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# A mine of information?

Improving communication around the Rio Tinto ilmenite mine in Madagascar

Promoting dialogue, debate and change

## Acknowledgements

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The mine at Fort Dauphin, in Madagascar's Anosy region, is the first of a number of mining projects planned for Madagascar with the support of the World Bank. They will exploit deposits such as ilmenite, nickel and bauxite. Here, below the mine quarry, is a village for people displaced by the work.

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This man from the Fort Dauphin area has been displaced by the mine and is living in a house built by QMM – a subsidiary of the Rio Tinto mining company.

# Introduction

In 2005 a subsidiary of the Rio Tinto mining company – QIT Madagascar Mining S.A. (QMM) – was granted approval by the Government of Madagascar (GoM) to go ahead with an ilmenite (titanium dioxide ore) mine near Fort Dauphin in the country's southern Anosy region. The sizeable deposit will sustain mining operations for at least 40 years. Construction of the mine and associated infrastructure of roads and a deep-sea port quickly got underway and first shipments of the mineral ore are scheduled for December 2008.

At a cost of US\$585 million, the project represents the largest foreign investment in Madagascar's history. The World Bank brokered fundamental changes to the country's laws to encourage foreign direct investment (FDI) and support a highly ambitious Integrated Growth Poles development project (see [www.worldbank.org](http://www.worldbank.org) for more details). The mine at Fort Dauphin is just the first in a series of projects planned by mining companies and the World Bank in Madagascar to exploit mineral deposits including ilmenite, nickel and bauxite.

The Fort Dauphin mine will displace local people from their land (according to QMM there are more than 1,000 permanently affected people) and requires the removal of rare fragments of coastal littoral forest and heathland found only in Madagascar. In February 2007, Panos interviewed 123 stakeholders reflecting the wide range of people involved in and affected by the project, including landless poor people, marginalised local villagers, foreign construction workers, corporate, academic, civil society and government experts, and local business people.

Many of those interviewed said there had been a lack of communication about the project from the beginning. Perceptions differed dramatically, even among people in a geographically confined area. To give an example, educated stakeholders assumed that everyone was well aware of the project and its implications. But our research found that many local people have little or no knowledge of the dramatic changes taking place and the reasons for them. Differences of understanding about the project have already led to conflict and mistrust, which have been further compounded by the lack of communication.

The social, environmental and economic upheaval caused by the project affects different stakeholders in different ways. Some local people have had their livelihoods and cultural heritage disrupted but their concerns differ from other stakeholders. For example, the conservationists involved are most concerned about the potential extinction of rare biodiversity, representing global concerns that require local solutions agreeable to all stakeholders.

The search for common ground between stakeholders with differing and sometimes competing interests is an essential communications process that is itself fraught with difficulties. For it to have any chance of success, a number of fundamental requirements need to be met: all stakeholders need to have a place at the negotiating table; they need to speak (literally) the same language; they need an understanding of cultural differences; and an understanding of what is meant by a process of negotiation. There has to be a commitment that the process will lead to tangible outcomes.

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“... Any attempts to construct a negotiated space must gain the trust and support of all stakeholders if it is to be credible.”

The findings in this case highlight that all such prerequisites are either completely absent or seriously lacking, and this has prevented essential negotiations between stakeholders at all levels. This lack of respected negotiating spaces, mutually acceptable to all stakeholders, has created a potentially volatile situation whereby frustrations of certain groups have no sanctioned outlets for expression. Without immediate attention to address this situation, the emerging signs of discontent risk escalating into confrontation.

