

APRIL, 2010

Partnering for Local Development:

An Independent Assessment of a Unique Corporate Social Responsibility and Community Relations Strategy

Barrick Gold Corporation and its partners in the Pueblo Viejo project in the Dominican Republic have initiated an innovative and promising approach to the preparation and implementation of plans for long-term sustainable development within the communities that surround the project. Initial results are promising, both in terms of benefit to society and benefit to business.

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The Authors

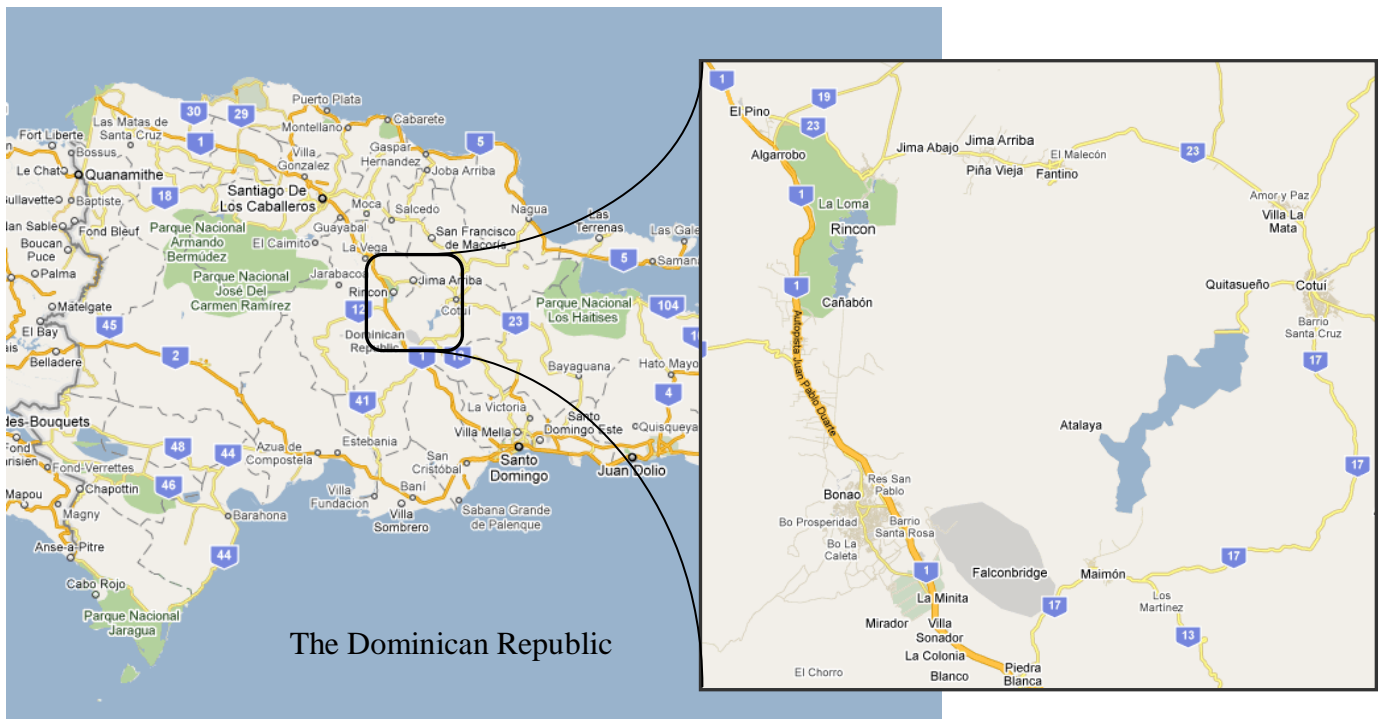
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Introduction

Located in the Dominican Republic, approximately 100 kilometers northwest of the capital city of Santo Domingo between the towns of Maimón and Cotuí, Pueblo Viejo is a mining site that was previously operated by the Dominican government from 1979 until it was closed in 1999. During this period, approximately 5 million ounces of gold and 22 million ounces of silver were mined from oxide deposits. In 2003, Placer Dome Incorporated signed a Special Lease Agreement, acquiring the right to operate the Pueblo Viejo mine for a 25-year period, with two additional 25-year extension periods. In 2006, Barrick Gold Corporation (BGC) acquired Placer Dome and is now the operator of the mine, holding a 60% interest, with Goldcorp owning the remaining 40% interest. The project is currently in the construction phase with initial production anticipated in the fourth quarter of 2011 or the first quarter of 2012. Barrick expects the mine life to be over 25 years and their share of the annual production to be about 600,000 – 650,000 ounces of gold during the first five years of production.

Exhibit I: The Pueblo Viejo Mine Project Site



BGC and its partners in the Pueblo Viejo project (PV) have initiated an innovative and promising approach to Corporate Social Responsibility/Community Relations. They have entered into a multi-party partnership with the municipal governments surrounding the mine (Fantino, Cotuí, and Maimón), the Dominican Federation of Municipalities, the Canadian Embassy, and a local NGO to support the local communities' preparation and implementation of plans for long-term sustainable development. In doing so, Barrick has broken the standard mold of CSR/CR activities. It is common for companies to work directly with community groups in the area directly affected by company operations to implement economic and social development projects. Barrick, however, has gone well beyond this, entering into a relationship with local

government and with civil society as a supporting partner to a community-owned, long-term development process, which is rooted in a national legal framework for the development of municipal governance. In other words, Barrick has positioned itself as a significant contributor to the democratization and decentralization process of the Dominican Republic. Initial results of this unique approach are promising, both in terms of benefit to society and benefit to business.

This paper will summarize and analyze the process and initial outputs of the work to date and discuss some issues that may warrant further review. It is worth noting that Barrick's CSR/CR strategy in PVDC involves policies, practices and activities beyond the preparation of the municipal sustainable development plans (MSDP), but this assessment will focus almost exclusively on the activities related to the MSDP, which has been by far the most publicized CSR/CR project carried out by Barrick in the DR.

Summary of project

Key Actors:

Most of the actual work of designing and preparing the plans was carried out by the communities themselves, but this was set in motion and facilitated by the local CSR team, lead by Faby Manzano and advised by Enrique de León, the principal consultant for the Municipal Sustainable Development Plans (MSDP). Technical assistance was provided by Rubén Toribio and others from the Association of Municipalities of the South Cibao Region of the Dominican Federation of Municipalities (FEDOMU) and from members of a local NGO called Community Harvest (*Comunidad Cosecha*) led by Felipe Bautista Orozco. Key funding was provided by the Pueblo Viejo Dominicana Corporation (PVDC) and the Canadian Embassy in the DR through its Canadian Fund for Local Initiatives.

