Drivers of measuring social impacts in the resource projects

Based on general observations, work experience and discussions

Resource Development and Human Well-Being in Papua New Guinea
Issues in the Measurement of Progress
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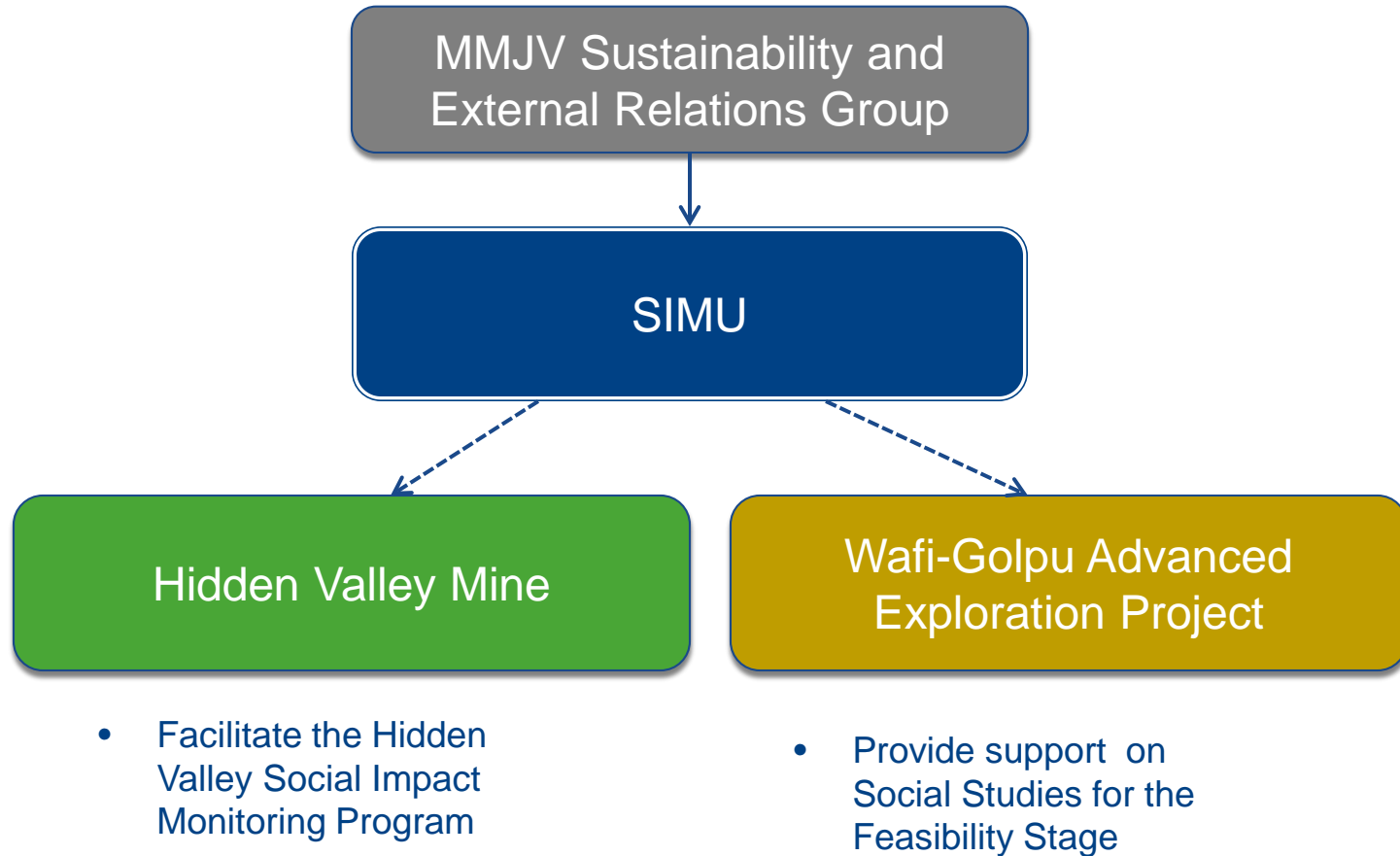**Morobe Mining Joint Venture**