Given the dominance of the Rio Tinto project in the region, any attempts to construct a negotiated space must gain the trust and support of all stakeholders if it is to be credible. While it would be helpful for Rio Tinto to be supportive of such efforts, it should exercise restraint about its own involvement. It has extended its role from mining company to development actor, and has taken various steps to fulfil expectations and resolve grievances, but these have largely fallen short and failed to fully address the issues. Committees that have tried to play a negotiating role between competing stakeholders have fallen foul of accusations that their interests and motives are compromised by their relationship with the company. This has led some stakeholders to turn away from the table, and important development decisions have been made in their absence. The challenge is to construct a negotiating forum – convened by an independent arbiter – that has the confidence of all stakeholders, and is not dominated (or perceived to be) by Rio Tinto.

# Discussing the finances

## Money behind the mine

Lack of information about the nature of the financial arrangement between Rio Tinto and the GoM has caused considerable confusion among stakeholders. The absence of data has frustrated those in a position to scrutinise information (such as journalists, academics and NGOs), but a number of questions and concerns have been raised nonetheless.

Chief among these is whether the project represents a good deal for Madagascar. Rio Tinto anticipates shipments of 750,000 tonnes of ilmenite and 25,000 tonnes of zirconium annually over the mine life of 40 years, raising a potential income of US\$3.2 billion. It is not clear how much of this revenue the GoM could realise, but Panos estimates that it could range from 3 to 18 per cent of the total. Concerns focus not only on how the revenues are to be divided between the company and the government, but also on how government revenues will be allocated across the country, and in particular, how those affected by the project in the Anosy region will benefit.

There has so far been little debate at the national level about the financial details; encouraging this would not only help to inform stakeholders (such as the public) about the arrangement being made on their behalf, but could also involve them in discussions about appropriate levels of investment and how revenues could best be shared. For example, the framework agreement document between the two parties reveals that the GoM has an option to buy a 20 per cent capital share in QMM. It would need to take out a loan estimated at US\$117 million to do this, and it has already taken several World Bank loans, including one for US\$35 million for its contribution to building a new port for shipment of the ilmenite. Stakeholders said that little was known about these loans and investments, and there had been little discussion about their implications for the wider Madagascan economy. Likewise, discussion is lacking about the significant financial cost of servicing the new loans, which risks adding further to the considerable outstanding national debt. Ongoing management of loan servicing is an example of the additional responsibilities that the GoM has been required to take on.

Wider access to more detailed information and analysis, presumably available in documents such as the confidential shareholders agreement, would enable such important questions to be clarified. This in turn would inform stakeholders' expectations of the level of revenue accruing to the GoM. Instead, lack of information has prompted people to jump to drastic conclusions, such as fearing that the country's mineral wealth is being appropriated.

To allay such fears and promote greater transparency in relation to the mine project, investors should open up their books and share their economists' assessments about the investment. Widening the debate about the financial situation at this stage would increase accountability and help all stakeholders identify the best way forward.

## Mitigating risks

For Rio Tinto, the World Bank and especially the GoM, the mine project presents a substantial investment. There are risks associated with any investment, but in this case few have been debated at the national level, and the extent of government scrutiny of the risks involved is unclear. Fluctuations in the global economy, Chinese investment trends in Africa and new technologies that provide alternatives to minerals may all alter demand patterns, presenting significant investment risks.

Many stakeholders considered that effective communication of local interests was the key to managing expectations about the project and resolving concerns, but that this process had been lacking to date.

Increased debate within government and between central and regional bodies could help to draw a more complete picture and inform important decisions. For example, for the GoM, a major consideration must be whether the major and rapid disruption to local communities and the environment is outweighed by the potential revenue. Indeed, one of the major absences from the costing of this project is the secondary and often hidden costs that fall on the government, such as the additional burdens placed on local services.

There appears to have been little inclusive debate among investors or other stakeholders about how to avoid the recurrent global problems of corruption. Mining projects in many parts of the world have fallen foul of corruption, with revenues siphoned off before they reach the treasury – a scenario known as ‘the resource curse’.