Legal Framework:

Law 176-07 established the legal framework for municipal governance and has been in effect since July, 2007. However, municipalities have been slow to exercise certain aspects of their mandate created by the law. Until PVDC began working with the three municipalities in the mine area (Cotuí, Fantino, and Maimón), no municipality in the DR had a multi-year development plan prepared with the participation and leadership of local community members, a critical component of the law. These three municipalities were also the first to create Municipal Economic and Social Councils, which gives civil society a key role in the creation of the development plans and oversight of their implementation, the first to form Municipal Environmental Units to oversee natural resource preservation and environmental sustainability, the first to hold municipal plebiscites, which oblige local authorities to respect the popular will of the people (in this case regarding the development plans), the first to approve a participatory budget (in support of the plan), and the first to create Social Audit Committees to oversee municipal government works and projects, among other firsts.¹

By rooting the CSR/CR activities related to the preparation of the development plans in this legal framework, all parties explicitly recognize that it is the institutions of local governance that are responsible for the development of the communities. In fact, the first point of the preamble of the agreement signed on December 2, 2008 between PVDC and the municipalities (represented by the elected mayors), and signed by the Canadian Ambassador as a witness, states the following: "Law 176-07...establishes that municipal councils are the municipal government and are responsible for the development of these localities for which they are obliged to prepare and implement development plans with the participation of the communities and the people." The first point of the actual agreement echoes this: "Both parties recognize the role of the municipal councils as the principal and only representative in their respective jurisdictions for any dialogue regarding all powers attributed to each of them in the application framework of Law No. 176-07 the

¹ See Articles 122 (Municipal Development Plans), 123 (The Municipal Economic and Social Council), 127 (Municipal Environmental Units), 234 (Municipal Plebiscite), and chapter III (Municipal Participatory Budget) of Law 176-07. A copy of *Ley No. 176-07 del Distrito Nacional y los Municipios* can be obtained at the Dominican Republic government website at http://www.suprema.gov.do/pdf/leyes/2007/Ley_No_176-07.pdf



pursuit of the public good.” These statements are significant in that they establish from the beginning that PVDC is not the principal entity responsible for the economic or social development of these communities. More will be said of this in the analysis section.

National Attention:

Because the three municipalities were the first to exercise the powers attributed to the municipalities by Law 176-07, these events became the focus of intense national attention. Opinion pieces and reports were regularly published in leading national newspapers, radio and television news programs covered the events and universities hosted forums to debate the meaning of the events for democracy, decentralization, and popular participation in the Dominican Republic. The potential risks and rewards of Barrick being so deeply and publicly involved in a matter of national political and historical importance will be discussed further in the analysis section. But it is important to note up front that these activities garnered far more attention, both locally and nationally, than typical CSR/CR activities and community projects.

Timeline of key activities:

Jan – Jun 08	<p>Preparation of the CRS Team and Program Design</p> <p>A number of workshops and planning meetings were held to build the capacity of and prepare the Corporate Social Responsibility (CSR) team to support and facilitate the preparation of the development plans. The team focused on better understanding sustainable local development, the experience of Placer Dome, the municipal governance legal framework (Law 176-07), multiyear development planning, and participatory budgeting, among other themes. By the end of June the team had developed a program design for the facilitation of the MSDP preparation.</p>
Jul – Aug 08	<p>Establishment of the Partnership</p> <p>A series of meetings were held with local government and civil society leaders, leading to Municipal Council resolutions in Cotuí, Fantino, and Maimón calling for the preparation of municipal development plans and accepting the support and technical assistance of PVDC, the Canadian Embassy, the regional branch of the Dominican Federation of Municipalities (FEDOMU), and the local NGO “Community Harvest”.</p>
Aug – Sep 08	<p>Equipping of Community Leadership</p> <p>About sixty (60) local government and civil society representatives were selected by municipal authorities and community leaders to participate in a two-day workshop on local sustainable development, covering a broad range of topics relevant to the development of the MSDP.</p>
Sep – Nov 08	<p>Facilitation of the Planning Process</p> <p>The local communities were informed about and invited to participate in the preparation of the development plans. Scores of meetings, workshops, and working group/round tables were held during which community members, representing a broad range of civil society organizations, business interests, and the municipal governments, participated in a process of strategic envisioning and long-term development planning. Four round tables were organized by theme: 1) economics, production, and employment, 2) natural resources, environment, and risk prevention and mitigation, 3) health, sport, education, and culture, 4) institutional development: municipal governance, land use/zoning, participation and public safety.</p>

Each round table met about a dozen times to develop their section of the plan before bringing the pieces together. These groups were supported by a small team (4-8) of subject matter experts, who provided relevant data and information to the group, and by facilitators from Community Harvest, PVDC, and FEDOMU. Most of the community members who participated in this process were representatives of civil society organizations and interacted regularly with their group members to ensure that their groups' views were being adequately represented.

Nov – Dec 08

Consensus-Building for the Development Plans

A series of open forums and meetings were held to discuss and finalize the development plans. Each municipality held a large convention (*Congreso*) in which about 500 civil society representatives and government leaders debated the final plans before voted to support them. The large scale and broad scope of civil society representation is important to underscore. Each of the conventions brought together hundreds of community leaders, each representing a significant civic organization. In Maimón, for example, nearly 130 distinct community organizations were represented by several members each in the planning and consensus-building process. Some of the organizations represented are also quite large. For example, the Center for the Formation of Organized Women in Fatino represents 80 women's groups with over 3000 members; the Credit and Savings Union in Maimón represents 14,000 members.

Jan – May 09

Organization of Municipal Plebiscites

Once the community representatives reached a broad consensus on the plans they had prepared, a campaign was implemented to educate the general public about the content of the plans and to build broad public support. This included not only television, radio, and newsprint spots, but also a series of assemblies in schools and even some home visits. Each community organization was also responsible for educating their members on the contents of the plans and encouraging them to actively support them.

