



Community Benefits Sharing Executive Summary April 2013

Although natural resources are often regarded as belonging to all citizens, overlooking the needs of local communities is counterproductive. The development of a mine results in substantial economic, social and environmental changes that need to be carefully managed in partnership with the local communities affected. This management is now often channeled through Community Development Agreements (CDA), which are meant to (i) improve relationships with local communities and (ii) promote equitable and sustainable benefits to these communities.

Communities are varied and complex. The following rough framework provides some guidance on how community characteristics influence the development of a CDA:

- Cohesive communities with robust local government (model A)
- Traditional communities lacking strong formal local government (model B)
- No strong formal legal or traditional authority; divided community (model C)

Key Differentiations among Community Models

	Model A	Model B	Model C
Institutional Leadership	Political/Elected representative	Traditional leaders	Not in place; Must be established
With whom is the CDA Negotiated?	Political/Elected representatives, perhaps validated by broad community approval	Traditional leaders, perhaps validated by broad community approval	Leadership must be established and legitimized before any negotiations can occur
Structure of Rules	Established legal regime	Customary rules (may be difficult to determine and apply; may need to establish concretely)	Not in place; Must be established
Approach to Capacity Building	Build the strength of existing institutions	Work with traditional leadership (and <i>other</i> community members)* to develop more formal structure with legal status	Work with community members to organize some kind of legitimate leadership structure
Consent Process (what should be necessary to show community consent)	Leadership approval backed by popular vote	Approval by both traditional leadership and majority approval (possibly by vote)	Must be established; Perhaps some form of majority approval with protection of minority rights
Overall Role of CDA	May be limited to supplementing what is provided for by formal structures	Must formalize and give legal standing to traditional or customary leadership	Must establish some kind of leadership and a framework for relationships between stakeholders

Whether CDAs are voluntary or mandated by law, flexibility is paramount. To be successful, agreements must be able to respond to the specific needs of each community, to provide clear procedures for amendments, and to emerge through a process of dialogue. The negotiation process itself provides valuable benefits such as building skills, trust and respect, and is as important as the final agreement.

A standard framework including a list of issues to be addressed but leaving specifics to be negotiated is recommended. Although each agreement should reflect specific circumstances, the following issues should be covered:

Parties to the agreement should include at a minimum representatives from the local government, the mining company, civil society, and communities affected by the project. Identifying affected communities is a difficult process, but is probably the most crucial factor to determine the success of the CDA. Among the many elements that should be considered, self-identification is regarded as best practice, as it provides an opportunity for people to explain project impacts that may otherwise not have been identified. Assessment, monitoring and re-evaluation of risks and impacts should also be part of the exercise.

Communication via community representatives should be initiated during or before exploration, and provide information about negotiation and implementation

of the CDA. A process to select representatives and methods of ongoing communication must be established.

Roles and responsibilities of each party to the CDA must be clearly outlined.

Capacity building may be required to ensure that all parties have equitable capacity to negotiate, participate and perform their commitments under the CDA.

Adequate funding is to be provided by the mining company and the government to support capacity building for parties to the agreement and to implement the agreement.

Grievance and dispute resolution mechanisms should be established. Proper communication, regular consultations, equitable benefits, a flexible CDA, good local knowledge, and proper inclusion of marginalized communities are essential.

Governance. The way CDAs are to be managed and enforced are part of the CDA negotiations, and examples of governance mechanisms include:

- Foundations, trusts and funds administered by community representatives
- Financial management, accountability and transparency mechanisms to track funding allocation and disbursements
- Closure planning