GoM adherence to the Extractive Industries Transparency Initiative (EITI) does indicate awareness of corruption issues and it has yet to be seen whether this measure alone will prove sufficient. But the effective flow and communication of information are also important aspects in ensuring transparent and effective governance; where such communication is lacking, this can cause governance problems. Corruption indicators show that Madagascar is not as badly affected as many African countries, but that big improvements can still be made.

Communication can play a vital role in forewarning people affected by such large-scale development projects of the changes that will take place, and in managing their expectations. One of the greatest risks to the project is a lack of social acceptance. The mine is already having far-reaching social and environmental consequences in the region, which will only increase. Multi-stakeholder dialogue can bring inflated expectations into a more realistic focus. Alternatively, where project managers do not fulfil the reasonable expectations of stakeholder groups, discussions can identify problems and find solutions.

Many stakeholders considered that effective communication of local interests was the key to managing expectations about the project and resolving concerns, but that this process had been lacking to date.

### Questions for stakeholders

- What existing rent revenue studies have informed the GoM’s decisions about the project and have these been shared with stakeholders more widely?
- What steps could be taken to widen debate to inform the GoM’s decisions (particularly whether to take up its 20 per cent capital share option) and share important information (such as whether the government has sought or secured any loans for the project so far)?
- Have any risk assessments been carried out, in particular on the likelihood of Madagascar falling foul of ‘the resource curse’, and if so, have they been shared with stakeholders?



## Identifying local needs and opportunities

Many local people have positive expectations of the benefits the mine might bring, but so far they are disappointed by the lack of consultation over their specific needs and the dearth of communication on opportunities available.

The experience of implementing the QMM project so far illustrates just how difficult it is to impose a project of this scale on an isolated locality. Different world views, cultural backgrounds, needs and motivations all present barriers to communication and ultimately common understanding.

A major challenge is to overcome instabilities in the local economy that are stalling potential investments by businesses not directly associated with the mine. One way to do this would be for QMM and the Integrated Growth Poles project to agree to requests from the business community for regular meetings to discuss economic trends and seek ways to involve more businesses in exploring viable opportunities.

Many people have positive expectations about the benefits the mine will bring and although it is early days yet, for many these benefits have not arrived. Direct employment opportunities are limited and will reduce even further. The additional money in circulation from QMM's local expenditures does benefit some businesses but many say the inflation this has caused outweighs the benefits.

Better communication with stakeholders could have helped to identify employment needs and opportunities, and put into perspective the limited local employment opportunities on offer. Many local people, particularly young men, are disappointed at the lack of employment opportunities in the mine or associated activities. Expectations of gaining work were raised after QMM committed itself to hiring up to 600 Malagasy workers. However, many are either from out of town or even from other countries. Most local skilled workers have already been recruited by the company, which has led to skills shortages in other sectors and inflationary pressure on salaries.

Despite evidence that project investors had correctly predicted that economic turmoil would hit the region when construction began, it appears that little was done to mitigate the impact on the local population. Some steps, such as broadcasting market prices, are belatedly being introduced but their effectiveness has yet to be assessed.

‘In the past week several neighbours have come to me and said that they can no longer make ends meet.’

Local agency worker

Panos London research found that property prices and rents have increased dramatically along with the cost of food, medical treatment and energy. Inflation has severely affected the livelihoods of most Fort Dauphin inhabitants and some long-term residents were leaving town.

### Tourism

Local stakeholders with business and land-holding interests have not been adequately included in resolving the immediate effects of ambitious plans to develop the tourism sector.

Availability of hotel rooms in Fort Dauphin was extremely scarce and has led to a reduction in tourist visitors. The World Bank is trying to encourage inward investment by foreign hotel operators in areas earmarked for tourist development. However, occupants of this land have not been involved in these plans and fear that their livelihoods and customary land rights may not be respected.

‘There are lots of gaps with the QMM project such as social housing – we need to get [people] out of the shacks and ghettos if we are going to make it a tourist destination.’