Municipal plebiscites were organized in consultation with regional² and national electoral experts and in collaboration with the DR Supreme Electoral Tribunal, the Central Electoral Board, the mayors' offices, aldermen, Municipal Economic and Social Councils, local civic organizations, and other local leaders. Electoral college volunteers were trained, a broad community-led communication campaign was organized, and independent international and local observers were invited to validate the voting. The plebiscites were conducted on May 3 in which 13% of the enfranchised public³ voted to approve or reject the development plans. Over 96% of the votes were in favor of the development plans.⁴

May – Dec 09

Support Implementation of Plans

The partners facilitated the preparation of year-one implementation plans and bylaws for the Municipal Economic and Social Councils (CESM) in each of the

² This included leading experts from Ecuador, Uruguay, Bolivia, and Colombia.

³ Cotuí: 10.15%, Maimón: 13.85%, Fantino: 19.84%. The minimum turnout required for a plebiscite to be considered valid according to Law 176-07 is 5%.

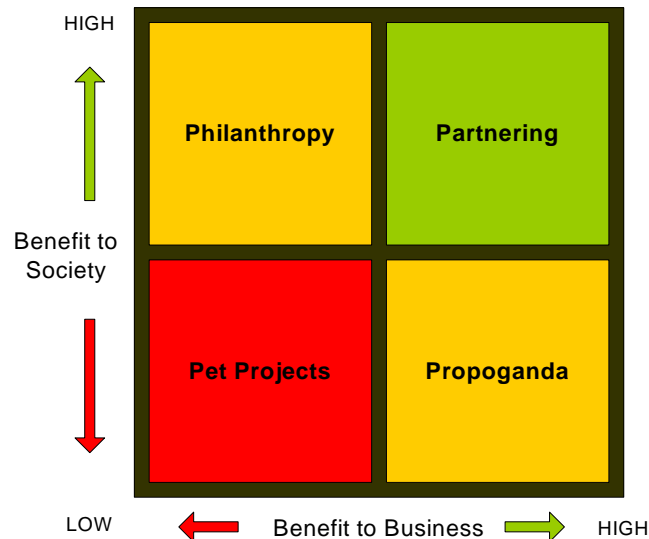
⁴ Cotuí: 98.66%, Maimón: 86.22%, Fantino: 98.87%.

three municipalities, which were approved in municipal conventions (*Congresos*).⁵ The implementation plans focus on institutional strengthening, participatory budgets, employment, natural resources, municipal health networks, and electrification. The plans also coordinate the activities of the municipal government with a number of partners, including national government ministries, (e.g. Secretary of Labor, Secretary of Education, Secretary of Public Health and Social Assistance), businesses (e.g. Barrick, Falcondo), local and national organizations (e.g. FEDOMU, the Mine Funds Administrative Council [FOMISAR], the National Council for State Reform [CONARE]), and other international partners (e.g. World Bank, European Union, Canadian Embassy).

Analysis Framework

Successful CSR/CR strategies produce benefits to both society and to business and they do so in such a way that the relationship between society and business is improved. We can map benefits in broad terms to a simple two-by-two matrix.⁶ When a company engages in philanthropy for which no strong business case can be made, the benefits may be high for society but low for business. When a company's approach to CSR/CR is one of propaganda, they pay more attention to the marketing message than to the substantive impact of the activities, and the benefits are generally quite low for society. Although the benefits of this may be high for the business initially, empty propaganda can expose it to potentially costly reputational risk. Some companies pursue CSR/CR activities based on the personal "pet" interests of senior leaders; these often bring few real benefits to either society or business. A strategy based on partnering with society to find solutions to challenges that both society and business care about, however, has a high potential for shared value creation.

Exhibit 1: The CSR Benefits Matrix



⁵ The consultant participated at the main table in the Fantino convention on November 20, in which the Executive Director of PVDC, Fernando Sánchez Albavera, delivered a keynote address.

⁶ Based on a framework in "Making the most of corporate social responsibility." *McKinsey Quarterly*, December 2009.

Our analysis of the activities related to the preparation of the Municipal Sustainable Development Plans will seek to identify where better practices have been followed that would lead to more beneficial outcomes, both for society and for the business. When we speak of benefits to the business, we are speaking of three primary benefits: 1) core business functions are supported or protected – in this case the construction of the mine and future production, 2) the communities will be left better off as a result of the business operations (this is listed as a benefit to business because there is sufficient evidence that this is a genuine high-level objective of corporate leadership), and 3) the reputation of the company as a good corporate citizen will be strengthened. This is critical since future contracts, financing, and the ability to operate without resistance are at least partially dependent on their local and international reputation.

When we speak of benefits to society, we are by in large talking about benefits to the local communities in the area directly affected by the mine operations. Interviews by the consultant with representatives from communities near the mine provided evidence of the benefits that matter most to them. The relationship between the communities and PVDC will largely be defined by the degree to which three aspirations are realized:

1. **Economic and social development:** Community members consistently expressed expectations that the mining operation would bring economic and social development to their communities. The key driver of this expectation is the stipulation in the Special Lease Agreement that 5% of the total payments received by the central government from the mining operation must be distributed back to the various communities in the vicinity of the project. There are high expectations that this money will be invested in their communities to generate both economic growth and social service improvement. But, of course, the distribution of these benefits is also critical. It is not enough that a few people in the mine area benefit, the communities must deem the distribution of benefits to be fair if the corporate-community relationship is to benefit.
2. **Environmental health:** Previous mining at Pueblo Viejo led to severe acid rock drainage, impacting several streams near the mine site. Although PVDC is already taking steps to clean up the environmental damage done at the mine site while operated by the Dominican government, community members continued to express some concern about the long-term environmental impact on the productivity of their soil and on the health of their children. But how do you convince people who have already had a negative experience with irresponsible mining in their communities that this time it will be different? They will not be satisfied by mere promises to address future negative environmental impacts unless PVDC is able to signal early on its embrace of long-term and broad accountability for a range of negative side affects.
3. **Fair and dignified treatment:** Another theme that was repeated in many interviews was the quality of the personal interactions with representatives from PVDC. Members of the community, including its leaders, told several stories of times when they felt respected, listened to, and “known” and several stories of times when they felt the contrary. It would be a mistake to underestimate the secondary effects that good or bad personal relationships between community members of representatives of the mine can have on corporate-community relations. When people feel they have been treated poorly by a person from the business, they often project that experience onto the whole business. This then affects their level of trust in the business – something that PVDC cannot afford to lose, since the key to their operating without resistance from the communities is the widespread belief that *this* time it will be different, that PVDC will really leave the communities better off, where Falconbridge and Pueblo Viejo under Dominican operation are seen to have failed.

