

PREVENTING CONFLICT IN EXPLORATION TOOL



Preventing Conflict in Exploration should be used in conjunction with the additional resources provided in *Preventing Conflict in Exploration: A Toolkit for Explorers and Developers*.



Foreign Affairs and
International Trade Canada

Affaires étrangères et
Commerce international Canada

STEP 1

ANALYZE THE CONTEXT

PURPOSE

- Analyze the local context to understand how the community “works” and identify key stakeholders
- Create a map of key stakeholders; analyze their positions and interests and determine the power relations between them
- Begin steps in developing a strategy for constructive engagement that supports the objectives of exploration

WHY YOU SHOULD DO IT

Communities are not homogeneous - developing an understanding of the local context and local communities enables you to understand how your exploration project interacts with them. In later steps, this information is vital for diagnosing and anticipating the impacts of your actions on local communities and ensuring those impacts lead to positive and constructive relationships. This step will help you do the following:

Meet Project Objectives	Avoid Creating New Risks	Engage Strategically	Understand Your Impacts
<ul style="list-style-type: none"> • Maintain Social Licence • Establish a platform for constructive engagement and negotiation for access to land and community assets 	<ul style="list-style-type: none"> • Analyze context-specific risks • Analyze how your actions impact the context • Avoid achieving short-term goals in ways that create long-term risks 	<ul style="list-style-type: none"> • Engage effectively by building on the unique qualities of the community • Develop approaches to ensure company and communities work constructively together. 	<ul style="list-style-type: none"> • Analyze how exploration impacts different communities in unique ways • Develop plans that minimize local tensions or conflict

A Continual Process

Tip

Whether you are the first boots on the ground, or going into construction and beyond, it is important to analyze the context on an ongoing basis.

- Communities change over time, both on their own and in response to changing exploration activities.
- The resources an exploration company can devote to community engagement change over time.
- Explorers and the community know more about each other and develop a deeper common understanding over time.

HOW TO DO IT

- Use the questions in the Information Gathering section to guide your analysis
- Conduct a brief overview of issues/conflicts in the region using external reports and news items (where available)
- Include your team in identifying key stakeholders and their relationships with one another
- Talk to local people - you should be able to draw conclusions for many of these guidance questions by speaking with locals
- Develop a map of key stakeholders in the community
- Identify indicators: information collected becomes indicators used to track changes in context and stakeholders
- Track and share information - routine reports, stakeholder maps, spreadsheets, and internal meetings

WHOM TO ENGAGE

- Company staff
- NGOs with projects in your area that are willing to engage with mining companies
- Formal office-holders and elected officials, informal community leaders, broad range of people in the local community

TIPS FOR STEP 1

- Triangulate information. In situations of conflict, neutral and objective information is in short supply. Diversify information sources:
 - Use a mix of methods: desktop study, stakeholder consultations, interviews with national-level stakeholders, brainstorming amongst company staff.
 - Talk with many different stakeholders for a broad range of perspectives. The more perspectives you consider, the clearer the picture you can build about the environment that you are working in. Gender balance should also be taken into account.
- Take a phased approach to collecting information.
 - Start with individual desk and field analysis and move on to group brainstorming & information collecting.
 - Start with company staff and move on to people external to the company.

ADDITIONAL RESOURCES

- For more guidance on how to engage local stakeholders to collect information, see Constructive Approaches for Community Engagement and Collaborating with External Organizations (within the Toolkit).
- For guidance on developing indicators, see Introduction to Indicators (within the Toolkit).
- For more guidance on stakeholder engagement, reference the IFC's "Stakeholder Engagement: A Good Practice Handbook for Companies: Doing Business in Emerging Markets".
- For regional and national information, look for conflict reports, such as those produced by the World Bank or International Crisis Group. In some countries, the government produces a Social Conflict Report for each region.

