over time, that built a sense of trust that when the Project had something to report people would hear about it directly.
- **Adapt engagement to community needs:** Stakeholders were asked about the types of information they would like to receive and in what formats, as well as the timing, frequency and venues most likely to meet their needs. For instance, information meetings in rural communities were normally scheduled after 5pm at the local community center, despite the lack of electricity. This was the most convenient time for those who worked in the field and for many employed by the mining industry. MPSA made appropriate logistical arrangements to accommodate the community request and, as a result, had very high turn-out at the meetings with at least one representative from approximately 78% of households in remote communities.

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- **Make Special Arrangements for Vulnerable Groups:** MPSA made special arrangements to meet with indigenous groups and with women’s associations. These groups requested separate meetings to discuss particular issues, such as environmental impacts, local hiring policies and community development programs and MPSA arranged topic-specific meetings with content specialists, including managers. At the request of the indigenous groups, the community relations team spent time in the remote indigenous communities to discuss various issues related to the project and to arrange meetings between community leaders and MPSA managers.

## 2.2 Capitalize on every opportunity to build trust

Try to avoid transactional relationships. I.e., “We’ll give you a new school if you support our project.” Don’t make commitments you are unable to fulfill and capitalize on every opportunity to develop trust.

Some examples include:

- **Support development of social capital:** MPSA supported the organization of a community Mining Committee of representatives from six local communities. This group became a strong ally of the community relations team and assisted in resolving grievances and/or misunderstandings arising from company activities.
- **Involve the Community Transparently:** MPSA promised to hire local facilitators to be part of the Community Relations (ComRel) team and did so, thereby advancing the relationship with local communities. The ComRel team advertised the positions widely in the communities – on the radio and putting up posters in the local stores and community centers. We then established a “recruiting community” comprised of reputable community members who helped create a selection criteria and helped identify potential candidates. This process was well received by locals for its transparency and established a strong reputation for the ComRel team from the very beginning.
- **Be prepared to put it in writing:** *Aide-memoires* were distributed to every person who attended the ESIA scoping consultations, that were the first formal interaction between MPSA and local communities. A total of 932 *aide memoires* were distributed in 12 communities and feedback indicated that this immediately established that we operated in a different way from other companies the communities had experience with and that we followed through on what we said we would do. In oral cultures where writing things down may be less appropriate, video can be used in a similar way.
- **Reap the Benefits:** Government and civil society relations and media team members built relationships with ecology-focused NGOs ahead of time. The teams focused on sharing information about company policies and practices. The approach also helped MPSA establish two-way, transparent relationships with key stakeholders. For instance, local facilitators received first-hand information about the activities of anti-mining environmental groups around the project, including information on potential protests and road blockages. This allowed the company to plan ahead of time and minimize disturbance to project activities.
- **Be Ambassadors:** A key element of our success was that MFC staff carried forward MPSA’s and Inmet’s values of supporting the project and caring about people. It is essential that the ER team take on and express ownership of Project values, regardless of who they work for.

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### 3. Focus on solutions

*Be strategic. Don't just identify problems but help integrate stakeholder information across project planning functions.*

Setting up an effective external relations team and strategic program takes more than just talking with people who are “outside the gates.” In fact, part of its biggest contribution and value comes from its ability to affect Project performance so it is not working against community needs and expectations. For an “implant” team like the one Monkey Forest fielded, that took concrete form.

#### 3.1 Integrate stakeholder information across the project planning functions.

A big part of managing stakeholder engagement is making sure that the information gathered during consultations is fed through to the other parts of project planning, including design and engineering, health and safety planning, human resources, external communications, and financial and workforce planning. In this way, suggestions for impact mitigation or design changes can be evaluated and either incorporated or adjusted with a clear rationale communicated back to the relevant stakeholders. Likewise, stakeholder concerns that pose high financial or reputational risks need to be communicated internally and prioritized vis-a-vis other project activities.

Some examples include:

- **Local hiring** was the single, most important concern raised by communities. MPSA stressed that sustainability of employment is its goal, something that is achievable with a long-lived project. MPSA also opened a recruiting office in the field and implemented a strong local-hiring policy to give priority hiring for local people, especially in unskilled jobs. In addition, an intensive consultation program took place for four months to develop MPSA's long-term training and hiring policy in collaboration with the communities. The consultation incorporated information about skill requirements and scheduling for different opportunities, training programs and requirements to manage expectations. It also sought information about existing skill levels, 'local definitions of "local"' to use in priority setting, and obstacles to training and employment. The information was incorporated into the company local hiring and training policy.
- **Local Contracting:** In addition to local hiring, local contracting was also a concern. A point of entry for small contractors was the Cocle-Colon small contractors' association that brought together small contractors under the supervision of an experienced contractor to train in quality assurance and quality control and environmental management procedures on a non-critical path road repair contract. This had two benefits – local contractors/business people felt they were being included rather than excluded and the Project was able to tangibly demonstrate its commitment to high standards of environmental and health and safety performance.
- **Land Access:** At first, MPSA encountered resistance from some local farmers and indigenous communities on the drilling work being conducted close to their homes. External Relations worked with the topography and geology team to identify the sensitive areas and adjust the schedule to accommodate the timing of the engagement activities being carried out by ComRel. This approach allowed MPSA to advance its work in the area without creating any unnecessary conflict.

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- **Social Issues in Project Design:** Social team involvement in project design decisions enabled a thorough discussion of the resettlement impacts of different tailings dam configurations, the benefits of following International Cyanide Code requirements for community and civil society stakeholder relationships and the configurations of different access roads to be discussed in the light of known stakeholder interests, enhancing the decision-making process.

### **3.2 Plan to succeed by being succeeded**

Although the program's long-term success will be borne out by the Project's successful completion, its first primary indicator was the team's ability to replace itself with Panamanian staff.

The External Relations Team started with two and a half specialized consultants on rotation. Over the course of a year, and responding to Project needs as well as to changes in the community, that grew to eight staff on rotation. After 18 months, the entire External Relations Department was staffed by Panamanians: an External Relations Director and four managers, including more than 20 staff members reporting to them.

To conclude, we want to leave you with the three main things that we believe drove the program's success:

**It's never too early** – external relations was in place in a phase-appropriate way as soon as the drilling & environmental baseline teams hit the ground, building the beginnings of ComRel, Government & Civil Society Relations and Media Monitoring – making sure key company messages got out into the community and community concerns back to the Project

**Build and maintain relationships – acting as ambassadors**, using respectful two-way communication and responsiveness underpinned all our activities. As a result on numerous occasions we were warned about upcoming issues or were able to diffuse issues through our relationships. In addition, focusing on building community organizational capacity and involving government agencies helped us avoid transactional interactions.

**Focus on solutions** – it can be tempting for ER to act only as a channel for messages between external stakeholders and management – but not only does focusing on communicating the benefits and risks of different potential solutions create a more proactive and satisfying role, it adds a level of thinking to early Project design that can help minimize unconsidered adverse consequences.

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