World Bank representative

Many of those interviewed were puzzled that mining and tourism were being packaged together as strategic development priorities by the World Bank and the GoM. They considered the two sectors as mutually incompatible and cited issues such as the noise levels involved in mining and transportation as deterrents to tourism.

### Questions for stakeholders

- How could QMM best develop regular and productive means of communication with the local business community?
- What steps can be taken to widen debate about the anticipated economic impacts on local people’s livelihoods?
- How could QMM help increase employment opportunities, both inside and outside the mine?

# Opening up the land rights debate

Just 10 per cent of the Malagasy population hold official title to their land, with most holding customary land rights that are afforded a lower legal status despite having been held for generations. The Madagascar Action Plan has set the ambitious target of increasing official land titles to 75 per cent by 2012.

All stakeholders are keenly aware that anticipated revision of the law will be highly political because whichever system is chosen, there will be winners and losers. While some institutions are keen to modernise the land titling process, other stakeholders had misgivings about expanding a system that most of the populace, because of the high illiteracy rate, would be unable to understand or access.

Opening up the land rights debate to include vulnerable and marginalised groups is an urgent and complex task, particularly amid growing concerns that galloping inflation and the strategy to attract inward investment are leading to a grab for land that disregards customary land rights. The World Bank is at the forefront of promoting FDI through its ambitious Integrated Growth Poles project. Some stakeholders are questioning whether this plan is in line with the Bank's internal policy commitment to respect customary land rights, requiring a comprehensive explanation to be widely communicated by the Bank.

## Questions for stakeholders

- How can communication be widened to inform those holding customary land rights about their property ownership situation and options?
- How can stakeholders support those holding customary land rights to acquire the necessary skills, knowledge and resources to attain statutory land titles quickly?
- What impact will FDI have on those who do not hold official land titles?

# Clarifying compensation



According to QMM more than 1,000 people have so far been permanently affected by the mine project. Many have lost land to enable construction of the mine, quarry, port and roads to go ahead, while others have lost ancestral grave sites or have had to leave their homes.

Despite considerable efforts by the parties responsible to swiftly resolve any grievances, lack of planning, capacity, and prioritisation from the outset have contributed to increased animosity between parties and a collapse of communication. Grievances have sometimes spiralled out of control, resulting in compromises being made that fall short of everyone's expectations, including QMM and the World Bank's own targets.



Many grievances stem from the criteria by which the land was assessed, which do not recognise the values applied by local people to their farmland. Land assessors and permanently affected people (PAP) were not able to communicate to reach a common understanding of land values, as shaped by local traditional knowledge and context. For example, differences arose about both the productive lifespan of fruit trees and the tree species considered to provide produce.



Other grievances stem from feelings that the system is unfair, with fallow land receiving a quarter of the value of cultivated land and land within 80 metres of the sea receiving no compensation at all. The miscommunication has been compounded because stakeholders from different cultural backgrounds hold different and sometimes incompatible approaches to social values and rules (governance).

QMM estimates that more than 1,000 people have been permanently affected by the mine. It is involved in a negotiation process over compensation.

A system of compensation assessment, disbursement, livelihood retraining and support (the accompaniment process) is underway but has been plagued with disagreements and delays. Many PAPs have yet to receive any compensation and others contend that the amounts on offer are too low to replace losses, or do not take into account certain livelihood assets. Attempts to find alternative land of equal worth in the area have floundered, leaving many PAPs without work and livelihood.

'There are plans to have a fishing project, a weaving project but we don't know when. There are plans but nothing happens.'

**A permanently affected person (PAP)**  
from the area affected by the mine

In late 2006 frustrations came to a head when PAPs blockaded construction of the new port road. Having not been informed about the reasons for late payments and subsequently losing patience with the compensation process, most demanded immediate settlement with a lump sum cash payment. PAPs regarded this as a last resort, which was better than nothing, but not enough to provide replacement land, by now in high demand. By agreeing to this demand the World Bank and QMM have had to accept that their commitment to provide a replacement livelihood that is equal or better than before has yet to be achieved. If this state of affairs is not corrected, it would require the World Bank to test whether it had contravened its own guidelines on resettlement.