WHAT TO DO: INFORMATION GATHERING

1. Conflict Profile - Conduct a brief overview of issues and conflicts in the region

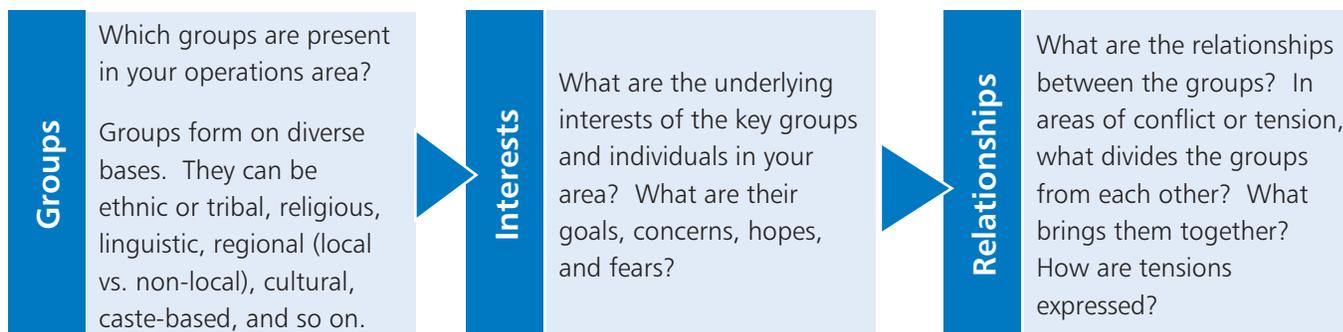
Conflict Issues		
Is there a history of conflict in the country, region, or locality? How would you characterize it?	Within the community, region, or country, have there been critical conflict events?	Why did it start? What are the root causes? What factors prolong the conflict?
Rights Issues		
Is there ongoing, open violence?	To what extent are fundamental human rights respected / not respected?	How are the following rights perceived? Civil and political rights; religious and cultural rights; workers' rights; Indigenous people's rights
Legacy Issues		
What are the communities' past experiences with extractives or with other companies?	What are current positions towards mining and exploration at local, regional, and national levels? Are there demonstrations against mining? By whom?	Are there unresolved issues within the community, and with the government, regarding land rights/tenure issues, compensation, or boundaries?

2. Stakeholder Analysis - Identify the stakeholders in the local community and use the following analysis questions to assess their position within the community.

Tip
You may choose not to ask these exact questions to local community members, but use the questions as a guide in discussions to help you to understand how the community works.

Stakeholders	Who are the community authorities (principle and formal stakeholders)? Who are the other key community stakeholders?
Ownership	How are land ownership and rights to land defined (communal, individual, etc.)? What other natural resources are owned and controlled by the local community?
Representation	How are the interests and perspectives of each individual in the community represented? To what extent is there a presence of non-local stakeholders representing the community?
Leadership	What qualifies leaders/representatives to hold their positions? For whom do they make decisions?
Decision-making	What process does the community use to make decisions (e.g. assemblies, voting, etc.)? How are decisions communicated between social groups?
Capacity	What is the stakeholder's ability to affect the context, positively or negatively? What is the stakeholder's capacity to influence others?
Who's left out?	Which groups do not participate in decision-making processes? Which groups are not represented within community institutions?

3. Social Groups Analysis - Identify the social groups present and assess their position in the community.



4. Attitudes towards Exploration - For each group and key individual, assess the following:

- Position towards mining, exploration and the company?
- Nature of interests in mining, exploration and the company?
- Likelihood that the group or individual will engage?
- Importance of the group or individual to the company's objective?
- Approach to the company (e.g. cooperative, obstructive, etc.)?