The aspirations expressed by these communities echo those expressed by dozens of communities around the world that were interviewed by the authors of the recently published book, “Getting it Right: Making

Corporate-Community Relations Work.”⁷ After nearly a decade of extensive field research in over a dozen countries, done in collaboration with a score of corporations, primarily in the international mining and petroleum industries, including BGC and Placer Dome, the authors of “Getting it Right” concluded that communities define successful company-community relations to the degree that their economic prospects and social services improve, the company takes responsibility for any negative impacts, and the company approach demonstrates fairness and respect.

Exhibit 2: The Impact on Local Communities Analysis Framework

Local Community Aspirations	Broad Principles for “Getting it Right”
1. Economic and social development	Fairness and transparency in the distribution of benefits
2. An environment that sustains health	Broad accountability for negative side effects
3. Rights and dignity are preserved	Respectful and caring behavior

Our analysis is organized by a series of better practices related to these broad principles. Many of the practices listed here are described in “Getting it Right”; others have been provided by the consultants.

Analysis

Better Practices I: Fairness and Transparency in the distribution of benefits.

1. Engage with many people

It is important that the company signal a sincere interest and openness to a broad range of ideas and priorities. Failure to demonstrate this can lead to a perception that the business has an agenda to push and that it will either manipulate or override community concerns in order to achieve it. Success in demonstrating this builds trust and helps those who’s ideas or priorities differ from what is ultimately decided upon to feel that they were valued and listened to in the process. A process that engages many people will also be seen to be more legitimate than one that engages a narrow set of people. Broader engagement increases the transparency of benefits distribution, restraining speculation of corruption or the unfair capture of benefits by a small group of local insiders.

The process through which the development plans were prepared engaged a very large and broad segment of the population in the areas surrounding the mine. There were multiple opportunities and formats for community engagement over a significant period of time that were well publicized such that no credible claim of exclusion by community members could be made.

⁷ Zandvliet, L. and M.B. Anderson. (2009). *Getting it Right: Making Corporate-Community Relations Work*. Sheffield: Greenleaf Publishing Limited. The book will be referred to simply as “Getting it Right” from this point forward in the report

Nearly every community organization was represented by multiple members in the process. Some 60 working group/round tables were facilitated where the heavy lifting was done by a broad spectrum of representatives from government, business, religious, political and civil society organizations all working together, debating the future of their communities. There were also many public forums and conventions where the broader public had opportunities to respond to the plans as they took shape. The consultant participated in one of the public conventions (*congresos*) in Fantino, during which community representatives had an opportunity to debate and vote on the first-year implementation plan, the bylaws of the Municipal Economic and Social Council (CESM), and the creation of a super-municipality (*mancomunidad*). There were about 500 community representatives present. And finally, the plebiscites gave the entire voting population of the three municipalities an opportunity to affirm their favor or rejection for the plans. Over 9,000 people - 13% of the voting public – got out to vote for these plans.

The process brought the communities together to prepare the plans, engage in public debate over them, and ultimately vote on them. By facilitating a process that engaged the public broadly, PVDC ensured that people felt they had a fair hearing in the decision-making process. Even if their priorities were ultimately not included in the plan, the outcome was accepted as legitimate and fair. The process was open and transparent; participation was broad and included both civil society and the legitimately constituted local government. Because of this, the end results were widely accepted as a credible expression of the communities' collective will.



Photo by Pedro Sosa from May 12, 2009 edition of the national newspaper "Hoy"

In Cotuí, a woman casts her vote for (or against) the Municipal Sustainable Development Plan.

2. Generate widely shared and widely enjoyed benefits

Most community projects confer benefits on small sub-groups of the population living in the areas affected by the company operations. It is generally the company that defines which people to include as beneficiaries and which to exclude. This can create a sense of competition within communities over limited benefits and resentment among those groups or individuals that are excluded. Excluded groups may become increasingly adamant and vocal about demands to be included. Even included groups can become bellicose if they feel their group did not receive a fair share of the benefits. Also, when dividers are emphasized over connectors in benefits distribution, companies can unwittingly exacerbating pre-existing intergroup tensions.

Since the preparation of the development plans brought people together around one of the broadest common identities – as denizens of their municipality, there was a limited sense of competition for benefits between people and sub-groups. People and groups argued for different priorities to be sure, but there was less of a zero-sum game at play since they were prioritizing benefits for the whole community, not prioritizing which sub-groups to benefit. And, because the process was replicated in nearly identical fashion in each municipality, there was no sense of competition between municipalities. The creation of the super-municipality – a step also framed by Law 176-07 – is an additional step in the direction of bringing people together around a common identity to share benefits.

This said, the preparation of the development plans is not the only community project being facilitated by PVDC and not all projects are designed to generate widely shared benefits. This doesn't necessarily mean that they should not be done, but the risks of doing them should be explicitly recognized and, where possible, mitigated. Some community members indicated their disapproval of such projects to the consultant. They noted how the process of preparing the development plans focused on strengthening broad community groups, whereas some other projects seem to be "weakening them and ignoring the larger community." One shared their view that PVDC is "selecting their few groups close to the mine and giving them stuff, creating conflicts between the groups."

Community Ownership of Process Mitigated PVDC Reputational Risk

In Maimón, one of the municipalities involved in the preparation of the development plans, there was a small group of entrenched interests that strongly resisted the process. There had been an arrangement with Falconbridge to funnel mine-generated funds through a non-elected group of individuals called the Development Council, rather than through the elected Municipal Council. It is widely believed that the members of the Development Council were enriching themselves with money intended for public benefit. The members of this council stood to lose a great deal if the process of preparing the development plans succeeded. The finalization of the plans would shift control of mine-generated funds away from this council and into the hands of the Municipal Council with

oversight from the Municipal Social and Economic Council, as stipulated by Law 176-07.

The members launched legal challenges and funded a media campaign against the plans, the plebiscites, and PVDC. They claimed the plans were composed by PVDC and stripped the community of their rights to determine how the mine-generated funds would be spent. But their claims were hollow to a population who already fully owned the plans. Because there was such broad engagement in the process, only a handful of community members were swayed by the anti-development plan campaign. In the end, just 239 community members in Maimón voted against the plans in the plebiscite.