Despite considerable efforts by the parties responsible to resolve any grievances swiftly, lack of planning, capacity, and prioritisation from the outset have contributed to increased animosity between parties and a collapse of communication.

Many of the problems that have arisen have been due to differences in the capacities of the different actors involved. The speed of the mine, port and road construction is impressive indeed. Behind such visible manifestations, a host of social and environmental issues remain unresolved, harbouring and accumulating resentments that if left unchecked, risk spilling over into social conflict, as has already occurred with the port blockades.

The resources and time required to carry out the proper resettlement and compensation of the 1,000 people permanently affected have been underestimated by all parties and too much of the burden has been placed on local government, which is already under-resourced and overstretched. Capacity-building measures to support local government will in any case take a long time to implement.

PAPs have simply reacted to a resettlement and compensation process that has been inadequate and poorly communicated. Further steps to resolve outstanding grievances are required to prevent further loss of livelihood. For PAPs to trust the communications process, it must be seen to be impartial, a space where their legitimate concerns can be aired and taken on board.

### Questions for stakeholders

- How can communication between the stakeholders responsible for organising compensation be improved?
- Has a lack of land for PAPs been demonstrated and documented to the satisfaction of the World Bank? If so, where is this assessment available?
- Have any assessments been carried out to compare the value of land compensation with current land prices in the area?
- Can the compensation package be reassessed, taking into account local cultural values of land, cultivation, trees and plants?
- Will PAPs be able to return to their homes once mine and port construction is complete?
- Can options be developed to enable PAPs to continue to manage or harvest their lands?
- How can PAPs' confidence in the accompaniment process be restored?

# Contesting land ownership

Since mining permits were issued, construction has started at Mandena and the port. As a result, the concerns of outlying communities in areas that will be affected have become neglected. Community members said that information about their situation was their highest priority, particularly because they are receiving contradictory messages about their property rights. Having not yet entered into any kind of discussions about loss of land and its compensation, the villagers feel in limbo and are unable to proceed with important aspects to their lives, such as land sales. Offering clarity to their situation and entering into compensation negotiations soon would help to overcome some of the compensation problems encountered elsewhere.

The mining project has had a significant impact on land ownership in the immediate vicinity of the mine and associated infrastructure. Providing housing and facilities for workers has placed pressure on local hotel and housing stocks.

Changes to local property ownership as a result of the project will be extended significantly by the measures of the Integrated Growth Poles project and revision of the land laws. This will affect local people's ownership of their homes, and their ability to own land in future. Prices have already risen out of reach of many and this trend looks likely to continue. Unless the situation is handled delicately, it could easily create a two-tier system between the landless poor and landlords. The manner in which land laws are revised, especially the degree of recognition afforded to customary land rights, will determine how equitable the new system will be.

## Questions for stakeholders

- What communication tools and strategies can be used to fill information gaps and reduce misunderstandings?
- When will the new resettlement strategy be available and how will it be communicated to stakeholders to ensure widespread pick-up?
- How can local people be involved in defining and implementing the Integrated Growth Poles project?
- When will residents in rural affected communities such as St Luce receive clarification about their land ownership?



## Talking about the environment

The area affected by the Fort Dauphin mine contains some of the last remaining fragments of littoral forest in the world. Because of this, QMM has created two conservation areas where mining will not take place. Stakeholders in this process, however, believe that more explanation is needed on the feasibility of this plan.

Since its inception, the mine has attracted opposition from conservationists because the mine site corresponds with some of the last remaining fragments of littoral forest in Madagascar. And since this forest type is unique to the country, its fate is considered to be of global importance. QMM has reported 64 species of endemic flora, found only in the Anosy region of Madagascar.

