

Tool 5.2: Community Agreements

Community Agreements are legal documents codifying the agreements already voluntarily made between community and company. They are meant to be used after relationships are well established and either the community demands a legal document to be established or the company itself is willing to take the next step and make their commitments legally binding.

5.2.1: Exploration Agreement

During the exploration phase, relationship building without raising expectations too much is a delicate balancing act as it is rare that a deposit worth exploiting will be found. Yet it is also clear that companies have to start building trust with local stakeholders from early on. An Exploration Agreement is a binding contract for companies that wish to ensure a good relationship with the local communities and the stakeholders of the project. The agreement is only used after community-company relationships are well established. This contract should be tied to the land and not the company to ensure that the agreement survives successive owners.

There are a few simple steps to consider when drafting an Exploration Agreement:

1. A company is encouraged to establish a mechanism early on for providing and receiving information as effective flow of information is an important factor in building trust with local communities (see Tool 4.1: [Community Engagement Plan](#)). The company can reach out to specific groups of interest or hold public meetings, develop a Facebook page or a website, establish a phone line, an email address or place a physical box in a strategic location in the community to receive feedback. In all cases, the options need to be explained during a local meeting, shared in local newspapers or through local media. Appropriate resources need to be attributed in order to be able to collect the information efficiently, to respond promptly and to record it.
 2. Developing relationships with the community through consultation prior to and during exploration activities, is crucial for the company. Ideally this would be done before submitting the request for an exploration permit and certainly before beginning the actual exploration. For example, during the development of the Aitik project in Northern Sweden, local authorities and the general public were involved from the start through regular stakeholder meetings where potential impacts, project alternatives, mitigation measures and land use issues were discussed. If a project has indigenous communities as stakeholders, it would be appropriate to follow principles of FPIC throughout the mining life cycle.
 3. All stakeholders will benefit from receiving accurate information about the activities conducted in each stage of the exploration project. Companies may take the opportunity to share knowledge about the industry through regular public meetings. During these ‘open days’ industry is encouraged to share information about exploration activities, and if possible, arrange visits to the mining site. Providing information and education can be used not only as an opportunity to maintain and strengthen industry’s connection with the community but also to provide facts about the process. For the general public, it is not always clear that exploration does not automatically lead to establishment of a mine and providing accurate information helps maintaining communities’ expectations at a manageable level.
 4. The company should always seek solutions to ensure the protection of the environment. Industry should also pay special attention to possibly conflicting land use interests and listen to relevant stakeholders.
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5. Positive impacts of mining exploration include the purchase of local goods and the use of local services and suppliers. By providing contracts to local companies and workers, the exploration activities will lead to a more welcoming atmosphere in the community and improve social acceptability of the project.
6. Exploration projects must find a balance between transparent communication and realistic promises – the management and communication team must be careful not to raise unrealistic expectations. This makes communication sensitive and there are bound to be at least some concerns expressed. For this reason, implementing a dispute resolution mechanism (such as [Grievance Mechanism](#)) is helpful. The company must collect this information, respond and to record it.
7. To record, track and ensure implementation of any mutual obligations agreed upon, one mechanism found to be successful in other countries is the establishment of a socio-economic development and/or environmental liaison and monitoring committee comprised of both members of the community and the company or by a trusted and independent third party. In the case of Europe, as land ownership is atomized and there are many different interested stakeholders, it is unlikely an individual will be found to sign on behalf of everyone. Having the municipality sign on behalf of communities is something to be considered.

Exploration Agreement ¹¹	
EA may include:	<ul style="list-style-type: none"> - Consultation prior to any action by the company - Mechanism for providing information on project and receiving information from the community - Provision of information/education about mining - Commitment to following existing relevant laws and regulations - Use of local services and suppliers - A dispute resolution mechanism - Formation of a social-economic development and/or environmental liaison and monitoring committee(s) at local levels - Provision for compensation for and mitigation of damage/harm - Making the Exploration Agreement part of the property package so that it survives to successive 'owners' of the mineral right. - Having the municipality sign the agreement on behalf of communities

¹¹ Thomson, I. What goes into an Exploration Agreement with the community? On Common Ground Consultants Inc.

5.2.2: Mining and Closure Benefit Agreement

Mining and Closure Benefit Agreement (MCBA) is a voluntary agreement usually negotiated during the permitting process after feasibility is established and the EIA is approved. It is a civil contract and would be referred to if any of the parties in the future saw it necessary. Being a voluntary agreement, MCBA is a tool for a company wishing to strengthen an existing relationship of trust by acknowledging its commitment to the community.¹²

There are several steps a company should complete before thinking about a MCBA:

- profiling the area ([PEST analysis](#))
- understanding who the stakeholders are ([Stakeholder Mapping & Stakeholder Frames](#))
- and developing a communication and engagement strategy ([Community Engagement Plan](#)). Good communication is a pre-condition for establishing good relations early on with communities. While it is not the responsibility of companies to provide information on the permitting process, local stakeholders often are unfamiliar with it and conversations between a company and community would be more constructive if everyone started out with a similar level of knowledge. This process might take time, but if managed properly it can lead to a range of benefits, including securing the community's support.