i. Presentation Abstract

It is a widely accepted practice that, for better policies to be formulated and, for sustainable development outcomes to be effectively measured; updated and accurate data and specialized studies is required. In the Papua New Guinea (PNG) resource projects, I argue that the systematic updating and efficient use of data in measuring sustainable human development outcomes will remain a challenge if three main drivers are not addressed or given attention; (1) ambiguity of the current regulatory regime where measuring of social impacts is concerned, (2) non availability of prescribed standards and systems, (3) capacity and competency aspects of people managing the systems. The two later drivers depend on the former given that the practicality of collecting, managing, interpreting and put to best use of the social data collected cannot be optimized and entwined into measuring sustainable human development outcomes if we continue to operate under the current regulatory policy regime - with reference to the measurement and reporting of social impacts within the resource projects.

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ii. Morobe Mining Joint Venture (MMJV)

- Joint Venture Company owned through a 50:50 JV between:
  - Newcrest Mining Limited of Australia
  - Harmony Gold Mining Company Limited of South Africa

- MMJV operates two resource projects:
  1. Hidden Valley Mine- operational
  2. Wafi-Golpu Advanced Exploration- feasibility stage
  3. Previously had an Exploration program- outsourced to Harmony as of late 2014.

iii. Social Impact Monitoring Unit (SIMU)- 2 yrs old unit

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│   External Relations Group  │
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│ Hidden Valley    │  │ Wafi-Golpu Advanced  │
│ Mine             │  │ Exploration Project  │
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- Facilitate the Hidden Valley Social Impact Monitoring Program

- Provide support on Social Studies for the Feasibility Stage

SIMU's Function: Revolves around social compliance in mining

Presentation Overview

1. Purpose of this Presentation
2. Drivers of measuring social impacts- discussion points
3. What MMJV has and is doing about measuring social impacts?
4. Conclusion
5. Acknowledgment

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1. Purpose of this Presentation

- Introduce the Social Impact Monitoring (SIM) Program In Mining as a means to measuring sustainable human development outcomes in the Resource Projects with regards to:

  1. Tracking performance on MDGs/post MDGs
  2. Efforts in improving of PNG's ranking in the Global Human Development Index.

- Possible through stakeholder collaboration approach.

- But whilst we're discussing data collections and indicators through SIM, the following grey areas need to be discussed upfront as they will drive what is required in measuring social impacts and provides are clear path to doing that:

  - Public Policy Framework relevant to measuring social impacts in resource projects;
  - Standards and Guidelines prescribed for use in measuring social impacts
  - The capacity issues of people expected to collect and manage data

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2. Drivers of measuring social impacts in resource projects- discussion points

- 1. What drives resource developers to do something about measuring social impacts?
- 2. Legal environment developers are operating within with regards to measuring social impacts.
- 3. What is MMJV doing in terms of measuring social impacts?

- *I draw my general observations and discussions from my experience working with Newcrest Lihir SIM Program (6 yrs) and now MMJV SIMU (2 yrs & 4 months).*

2.1 Resource Developers' Approaches in measuring social impacts in resource projects

- Operators tend to create their own standards, frameworks and set of indicators mainly as part of social compliance around being good corporate citizens as per business policies and international best practices- then it being a legal compliance.

- Such approached cascades from Social Responsibility/ Community Relations Policies develop internally and set community standards or social responsibility standards (SRS) developed and endorsed to guide implementation of these policies.

- Usually to accompany standards, prescribed guidelines are designed to operationalize these standards.

- The MMJVs social responsibility standard relevant to measuring social impacts and attempts to manage them, is the Social Impact Assessment and Management- one of 8 MMJV SRS.

- Newcrest Lihir also has 8 community standards – three most relevant to SIM:
  - Community Baseline Studies Standard
  - Socioeconomic Impact Assessment Standard
  - Cultural Heritage Standard

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2.2 Regulating social impacts assessments and reporting in resource projects

- Current expectation:

    1. Have site specific best practices model of measuring social impacts.

    2. Measure social impacts periodically- commonly no ongoing rigorous monitoring programs. Lihir a well established ongoing and rigorous Social Impact Monitoring and Management Programme (SMMP)

    3. Measure social impacts in additional to the strictly regulated environment monitoring requirements as per environment public policy framework.