The strip mining technique that is scheduled for the site will require the removal of most of this forest. To appease concerns and demonstrate its environmental commitment, QMM decided to create two conservation zones at Mandena and St Luce on the ilmenite deposit, and to forego the estimated 12 per cent revenue of extracting these portions, amounting to about 10 per cent of the site area.

Stakeholder concerns about irregularities in the assessment procedures require more thorough explanation and discussion. Mining permits have been issued despite the absence of Environmental and Social Impact Assessments (ESIAs) for the port, Petriky and St Luce sites, leading to suggestions by some that high-level political decisions have bypassed government procedures.

“New conservation rules have not been properly communicated, leading to the criminalisation of some local people and divisions within and between communities.”

Now that construction work has begun, the debate about whether or not to remove fragments of littoral forest at Mandena has shifted towards how best to restore and regenerate the area. The use of exotic trees on the mined area could have far-reaching direct and secondary effects on biodiversity in the area and on local people. Continuing research into these implications is welcomed and could be widened further by drawing on expertise and debating findings with local people, peers and experts, before any decisions are reached.

A key argument expressed by experts about the fate of the littoral forest is that the limited size of the conservation areas and their relative isolation from natural forest means they will inevitably suffer from genetic erosion, which will over time reduce the genetic diversity of species to unsustainable levels.

Invasive species are of particular concern to Madagascar because of its island isolation, which has not only protected many species by preventing foreign species arriving, but also makes existing species more vulnerable to competition when invasive species do arrive. There is particular concern about the impact of ballast water from mineral cargo ships on the local marine environment as doubts remain about the reliability of Rio Tinto's measures to cope with the problem.

### Local experiences of conservation

New conservation rules have not been properly communicated, leading to the criminalisation of some local people and divisions within and between communities. Some locals say they have lost out to conservation areas, not only due to loss of resources but also because they place an additional management demand on them with insufficient remuneration. Local priorities are not always shared by conservationists, so more effective communication between parties may help to reconcile differences.

The setting up of conservation zones at Mandena and St Luce effectively deprives local people of a rich natural resource on which they have relied for generations for wood, food and medicines. Exotic plantations are part of a package of measures intended to provide alternative means of livelihood and compensate for the loss of forest products. Eco-tourism is another such measure to raise income from entry fees to the conservation zone.

### Questions for stakeholders

- What communication strategies can ensure that local people have greater ownership of conservation measures that affect them?
- How can local people be involved in identifying the effects of exotic tree species on land tenure, local economies and biodiversity?
- When will ESAs be produced for the port, Petriky and St Luce, and how will these be disseminated to stakeholders?



## Explaining health and safety procedures

The line between the mining site and public rights of way is sometimes blurred, leading to local people facing the risk of injury from construction operations. QMM needs to involve all road users in discussions about safety to avoid future accidents.

QMM could usefully apply its internal health and safety policies to those affected by its operations, and this could include explaining the safeguards and procedures involved. There seems to be a marked contrast between the safety procedures applied to on-site staff and local people. In some cases, the demarcation between on-site and off-site is hazy due to shared rights of way. In these areas local people and livestock have no choice but to face undue risks from construction operations. Claims made by people living in the vicinity of the quarry that rocks from blasting have fallen on villages should be quickly and thoroughly investigated. If true, robust measures should be put in place and communicated to all parties to prevent danger to life or injury in future.

‘Over there we were suffering because of the dust and sometimes rocks fell on our houses and we had to run away.’

**Local villager** from the area affected by the mine who had just moved house. A QMM representative had no knowledge of these incidents.

Local stakeholders urgently need to be informed and involved in discussions about the new Mandena road, due to be completed soon. The road is likely to attract high levels of traffic from a variety of contrasting road users, along with the risks this brings. Studies to determine the projected frequency of traffic, anticipating the likely impact of mitigation and traffic control measures, would prove well worthwhile if shared with potential users in advance and accompanied by a package of measures to implement findings.