After these steps have been considered the company could examine the following points as part of a MCBA:

1. One of the major benefits of a mining project is the employment of the local workforce. A provision for hiring/training locals at the mine could be included in order to solidify the community's relationship. The provision could provide details such as priorities for employment to local communities, job opportunities during construction, operation and closure, a list of barriers that need to be removed to increase local participation, training and apprenticeship programs, the cost of implementing the provision and funding sources. Additionally, measures to guarantee security and safety in work environment, gender sensitivity training, provision for childcare and flexibility in hours can make a significant difference in workplace well-being.
2. Another important aspect of a mining project is the potential business opportunities it often generates in the region. Through a provision for community-based businesses, the company could help local businesses by establishing a business development coordinator/committee. The business development coordinator could, for example, forecast the capacities of local businesses and needs for the mine or make recommendations to the company regarding specific contracts.
3. To increase the chances of a project to be supported by stakeholders, the company could consider the impact of their activities on the local communities through a provision for the protection of local culture. The actual commitment of the company would be context specific and vary depending on the local priorities. This provision would be more effective, however, if it was developed and written in partnership with the communities. In the case of the Aitik project (Sweden), since many of the locals are reindeer herders, the company took extra measures to limit the impacts on their livelihoods. They completed the impact assessment with the reindeer herders, developed a GPS project for tracking reindeer's movement and a warning scaring system to increase road safety as well as re-established lichens for winter grazing as a rehabilitation method. The company also compensated the possible impacts to reindeer husbandry through lending workers to reindeer husbandry work, financial compensation for lost working time and by providing five reindeer GPS collars in order to follow herd's movements.
4. Community-based environmental monitoring is one of the most effective ways to build trust between a company and community. Whether it is monitoring selected conditions in the EIA or permits, or monitoring other issues of concern determined by the company and community together, a [community-company environmental monitoring plan](#) is a useful tool. As neither projects nor their

¹² Gibson, G., & O'Faircheallaigh, C. (2015). *IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements*. Toronto: Walter & Duncan Gordon Foundation. [iba_toolkit_2015_web.pdf\(ccednet-rcdec.ca\)](#)

impacts are static, the monitoring plan could be adaptive and able to be re-opened when necessary. Using the Gillervattnet project (Sweden) as an example, since it is situated on an important site for migratory birds, the Boliden company exceeded their legal obligations by placing large stones to create a sheltered nesting area for birds and by working to stabilise the sulphur-rich sand in order to transform part of the site into a wetland habitat for wildlife. The company plans to monitor the area for at least 30 years and may extend the monitoring period.

5. A [grievance mechanism](#) is one of the most effective ways not only to ensure that community concerns are being heard by the company, which allows for swift action, but also as a monitoring mechanism for the Mining and Closure Benefit Agreement.
6. Including a closure provision within the Mining and Closure Benefit Agreement is essential, especially since closure related issues remain highly important for communities across Europe. Such a provision should address the potential for job losses, the resulting socio-economic impacts, and how other sectors of the economy could be developed. But there are also other aspects to closure, such as determining the after-use of a mine site where community members could be actively involved. To realise this, a mechanism should be included that ensures the involvement of communities in the development of the closure plan, its implementation and its monitoring process. The Cononish project (UK), for example, had a positive impact on tourism; local shops have branded a whisky 'Tyn-drum Gold' after the mine and there is still a possibility for the mine to become a visitor centre post-closure. The mining industry and the tourism industry were able to benefit from one another.
7. As each agreement is context specific, the following is not necessarily applicable to every project, but it can help the company solidify the community's support. Positive net impacts in the form of compensatory measures, such as fixed cash payments, funding the construction of a school or cultural center, or even infrastructure such as the building of roads have been well-received in many projects. However, research outside of Europe shows there are potential negative consequences which should be carefully considered such as benefitting a few individuals at the expense of the good of the community or creating a dependency on mining activities. What is key to remember is that if achieving and maintaining a Social Licence to Operate is the goal, then the provision of benefits is far less important than establishing genuine, trust-based relationships.¹³ As with the Exploration Agreement, in Europe, having a municipality sign on behalf of communities should be considered.

The Sirius Minerals Foundation from the Woodsmith project (UK) recently gave £20,000 grant to local charities and are under discussion to support the post-COVID19 recovery efforts. Sirius Minerals contributed to the foundation with a donation of £2 million and the new owners, Anglo American, went further with a contribution of £1 million in March 2020 and of £3 million over the next 3 years. On top of that, an annual royalty of 0.5% of revenue from the Woodsmith project will be provided once the mine is in operation. The first round of £300,000 of funding from the Foundation was awarded to sports, employment and youth and family initiatives.

¹³ Martinez, C. & Franks, D. M. (2014). Does mining company-sponsored community development influence social licence to operate? Evidence from private and state-owned companies in Chile, *Impact Assessment and Project Appraisal*, 32(4), 294-303, <https://doi.org/10.1080/14615517.2014.929783>.

Mining and Closure Benefit Agreement ¹⁴	
MCBA may include:	<ul style="list-style-type: none">- Profile of area (PEST) and a list of the stakeholders (Stakeholder Mapping and Stakeholder Frames) and communication strategy.- Provision for financial benefits.- Provision for hiring/training locals at the mine.- Provision for community-based businesses.- Provision for the protection of local culture.- Provision for community-company environmental monitoring (Community-Company Environmental Monitoring Plan).- Provision for a grievance mechanism.- Municipality may sign on behalf of communities.

¹⁴ Ian Thomson. What goes into an Exploration Agreement with the community? On Common Ground Consultants Inc.