    4. Social studies for permitting processes:
        - Feasibility Stages:
            – Social Mapping Studies (not mandatory)
            – Community Baseline Assessment
            – Social Impact Assessments (SIA) (mandatory environment laws)
        - Production Stages
            – operation requirements – expansion/social risk assessments/projects outside lease…social studies are required as best practices and legal requirements.

2.3 Issues in regulating measuring of social impacts in resource projects

- Issues & Trends:

   1. Ambiguity of current regulatory regime is a key issue- little reference points and very minimal requirements.

   2. No standards and guidelines to develop frameworks to measure, monitor, report and manage social impacts of resource development activities.

   3. Heavily rely on external (international) standards and best practices guidelines driven by voluntary commitments by the international extractive industry community.

   4. In developing social impact monitoring framework, designers collect from range of sources to justify why SIM is an integral and important component of the business. Simply because current policy framework does not provide much.

   Question is, how permanent, sustainable or genuine is volunteering to bring about change? Especially when you have people within the business/organisation who do not share the same vision?

2.4 Internal Best Practices Standards, Frameworks and Initiatives

ICMM Sustainable Development Framework (10 SD Principles)

IFC Performance Standards for Social and Environmental Sustainability (8 PS)

Enduring Values (Operationalizes ICMM SD Principles)

Equator Principles (10 Principles- Bench marks for project financing)

Extractive Industry Transparency Initiative (disclosing of payments)

IFC Compliance Advisor Ombudsmen: Grievance Mechanism Good Practice Note

Global Report Initiatives (set indicators and level of reporting through annual sustainability reporting)