### **Questions for stakeholders**

- Have claims about rocks from quarry blasting falling on villages been investigated and measures taken to prevent such accidents reoccurring?
- How can the concerns of stakeholders about the new Mandena road be effectively addressed?
- How can local stakeholders be included in discussions about transportation of mineral ore from the Petriky and St Luce sites?

# Engaging in social development

The Rio Tinto document, *The way we work*, includes rules voluntarily developed as part of its package of social and environmental commitments. The process of implementing its corporate social responsibility (CSR) policy on the ground is still being developed, and as the Fort Dauphin project is considered by Rio Tinto to be a pioneer flagship for many of these commitments, there are few other examples of good practice to be guided by. So in this sense Fort Dauphin is a testing ground.

The project demonstrates the difficulties of enforcing safeguards on third party contractors. Concerns about mine workers engaging in activities which put them at risk of HIV and AIDS are well established. How best to prevent them engaging in such activities is less clear. QMM would do well to consult experts in the field to strengthen aspects of its social programme.

‘In the beginning we had a code of conduct. We have been fighting it and wanted to lighten it... I know that some of my colleagues go to the bars [in town].’

QMM contractor

## Encouraging an open climate

QMM's extension of its role into socio-economic and environmental areas has required a shift in the political landscape. While some uncertainties have been generated by the changing power positions, other more worrying claims highlighted an atmosphere of fear of political persecution by vested interests. Encouraging an open climate of discussion and debate in which all views and opinions are considered and valued provides a way to overcome political insecurity. In some circumstances, such as involving the poor and disadvantaged in discussions, it may be useful for stakeholders to play a proactive role in ensuring their participation.

Many stakeholders in the policy-making arena reported feeling afraid to speak openly about their concerns for fear of reprisal. This atmosphere of insecurity was not limited to staff of smaller institutions or those who had at one time or another opposed the mine. Similar sentiments were expressed by staff in the corporate, government and agency sectors.

This situation presents one of the gravest impediments to effective communication and moving forward through open and constructive dialogue. Indications are that confidence-building initiatives to overcome this state of affairs would be widely welcomed.

### A new development actor

By assuming the mantle of development actor, QMM has placed itself at the centre of local and regional politics. This is an unenviable position at times because it inevitably attracts criticism from different quarters. By stepping so firmly into this role, the company has extended its mandate far from its core competence of mining into new and untested areas. Where other mining companies have hired environmental and social consultants, QMM has created whole departments, often staffed with people from an NGO background.

There is a fundamental tension at the core of this strategy though, especially at management level. QMM representatives interviewed were keen to discuss their newfound development role, but always referred to the bottom line as being a mining company with a responsibility to deliver to shareholders.

‘I agree that we are a mining company and we wish to remain so, but we cannot afford to allow issues like HIV and AIDS, inflation and migration to get out of hand.’

**QMM spokesperson** explaining why QMM was getting involved in development work

Interviewees from the development sector offered a number of opinions to explain this paradoxical situation. One suggested that the partnership between QMM and the US Agency for International Development (USAID) had created the Global Development Alliance so that in effect all development projects in the region are linked with QMM: ‘QMM makes donors pay them for development – there is something wrong with that system.’ Others questioned whether QMM had the necessary competencies in development practice to be playing such a prominent role in the sector.

### Questions for stakeholders

- How can local people with limited access to the media become more informed about the mine project?
- What communications strategies can be put in place to ensure that the views of the poor and marginalised are included in debates about the project?
- How can inclusive debate develop our understanding about the role of the private sector?
- How can stakeholder confidence be strengthened to ensure an atmosphere of open and inclusive dialogue?
- How can the mining company best involve stakeholders in defining its development role?

# Conclusion



The Fort Dauphin mine is having a major impact on the local environment, giving rise to an urgent debate about how to maintain rare biodiversity.