3. Agree that the communities own their development process, not the company

It is not desirable for a company to assume responsibility for the social or economic development of the communities in which they operate. While taking this central role may appear attractive to some, the company should never allow itself to be seen as supplanting either local government as the primary entity responsible for the delivery of public goods and services or civil society as the primary entity responsible for providing direction and accountability to local government in the development process. To assume such a role not only makes the company a potential and erroneous target of community dissatisfaction with the performance of local governance, it also further weakens the institutions of local governance, and places the company's reputation in risk. Rather than working to improve the service delivery for which local government is responsible, the community will go to the gates of the company with their complaints and demands. Perhaps initially, the company can respond satisfactorily, but eventually this arrangement will meet its limitations and the company will then be the target of protest and resentment. As the relationship between community and local government is eroded, the capacity of the communities to self-govern is weakened. When the company eventually abandons the area, a leadership and governance vacuum will likely further impair their development, leaving them worse off than when the company arrived.

From the very beginning, the message from PVDC was one that recognized the communities' legal and manifest responsibility for their own development process. The first agreement signed between PVDC and the municipalities in December of 2008 explicitly acknowledged this more than once. The approach that PVDC took to the process of preparing the development plans was consistent with this message,



placing the communities at the center of the work and PVDC at their side in a supporting and facilitating role. This has had a number of positive implications, both for the communities and for PVDC.

For the communities, this signaled respect for their existing organizations, leadership and capacity. It showed that PVDC was more interested in listening and providing benefits according to how the communities define the vision for their future, rather than how PVDC envisioned them. At the same time, the communities have been forced to address their own capacity limitations. As they realize that they, not PVDC, will be responsible for implementing the plans and managing the new financial resources, they have pushed to the top of the agenda a series of institutional capacity building measures that will ultimately leave the communities stronger and more autonomous. It is also having an impact on the local political landscape as aspiring politicians realize that they will have to embrace the community-written plans and promise to support them rather than their own agenda if they wish to be elected. This represents a significant shift of power and an advance for democracy.

For PVDC, there are clear benefits to the communities fully owning their development plans. Because they understand that the Municipal Councils and organized civil society are responsible for implementing the plans, they will hold their own community leadership accountable for any shortcomings, not PVDC. If they are not satisfied with the plan or its implementation, they know how to engage the planning process, and they won't go deflect their discontent to PVDC and show up at the gates of the mine making demands. At the same time, this diffuses any potential criticism of the process as having been manipulated by PVDC to its own benefit. In fact, attempts by some in Maimón to malign the development plans as a PVDC conspiracy were strongly rejected by the community. (See text box on previous page.) Too many community members were involved in writing the plans for such accusations to have any credibility.

4. Leverage resources and share costs

Partnering with society to find solutions to challenges that both society and business care about not only creates shared value, but also increases the likelihood that society will share the cost burden. Their willingness to share the cost is evidence that they value the desired outcomes. As they invest resources, they commit themselves further to the process and partnership – there is literally “buy in.” They also see themselves as a principal entity in the partnership, rather than a dependent entity. This increases the equity in the partnership, which is empowering. To the extent that multiple society stakeholders buy in to the partnership, the company decreases its share of the cost and decreases its share of the risk.

In this case, PVDC has positioned itself as just one of several key actors. Other key partners came in at different stages in the process, providing financing and professional services. The total cost for Barrick has been only about \$70,000 (not counting salaries). Most of the costs have been assumed by other partners such as the local governments, the Canadian Embassy, and the community members and organizations. While the costs and risks of failure have been dispersed among the partners, Barrick reaps a disproportional image benefit as the initiator and lead partner in the process. Other partners recognize that, without their initiative and support, the development plans would not have gone forward. One leader from Community Harvest noted, “These would not have happened without Barrick. They were a critical part, not just the financing – it's the perspective and initiative that they brought.”

Thousands of people hours went into preparing the plans, yet PVDC paid for little of it. Most of the work was done voluntarily by members of the communities, selected by various civil society organizations to represent them in the process. They also tapped back into these groups when it came time to mobilize the broader community for the plebiscite. This voluntary mobilization kept the overall cost low. It was estimated that the cost per vote in the plebiscite was about 150 pesos (US\$4). Compare this with the cost of the DR general election at 10,000 pesos per vote (US\$270). The

difference was that there were hundreds of community organizations that helped write the plan and who mobilized a campaign themselves to bring out the vote.

Looking ahead to the implementation of the plans, it is clear that this work will continue to draw in other partners. Now that the municipalities have these plans in place and the institutional capacity to implement them is being developed, it is more likely that the Central Government and external financing institutions (like the World Bank or IADB) will invest in these communities. The plans will likely become the basis for the involvement of other NGOs and other businesses looking for a meaningful role to play in the community. Rather than recreate a needs assessment or planning process, they will simply look at what resources they can bring in support of these existing plans whose legitimacy has already been proven (both by the process through which they were created and by the plebiscites).

5. Reward reasonable and thoughtful interaction, not violence

When companies are responsive to people and communities that try to engage them in non-violent and non-threatening ways, they signal that reasonable interactions are rewarded. Conversely, when companies fail to respond until the community acts against it through strikes, sabotage, kidnapping, etc., they signal that violence is required to get the company to engage. Even the “oiling the squeaky wheel” approach is one that becomes a slippery slope toward rewarding the violent – and it is both unfair and untenable.

In this case, PVDC took the initiative in opening up a dialogue about the future of the communities that involved all of the stakeholders. They helped create platforms for reasonable dialogue and a process through which the communities could express their concerns and aspirations. They helped the communities prepare and launch plans that take concrete steps to address their concerns and pursue their aspirations together with its partners, which include PVDC.

One community leader in Maimón reported that there had been the start of a protest movement against the mine. But, once the process of preparing the development plans got under way, the movement disappeared. Not only did the public image of PVDC improve, thus draining the movement of popular support, but those that continued to have a grievance against PVDC were faced with multiple opportunities to discuss them directly, reasonably, and publicly with representatives of PVDC.

Better practices 2: Broad accountability for negative side effects

6. Listen to local communities' concerns regarding side effects

Without a good system through which the community can raise concerns regarding side effects in an on-going manner, a company can be deaf to a deteriorating relationship with the community. Rather than be surprised by a sudden community protest, a company should be in constant dialogue with the community so that it knows when side effects, expected or unexpected, are impacting them negatively and what they can together do to address them.

The Municipal Sustainable Development Plans (MSDP) are long-term roadmaps for social and economic development. Detailed implementation plans are defined on a year by year basis. If PVDC continues to be an active partner in the development and implementation of these plans, they will not only be part of the on-going community discussions, they will also be an active partner in addressing side effects as they come up as concerns. The link between concern about environmental side effects and PVDC's ongoing engagement with the development plans was highlighted by Luisa, a community member from Fantino, “Environmental impact is the biggest risk [and it's] a big part of the development plan. Barrick needs to be seen in support of this plan.”