2.5 Aspects of drivers in measuring social impacts and challenges involved

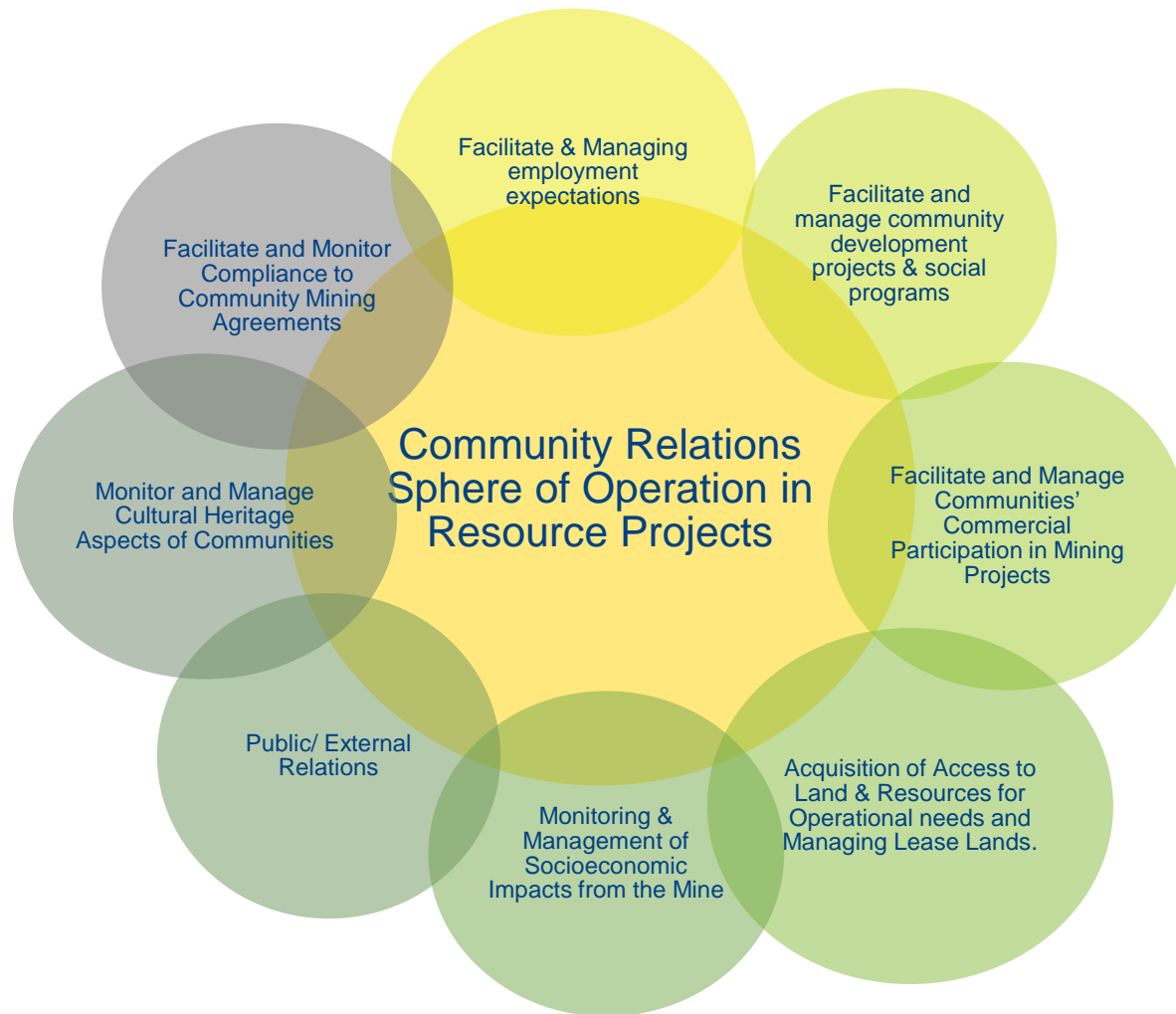| Drivers	Challenges
1. Environment & Mining Policies	• very minimal guideline on social aspects monitoring compared to environment aspects. • give prominence to measuring and managing environment impacts and technical aspects of mining (though environment & mining exist for citizens well being).
2. Sustainable Development Goals & Principles	• It is not clear by public policy what national/international higher goals and principles should be achieved when measuring social impacts in the resource projects. MDGs, Preambles (5 Goals & Principles)?
3. Project Agreements Framework & Standards and Guidelines	• there are no clear frameworks on what key or minimum areas should be included in project agreements with regards social impacts and measuring of development outcomes. since there are no clear frameworks to guide project agreements design, it is difficult to devise standard measurements for social compliance purposes. • Specific project agreements are generic- not uniformed
4. Stakeholder Participation & Governance	• there are no mandated stakeholder group by policy to oversee the measurement of social impacts- a venue where local participation can be garnered inclusive of vulnerable groups. • An avenue where reporting of development outcomes should be reported.
5. Data Sharing Systems & Processes	• companies develop systems and processes with no inputs from local authorities. • No alignment and integration and transparency systems of reporting (mostly for business purpose i.e. risk management).
6. Local Data Collection Systems (local participation & impacted communities)	• there is no aligning of companies data collection systems with those of the local governments. • Companies collect data for their business compliance. • Government collects its own in census – same people same community re resource projects communities
7. The People (Managers)	• Capacity issues and competency areas not defined hence mismanagement of community aspects of the project operations. • Flaws in recruitment process in appointing managers. • Right people to manage systems in place cascading from set standards. • No accreditations/certification process for CR practitioners

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2.5.1 Project Agreements Framework & Prescribed Standards and Guidelines

- The PNG regulatory regime should provide the minimal standards and guidelines to guide agreements negotiations deal with such questions that resource projects often wrestle with when it comes to measuring social impacts:

  - When do we start collecting (at what project stage)?
  - What should we collect and interpret?
  - Why should we collect them and interpret?
  - Who collects what?
  - Where do we stop collecting in terms of project's foot-prints?
  - How do we make use of these data?
  - Who should use these data?
  - Who vets the outputs of the data collection system for utilisation?
  - What do each project stakeholders expect to gain from these data (value for money and resources)?

- These questions can guide the formulation and drafting of prescribed standards, processes and procedures that will be readily available for use by the resource developers, the state agencies proponents and other key stakeholders to use in terms of legal and social compliance.