After many years of operations Rio Tinto has recognised that large-scale projects can no longer be imposed on local people and environments without taking steps to mitigate potentially negative impacts. The Fort Dauphin project provides Rio Tinto with a testbed for implementation of its CSR commitments, and so inevitably many of the ways of working have not had the benefit of experience to become as honed and responsive as they might be.

The extent to which Rio Tinto should take on development roles outside its core competence of mining was an issue for some stakeholders, who felt it had over-extended itself, and the lack of development experience showed. One indication of this is that local awareness about the mine remains low, showing that communication efforts so far have had limited impact.

The Panos London research shows that in the absence of effective two-way communication channels, other social and environmental measures, however well intended, may be badly received and regarded as inappropriate because they have not accounted for or recognised the diversity of interests involved.

Recent QMM initiatives to enhance communication, though arriving late in the day, are welcome, as this was considered by most of those interviewed to be a major deficiency. However, Panos considers that effective communication is not merely a top-down flow of information to tell local people what will happen and how. It is a far more sophisticated process, and should aim to involve all local people in discussions and decisions that affect their lives.

Achieving this will require political will and commitment from all stakeholders. The lessons from this project illustrate the urgent need for better communication measures, such as:

- A well-designed communications strategy, preferably prepared in advance, incorporating all viewpoints and involving all stakeholders in its formulation. This should be considered an essential component of development projects, particularly where a project demands rapid and far-reaching change to the environment and people's lives.
- The mining project needs to be explained to local people in terms that they can relate to and which fall within their world view. While this in itself presents a communications challenge, there is an even greater task ahead: to explain the wider context of how the mining project is shaping regional development plans and the implications of the development trajectory that the government and investors have adopted.
- Robust means of monitoring and evaluating the impact of the project on local people and the environment, preferably supported by independent specialists; lessons learned should be shared with all stakeholders and inform the development of future CSR implementation strategies.
- Rio Tinto needs to listen and learn from its peers in the development community to a greater extent, and support them in exercising their respective competencies. A major challenge for the company is to overcome the temptation to exercise its considerable power by deferring to others where appropriate.

- The immediate challenge facing all stakeholders is to ensure that steps are taken to improve levels of trust and communication, in order to avoid any further breakdown in relations.
- A productive way forward would be for the construction of a respected negotiating space for all stakeholders, which is acceptable to all. This could be convened by an external organisation, and so independent from the politics of the project.

# About Panos London

## Inclusive



We believe that embracing the views of poor and marginalised people is essential for sustainable and effective development.

Taking part in dialogue and debate contributes to a healthy and vibrant society.

## Empowering



We believe that poor and marginalised people should drive and shape the changes needed to improve their lives.

We enable people to share information and ideas, speak out and be heard.

## Balanced



We believe people need accessible information reflecting a wide range of views.

This allows them to make informed choices about crucial issues that have an impact on their lives.

## Diverse



We respect different views, value local knowledge and encourage a range of approaches in our work worldwide.

We believe that freedom of information and media diversity are essential for development.

## Illuminating



We shed light on ignored, misrepresented or misunderstood development issues.

We believe that the views of poor and marginalised people give greater insight into their lives and offer unique perspectives on the challenges they face.

# [www.panos.org.uk](http://www.panos.org.uk)

The Rio Tinto ilmenite mine in the Fort Dauphin area of southern Madagascar is the first of a number of mining projects planned for Madagascar with the support of the World Bank. The effects of this mine are widespread, not only on the people and economy of the region but also on its unique environment.

*A mine of information?* examines the debates, grievances, consultations and negotiations that have taken place between the mining company and the many different stakeholders affected by the project, not least members of the local community. The report reveals the gaps in consultation and communication and assesses the consequences. It raises questions to be considered by all stakeholders, making recommendations for essential improvements in communication.

**Cover image**

People in the Fort Dauphin area are being affected by the ilmenite mine, but often their perceptions of what is happening differ from those of other stakeholders in the project.



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