However, it is not clear that the MSDP and ongoing preparation of annual implementation plans will provide an adequate platform for dialogue about unexpected side effects or an adequate structure for

addressing them. It may be better to establish a separate process and structure whereby the communities can raise side effects issues directly with the company so that they can work together to address them. The local government should have a key role in determining how the issues can be resolved, but unlike the development plans which rely heavily on the local government and other partners for financing, any resources required to address side effects should come from PVDC.

7. Discuss a long-term vision with communities

“Experience shows that development of a shared company-community vision can have positive long-term impacts on local communities. This is because the process of determining a vision forces both companies and communities to state explicitly their definitions of long-term success and the principles by which they will work together to achieve shared goals.” – from “Getting it Right”

The process of preparing the development plans created an unprecedented and broad dialogue within the communities about their future. It compelled them to discuss both their hopes and fears about the impacts the mine would have on their lives. It brought the communities and the company together to define a clear path toward achieving the communities’ aspirations. By asking them to define their own plans for the future, the company encouraged the communities to own their own development process and not look to the company to have all the answers. (see better practice #3) One community member observed, “The planning process helped us understand and define what we wanted to achieve. There was no fighting, no confusion, or wasted opportunities like in the past.”

This approach signals strongly to the communities that the company is interested in long-term outcomes and committed to working with the communities over the long-haul to achieve them. The communities believe that the company cares about them and their lives – not just about profit and the company’s reputation. This is beneficial for a number of reasons. First, it relieves some of the pressure for immediate benefits. Second, it increases the communities’ trust that the company will act appropriately if unintended or unforeseen problems arise in the future that threaten the long-term vision. For example, one of the communities’ greatest concerns is the environmental impact of the company operations. By signaling commitment to the long-term vision, of which environmental health is a key element, the company gives assurance to the communities that it will act appropriately should unforeseen environmental damage result in the future.



Photo from “Beyond Borders”, July 2008

Environmental damage left behind by the previous mining operation at the Pueblo Viejo site.

The development plans outline a strategic long-term engagement with the communities that is both phased and intentional. This approach is much more strategic and effective than the more common approach of ad hoc, reactive programming. It even looks ahead to a time beyond the mine and considers how the communities will manage and earn their livelihoods after the mine's closure. It also puts some much needed boundaries on the communities' expectations of the company. It demands more of the communities in terms of taking responsibility for their own future as they've defined it. Because they are not depending solely on the mine to provide for all things in the development plans, there is less of a chance that company-sponsored benefits will collapse after the company operations are complete. Repeating a quote from one community member, "We don't feel dependent on the mine now for the economic survival of the community, and this decreases our feelings of vulnerability and resentment."

8. Help communities to develop their own impact preparedness plan

It is inevitable that the operation of the mine will impact the communities in ways that are not all welcome. There is a chance that the influx of cash will increase local prices; that the influx of young employed men will increase prostitution; that the increase in young men looking for, but not finding, work, will increase crime; that the operation of the mine will affect air and water quality, and so on. The corporate-community relation will be less strained if these potential negative side effects are discussed openly and early. Since it is the company that generally has more experience observing side effects of mining operations, it is preferable that the company inform the communities about what they might expect so that together they can discuss how to prepare for the changes. Although not yet a standard practice, many companies are now working with communities to develop preparedness plans.

Preparing a development plan is not the same thing as developing a preparedness plan. While the development plans address a much broader spectrum of community interests than a preparedness plan would, they don't systematically address the potential side effects of the mine's operation. That said, the development plans do go a long way to prepare the communities for what's coming. First, they do address a number of mine-related concerns, including environmental risk mitigation, institutional development and municipal governance (related to the forthcoming influx of public money – the 5%), public health and safety, among others. Second, the process of preparing the plans has strengthened local organizations and their ability to work together to find solutions to challenges in the communities. Should they be faced with new challenges not yet addressed by the development plans, they are now in a better position to work constructively together with PVDC and other partners to address them. And finally, because the implementation plans are redrawn each year, there is an ongoing dialogue and planning process that can take into account a changing risk landscape.

"Supporting existing groups, rather than developing company programs to perform the same functions, is one approach to ensure that company impacts are positive even after a project closes. By recognizing and working through existing community structures, a company reinforces and strengthens these local capacities."

– Getting it Right.

Better practices 3: Respectful and caring behavior

9. Provide support to existing organizations and strengthen local capacity

Building local capacity to manage the development process is critical both for the benefit of society and for the benefit of the business. Effective development interventions increase the capacity of the communities – both its people and institutions – to manage their own development process. The sustainability of the impacts that PVDC hopes to achieve with the communities –

truly leaving them better off as a result of company operations – depends in great part on the capacity of the local institutions responsible for managing and sustaining the impacts. It is therefore important to consider the means as well as the ends – in fact, it may be useful to think of the means as ends in their own right. In other words, its not only important what benefits are delivered, but how they delivered.



There is often a trade-off between choosing the most efficient way to achieving specific end result and the most effective way that will not only achieve the first result but also build community capacity to sustain or even repeat the result. For example, if a community were to identify clean drinking water as a need, a company could easily build them a well. But, if what is really needed is community resilience in a dry environment, then the well project can't be designed to be just about getting the well built, but about doing in such a way that the process builds the communities' capacity to address a critical social challenge. It is of limited benefit to the communities for a company to build and operate programs and centers of social service provision without building the capacity of the communities through the process to operate and maintain them once the company has left.

It is important to recognize that this way of thinking about development is neither academic nor reserved for development professionals. Community members readily recognize the difference. Members of the communities in the PVDC area were quick to critique their experience with previous mining operations in the area (Falconbridge and Pueblo Viejo under Dominican operation). One noted, "The mines generate riches while operating, but it all evaporates the moment the mining stops. The communities become dependent on the mine and end up poorer when the mine leaves than at the start." Another observed, "When Falconbridge closed, it was chaos because there had never been a focus on real development. When the mine stopped, we all went home to nothing."

Dengue and H1N1 Project Demonstrates Broad Value

One of the first projects to be implemented based on the development plans was a campaign to combat dengue fever and the H1N1 flu. The campaign exemplifies the value of supporting community projects designed and implemented by the community over doing projects designed by the company for the community.