2.5.2 The People who make it happen

- The people expected to do the measuring & reporting have capacity issues to be addressed- both within the companies and the impacted local level government administration:

    - Capacity building (work in isolation as a result).
    - Further course work/ studies relevant to SIM.
    - Networking between professionals/institutions in the area of SIM in resource projects

- Most are have qualifications outside of community relations:
    - Do not share the same visions
    - Differences in approaches
    - Misconception in management styles and thinking
    - CA/CR departments are as complex as the impacted communities (backyard)

- The types of community issues confronted by CR practitioners and the need to measure social impacts introduces new emerging areas of competency- practitioners must keep up with the trend (e.g.: the days of the kiaps & fire fighting are over).

2.5.3 Sphere of Operations

Facilitate & Managing employment expectations

Facilitate and manage community development projects & social programs

Facilitate and Monitor Compliance to Community Mining Agreements

Community Relations Sphere of Operation in Resource Projects

Facilitate and Manage Communities' Commercial Participation in Mining Projects

Monitor and Manage Cultural Heritage Aspects of Communities

Public/ External Relations

Monitoring & Management of Socioeconomic Impacts from the Mine

Acquisition of Access to Land & Resources for Operational needs and Managing Lease Lands.
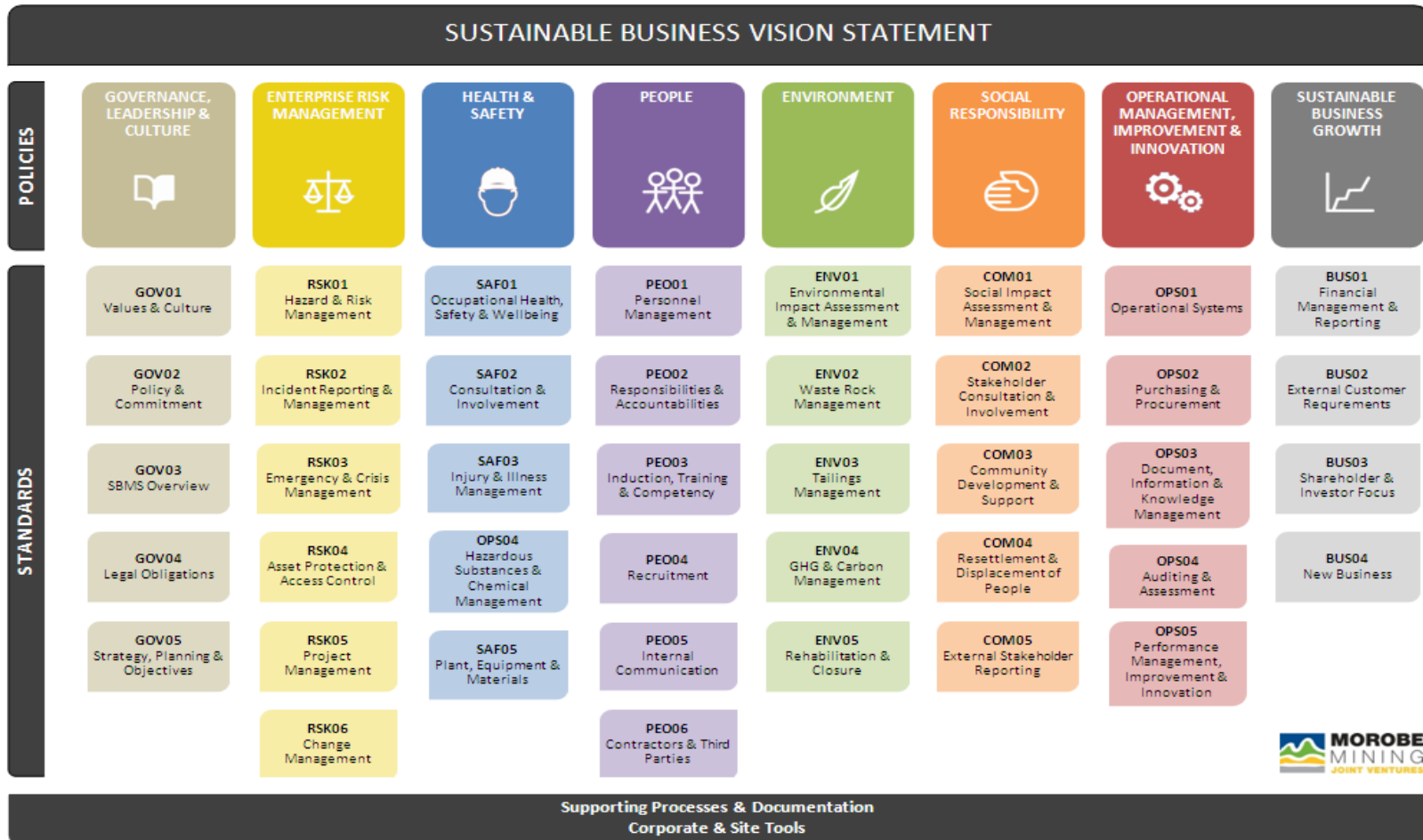
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3.0 What MMJV has and is doing about measuring social impacts?

- Have in a in place a MMJV Sustainable Business Management System (SBMS)
- Developed Social Responsibility Policy- part and parcel SBMS
- Guidelines to implement SR Standards *work in progress*
- Designed a Social Impact Monitoring Strategic Framework- 2014
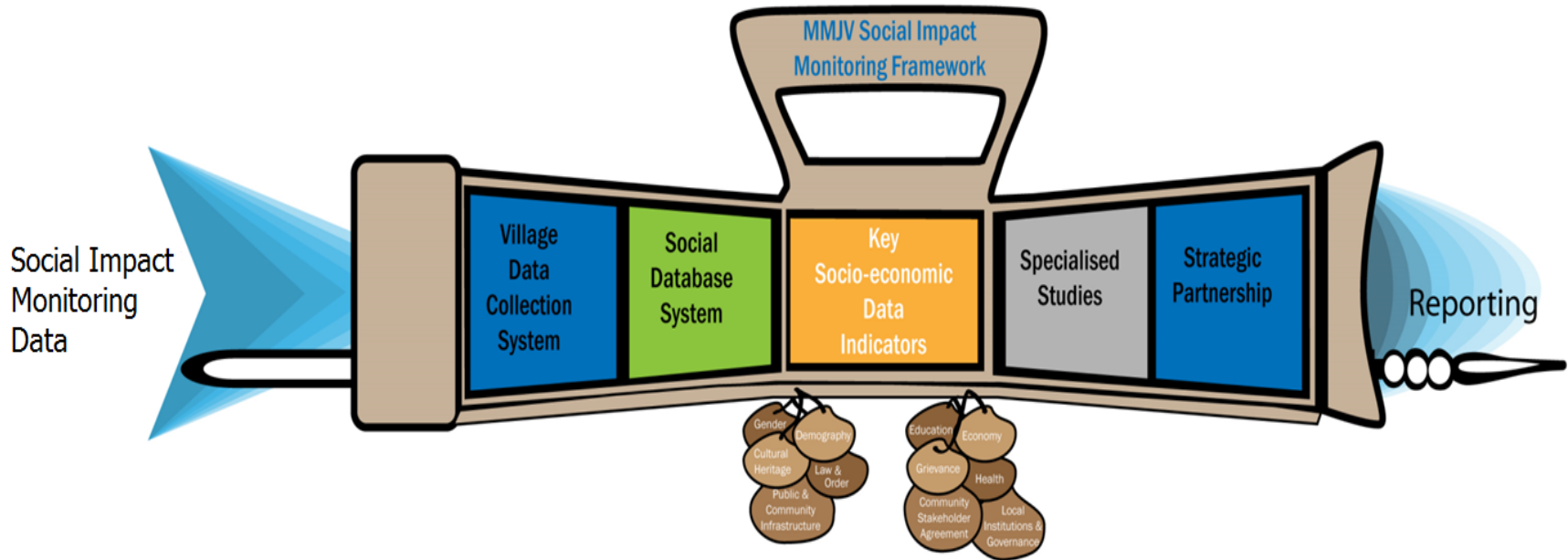- Framework forms the basis of Hidden Valley Mine Social Impact Monitoring Program.