The Municipal Social and Economic Councils (CESM) made the decision to execute the project based on broad community dialogue that resulted in an agreement to prioritize employment and the establishment of Municipal Health Networks in the first year implementation plan. 300 young adults, from all three municipalities, were trained to eliminate mosquito habitats and educate the population about how to prevent dengue and H1N1.

In addition to the immediate results of providing short-term employment to 300 youth and reducing the incidence of dengue and H1N1, the project initiated the creation of Municipal Labor Offices and Municipal Health Networks in all three municipalities. These new community institutions will continue to serve the municipalities in years to come.

The project brought together a broad set of partners, including the three municipal governments and their CESM, the National Labor Secretary, the National Public Health and Social Assistance Secretary, FEDOMU, the mining entities PVDC, FALCONDO, and Cerro Maimón, the Canadian Embassy, the IADB, and the World Bank.

The project was designed and owned by the community who conceived the project in light of a broader set of objectives, including increasing employment, building local institutional capacity, and developing relationships with local and international entities from both the private and public sectors. Had the project been conceived by PVDC staff, it would likely have had a more narrow scope focused on simply reducing the incidence of disease.

The project is a hopeful sign of things to come as the development plans move from the design stage to implementation. Although some community projects designed and led by the local CSR or CR teams may prove mutually beneficial, this project demonstrates the value of supporting community projects designed by the community as they implement their development plans.

The Special Lease Agreement stipulates that 5% of the total payments received by the central government must be distributed to the various communities in the vicinity of the project. PVDC has no



authority or official responsibility over how this money is distributed and used. Nevertheless, it is clearly in their interest to see this money used well and invested into projects that will benefit the social and economic development of the communities. Barrick, as principal partner in PVDC, has a high-level commitment to ensuring that communities are left better off as a result of company operations. Additionally, if the communities lack the institutional capacity to manage this 5% and transform it into real and sustainable development outcomes, there may be other negative consequences for PVDC. There are high expectations about the socio-economic benefits of the company operating in their communities. If these expectations failed to materialize, community disappointment and anger could target PVDC, especially if and when the negative consequences did materialize.⁸ This would sour corporate-community relations and likely dent Barrick's reputation as a good corporate citizen.

The preparation of the development plans was pursued with a focus on building local capacity to plan, implement, and account for their development process. And the plans themselves describe many ongoing activities to further build the institutional capacity of the community, especially of the CESM. As the plans are implemented, the capacity of organized civil society to engage their local government and provide oversight will be increased. Interviews with facilitators from Community Harvest, FEDOMU, and PVDC demonstrate that the preparation of the development plans maintained a strong focus on building long-lasting local capacity to manage the development process. One facilitator stated, "Our vision is that people are empowered and strengthened to grow; when you give things away to people, you make them poorer – you turn the poor into beggars."

Community members expressed feeling empowered by the process and by the outputs – the plans themselves. Some expressed surprise that PVDC would take the initiative in this process and noted that its support and leadership in the process has had a significant and beneficial impact on the image of PVDC and Barrick in particular in the communities. They see Barrick as their advocate and partner in this, but *not* the owner or guarantor. One person noted, "If Barrick left tomorrow, the plan would remain; each civil society group would keep pressure on the government and would try to execute their part." Another stated, "We don't feel dependent on the mine now for the economic survival of the community, and this decreases our feelings of vulnerability and resentment." A third observed, "Barrick wanted to ensure that we could administer the resources that the mine would bring for our own development."

10. Present a human face to communities and interact with them

"The single most important yet simple thing that a manager can do to establish initial positive community relations is to take the time to go to representative villages and communities and to sit with people and talk without appearing to be rushed. Communities value this more than most managers can imagine because they see the company as made up of real people, and they feel as if these people care about them as real people too."

– Getting it Right.

Community members want fair and dignified treatment. They would like people associated with the company to respect and trust them. This begins by establishing real human contact. If the face that the communities see is always hidden behind dark sunglasses in a truck speeding through town, there is no way to bridge the power divide and establish a "neighborly" relationship. This means that people from the mine need to spend time walking around the communities, talking with folks, answering their questions in an unhurried way. It means that symbols of protection need to be minimized as much as possible. When community members can associate the mine with a human face, with a person or

⁸ Of course, because Barrick has already been successful at better practice #3, the more likely result is that community anger would target community leadership, rather than Barrick. Nevertheless, to the degree that there are negative impacts on the community by the company's operations that are not balanced by positive impacts, the community's welcome will be withdrawn.



people with whom they've spoken in a neighborly fashion, it is harder for them to imagine that the company is a faceless corporation concerned only with profit.

The preparation of the development plans required intensive interaction between community leaders and representatives of PVDC. The constant presence of PVDC in community meetings established a face for the corporate entity. Community members expressed how the local CSR team made real friends in the community, "People feel valued; an interest is taken in them. We feel like we are together in this." When the consultant pressed community members to defend their belief that PVDC would operate the mine differently than their past experience, they discussed their trust in the company in terms of the people they trusted. They identified people by name who they trusted, people like Faby Manzano (CRS Manager) and Fernando Sánchez (Executive Director). One community member commented, "Dominicans generally don't believe in projects, too many times we've been deceived. But we believe in Barrick." Not in the beginning, though, "When the mining concession was first awarded, the people were totally against it, thinking that it would just bring more contamination." So, the trust in PVDC was not due to its reputation preceding it, but rather due to the relationships that representatives from PVDC were able to establish in the communities.

Once people know and trust people from a company, they begin to transfer some of that trust to the company itself. It is hard to maintain a belief that a mining concession was the result of corruption or that the mine is going to destroy the environment without concern for the people when you like and trust all the people you know who work for the mine.



The consultant, Aaron Ausland, visiting the Pueblo Viejo project with CSR Manager, Faby Manzano, and Country Manager, Augusto Chung.

11. Ask, discuss, and listen - Engage openly with communities in decisions that affect their lives

Perhaps the best way for company to demonstrate respect, trust, and care for a community is to really listen to it. This means that the agenda for corporate-community discussions should not be predetermined by the company, but rather negotiated. Listening to the community is not the same thing as extracting information from the community on topics the company has determined important. The agenda and priorities should be jointly established. Since communication is two-way, open dialogue

with the community should be valued and prioritized over the carefully crafting of the company message to the community. By opening up a real dialogue, the company invites the community to discuss things beyond the direct impact of the mine, things like the long-term aspirations of the communities and families that populate them. By sharing the right to set the agenda, the company builds trust with the community and allows the community to establish the pace of the dialogue. This is critical as the community may need more time to discuss things internally and build consensus within itself before taking the next step in communicating with the company. Things should be allowed to unfold based on the timing the best suits the communities.

The timeline of key activities provides encouraging evidence that PVDC is engaging the communities in a way that builds trust while demonstrating respect and care. The consultants interviews with community members provided further evidence that people feel listened to and empowered to engage and dialogue openly with the company about decisions affecting their lives. PVDC should look for ways to continue this type of communication now that the MSDP are in place.

12. Ensure that information is easily accessible to all types and groups of people

Frequent, regular, and reliable communications with the communities is critical. Information about decisions the mine is taking should be easily accessible and communicated through means that invites dialogue. Over-managing the messages will simply raise suspicions. It is not enough to occasionally release a press statement or to announce decisions that have already been taken. It is also not enough to just go through the motions of dialogue – people can tell the difference between a perfunctory attempt to gain community approval and a dialogue that respects community opinions and shapes the decisions yet to be taken. Where possible, the mode of communication should be personal, rather than relying on one-way media, such as radio or print. That said, we can recognize the role of mass communication to reach isolated people and those who do not attend community meetings.

Again, the preparation of the development plans exemplifies how this can be done well. But, since the plans are already in place, PVDC should now be thinking how it can maintain the current tone of open dialogue with the communities. Should PVDC now switch over to a more traditional mode of one-way, after-the-fact, slick messaging to convey information to the communities about mine operations, there would likely be a palpable shift downward in the level of trust the communities have in PVDC. It will be important that the communities continue to get information from the company on a regular basis, and to see representatives from the mine at their community meetings where they can openly engage them, respond to shared information, and raise new issues.



Workings in Monte Negro Pit

13. Be responsive to community inquiries, questions, and letters

All communication from the community is important. Companies that answer every question promptly and politely are seen as respectful and caring. Good partners recognize that what is important to them is not always important to their partner and vice versa. The preparation of the development plans provided multiple opportunities for community members to engage mine representatives around

questions and concerns important to them. But as the development plans move into their implementation phase, it will be important to establish a new and formalized system through which the communities can safely and openly engage representatives of PVDC. As noted previously, to the degree that PVDC can give access and demonstrate responsiveness, reasonable engagement is rewarded and violent engagement is seen as unnecessary. An ongoing and effective mechanism to respond to community inquiries, questions, and letters provides a means through which the communities and company can engage around difficult issues in a non-confrontational manner.

14. Act, and be seen to act, on requests that go beyond the corporate interest.

Going beyond what is already mandated by law signals genuine care. Most traditional CSR elements are already legally mandated through local labor and environmental laws, among others, or they are stipulated in the contract, such as the transfer of monetary resources to local communities. So, how can a company demonstrate genuine care for the communities in which it operates when it is simply obeying the law or adhering to its contract? The short answer is that it can't. It must go beyond that which is compulsory or obviously in the self-interest of the company. However, the gestures don't always have to be grand, just genuine.

The role that PVDC played in the preparation of the development plans was seen as both grand and genuine, and it greatly improved the company image in the communities. A facilitator from Community Harvest noted that PVDC did more than just finance the project, "they brought a broad and long-term perspective and initiative that helped make it happen." Because the plans are designed to address concerns that go beyond the self-interest of the company, PVDC's support of the plans has helped demonstrate a care for the community that goes beyond their corporate interest.

It will be important, however, to continue demonstrating genuine care and community engagement in the design and delivery of other community projects.

Conclusion

It is evident that BGC and its partners in the Pueblo Viejo project have embarked on an innovative and promising approach to dealing with communities that surround the project. BGC and its partners have gone well beyond the traditional approach to dealing with mine impacts in which the mining companies assess potential social, economic and community impacts and then attempt to address them directly through mitigation efforts and compensation. Rather, BGC and its partners have agreed to support the legitimately established local government institutions to enable the communities rather than the company to proactively address the impacts of the mine through the preparation and implementation of plans that provide for long term, sustainable development. In this way, BGC and its partners have also gone beyond the traditional approaches to corporate social responsibility in that they have established true partnerships with the local governments and the communities they represent.

The emphasis on working in partnership with local governments has had important benefits for both the company and the communities. The local governments have established innovative approaches to the preparation of the development plans ensuring the full engagement of the community residents as well as civil society organizations. This level of engagement has resulted in full buy-in by the communities in that the plans are developed and therefore "owned" by the communities and not the company. This is borne out by the overwhelming support of the plans in the municipal plebiscites and the defense of the plans by community residents. The planning process has also enabled a broader and more accountable approach to the distribution of benefits in the communities and has resulted in the leveraging of additional resources to help support community development initiatives. While BGC and its partners are seen as initiators and supporters of the planning process, they are not seen as supplanting or interfering in the process but rather continuing to support the legitimate role of local government. They have largely done this in a respectful and thoughtful manner further building the trust of the communities.

The trust relationship that has developed between the company and the communities through the planning process has also established the basis for addressing possible negative side effects of mine development and operations. Through ongoing dialogue with the company, the communities feel empowered and confident to raise any concerns with the company with the expectation that such concerns will be addressed in a manner that respects broader community goals. The development of long term plans in partnership with the company also provides a shared vision that provides the context for addressing possible negative impacts. Finally, the growing capacity of the local governments allows them to be much more capable of advancing the interests of the communities in the event of possible negative side effects and to take a proactive role in addressing them.

As the emphasis shifts from the preparation of long term development plans to the challenges of plan implementation, local governments will need to continue to develop their capacity. The building of the capacity of local government institutions is of great benefit to both the local communities and the company. As their capacity grows, local governments are in a much better position to manage their own development processes. For this reason, the ongoing success of the innovative approach that BGC and its partners have taken in the Pueblo Viejo project is largely dependent on the further development of local government capacity in order for them to effectively govern, plan and deliver required community services. Company interventions must continue to support the further development of local government capacity and cannot be seen to undermine or supplant the legitimate role of the local government institutions and the communities they represent.

Acronyms

BGC	:	Barrick Gold Corporation
CESM	:	Municipal Economic and Social Councils
CR	:	Community Relations
CSR	:	Corporate Social Responsibility
DR	:	Dominican Republic
FEDOMU	:	<i>Federación Dominicana de Municipalidades</i> (Dominican Federation of Municipalities)
IADB	:	Inter-American Development Bank
MSDP	:	Municipal Sustainable Development Plans
NGO	:	Non-governmental organization
PV	:	see PVDC
PVDC	:	Pueblo Viejo Dominicana Corporation