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- Starting with 6 Key Impact Areas to Measure:
  - Demography, Grievance, Economy, Health, Education and Community Infrastructure
  - Each have exhaustive set of indicators to measure (ambitious but currently being reviewed based on capacity, resources, data availability)

3.1 Village Data Collection System- snapshot

- Focusing on establishing this systems (first and foremost) as common denominator – all data collected feeds other components of the framework.
- Village-based systems driven by Village informants (VLOs, VIOs, Ward Recorders)

Monitoring Tools:
1. Village Books
2. Update Forms
3. Annual Monitoring Calender

Quarterly Data Updates and Reporting Flow chart

Quarterly Updates → Update CE Database → Quality Check → Verification → Field Visits → Edit CE Database → Close (End of year) → Quarterly Updates

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3.4 Informers of the SIM Framework

PNG Legislations

| Environment Act 2000 | Environment Planning Act 1978 | Other Relevant Legislations National Cultural Property (Preservation) Act 1965 |

2002 DEC prescribed guidelines in preparing environment impact statements (EIS). Environment impact assessments (EIA) and social impact assessments (SIA) are permitting requirements in this guideline.

Social Mapping, Social Baselines, Social Impact Monitoring, Assessment and Reporting Process (during permitting process in feasibility & operation stages)

| International Standards of Best Practices | Company Corporate Policies and Standards |

All the above collectively informs the social impact monitoring and management framework design one way or another

Benefits of Social Impact Monitoring Program to Resource Projects

1. Data informs stakeholder project agreements makings and reviews
2. Captures trends and processes unfolding- missed in periodic assessments
3. Informs employment localisation programs and recruitment processes
4. Shareholding memberships and structures of LandCos
5. Changes in demographic trends
6. Informs health and education corporate community development program designs
7. Data on status of vulnerable groups for intervention
8. Economic inflows to local and regional economy (suppliers/contractors, royalties, compensation, wages & salaries etc…)
9. Provides an avenue for local participation and integration for local and regional planning processes
10. Those impacted engage in the process of monitoring and managing impacts

- Its intensive managing social impact programs and getting data inflows on a timely manner (data integrity) but cost effective- proper local/village data collection networking and data storage and retrieval systems in place.

4. Conclusion

- Overall regulation:
  - Move beyond focusing on Risks and Workplace Hazards' Management towards social environment impacts of resource projects.
  - Social aspects and environment regulation should be given prominence in policy framework designs. Greatly assist developers in environment and social compliance.
  - Whilst embracing the sustainable development concept.
    - Company → Impacted Communities → Government and other Actors' relationship built around collaboration to:
      - address short falls in public policy frameworks (social aspects of mining)
      - good governance and local institution issues to be addressed (defunct LO associations, districts and LLGs)
- The people (nationals) capacity building be given prominence through tailoring of relevant course work to compliment national and industry ambitions (sustainable human development/MDG).
- Can be done through working groups wider consultations involving : government + industry organisation + academic institutions (PNG and abroad)+non-government organisations groups, local impacted communities etc….

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5.0 Acknowledgment

- Mentors in our line of work:
    - David Wissink- Morobe Mining Joint Venture
    - Dr Michele Fulcher- Morobe Mining Joint Venture
    - Dr Nick Bainton- Newcrest Mining Limited- Lihir Operation
    - Dr John Burton- Pacific Social Mapping
    - Dr Bill Sagir- University of Papua New Guinea
- Advocates of SIM in Resource Projects
    - Dr Glen Banks- Massey University
    - Dr Colin Filer- Australian National University
    - And others not named…

- Finally:
    - Department of Communication Studies Staff Members of Papua New Guinea University of Technology.
    - Centre for Social Responsibility in Mining (CSRM) Staff of University of Queensland.

Em nau….

Mipla wetim divelopmen ino kam lo asples blong mipla…

Olsem na mipela painim…

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