TRACKING INFORMATION

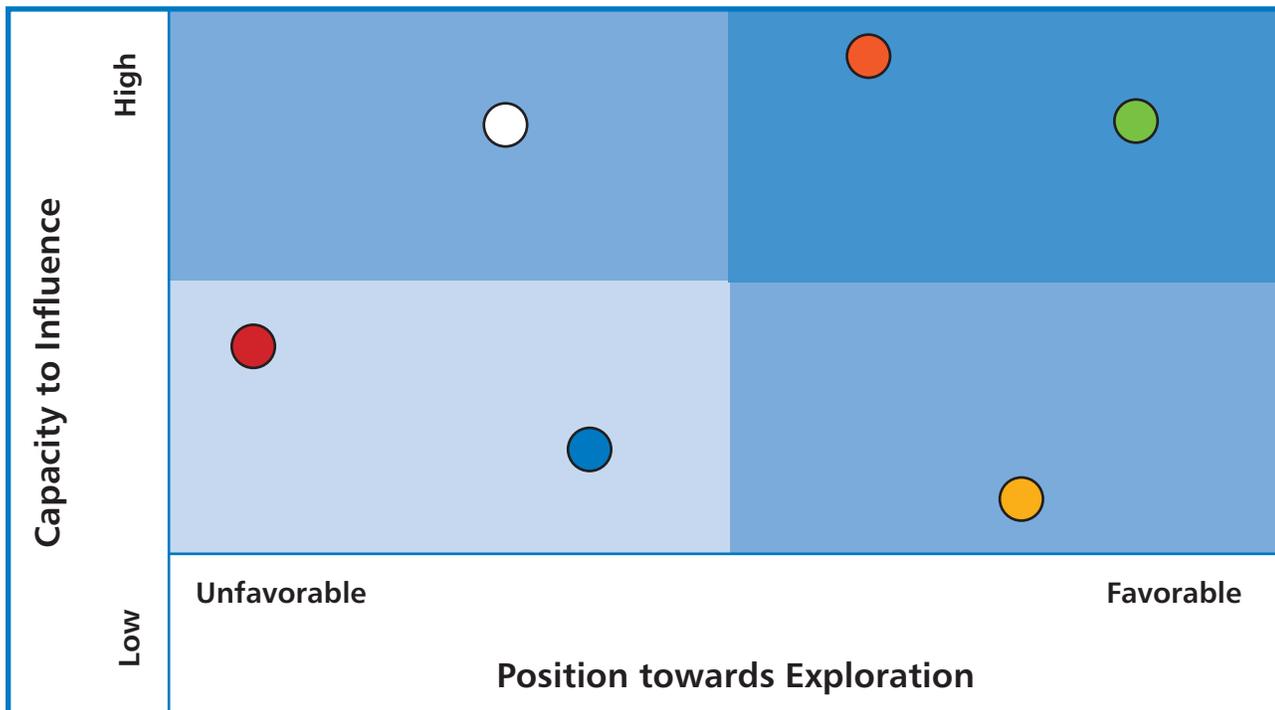
There are lots of ways to map and track community stakeholder information. Some companies use Stakeholder Databases, Maps or Influence Charts.

For ease of use, tracking and sharing information on stakeholder groups and their relationship to each other can be done in a simple spreadsheet or map such as the following.

Example Stakeholder Spreadsheet

Community A Context Summary:				
Social Group/ Individual	Decision making status	Interests	Position towards exploration	Influence/ relationship to other groups
Landowners' Assembly				
Women's Group				
Community Chief				
Local Priest				
Unemployed Youth				
Anti-Mining Advocacy Group				

Example Stakeholder Map



- Community Chief
- Landowners Assembly
- Priest at Local Church
- Unemployed Youth
- Anti-Mining Advocacy Group
- Woman's Group

Understanding Decision Making Structures in West Africa

At an exploration site in West Africa, the exploration team needed to acquire land for a helicopter pad to facilitate aerial surveying in the area. The team approached a local community Chief to introduce their company and reason for being in the area. They negotiated directly with him to pay the community a monthly fee for renting the land during the period of surveying and hired two men from the community as security guards. The Chief then held a community meeting to announce the decision. The team felt the negotiation had gone smoothly and felt positive about the idea that they would be providing funds towards reroofing the community center. However, the Chief's brother, who did not attend the community meeting, complained to the police that activities were taking place on community land without the permission of the community.

Knowing that the local government operated on a Chiefdom system, the exploration team had assumed that the Chief represented the interests and perspectives of the entire community. Once they asked a range of community members about how decisions are made and communicated within the community, they realized that they could not be sure that the Chief was trusted by the entire community to represent it in negotiations, or that he was communicating the appropriate messages about the agreement from the company to the community. The team realized that a better option would be to conduct negotiations with the Chief in public meetings to ensure that no one in the community would oppose the decision on the basis of feeling left out and therefore no one would have a reason to obstruct current or future stages of exploration.

case study

STEP 2

ANALYZE THE EXPLORATION PROJECT

PURPOSE

- Clearly articulate explorer’s short-, medium-, and long-term objectives
- Understand the resources at the company’s disposal, and the constraints and timeframes that it faces
- Analyze how exploration activities affect local communities

WHY YOU SHOULD DO IT

No exploration project is static. The project cycle and exploration activities are constantly changing. Good practice means understanding the company’s own activities in order to understand how those activities impact local communities, both positively and negatively. By conducting a company analysis ahead of planned transitions, you can also anticipate the risks that your new activities may create for exploration and for the community. This step will help you to define the following:

Meet Project Objectives	Understand Your Impacts	Engage Strategically	Manage Risk
<ul style="list-style-type: none"> • Clarify your resources and constraints 	<ul style="list-style-type: none"> • Recognize that technical exploration activities have impacts on stakeholders’ lives • Analyze how impacts affect social groups differently 	<ul style="list-style-type: none"> • Structure engagement around known or anticipated impacts of company activities • Get the most from your resources 	<ul style="list-style-type: none"> • Understand likely impact of conflict risks on project objectives • Understand which company activities may create new risks

HOW TO DO IT

- Identify exploration project objectives, practices, activities, and resources at the current or next stage of the project
- Identify which stakeholder groups are likely to be affected by the activities
- Can be done by one person in early exploration stages, or in a workshop setting when operations are more complex

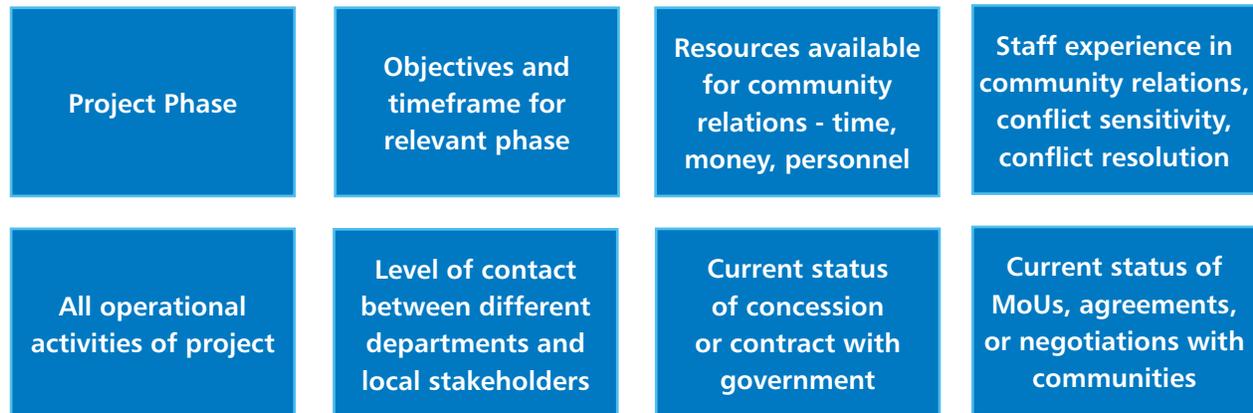
WHOM TO ENGAGE

- Company staff from all operational units
- Any contractors, including security providers
- Local stakeholder groups likely to be impacted by operations
- External partner organizations such as NGOs

WHAT TO DO: INFORMATION GATHERING

1. Exploration Company Profile – Identify the following:

Tip
Even if you are not yet on the ground, this section helps you plan in advance to control how exploration activities will affect the local context.



2. Operational Impacts - Operational impacts are those caused directly or indirectly by exploration activities that affect the community. Relocation of populations away from an exploration site, for instance, is an operational impact that a company might cause directly. Influx of population into the operations area, though not caused directly by the company, is nevertheless an indirect impact of the company's presence. Operational impacts occur across a wide range of scales, from running over a chicken to large scale contamination of an ecosystem. Keep in mind that the community's perception about operational impacts may be different from your own.

For each operational activity

- Drilling
- Security
- Land leasing and acquisition
- Resettlement
- HR and Hiring
- Procurement of local goods and services
- Camp Construction
- All others

Ask the following questions

- Which stakeholders are affected?
- Which stakeholders are impacted positively (e.g. by getting a job)?
- Which stakeholders are impacted negatively (e.g. by getting covered in dust by trucks driving by)?
- What are the negative and positive impacts?
- Whom did we engage to discuss the activities?
- Whose life is changed by the presence of the company (e.g. people who are relocated)?

3. Benefits Distribution – There are numerous “benefits” that flow from companies to communities in areas of exploration, including jobs, contracts, and community projects. There are also intangible benefits to consider, like the legitimacy, authority, and power that the presence of the company might confer on certain individuals or groups within the community. Each of these types of benefits affects local community members in different ways. Benefits distribution does not include the transfer of resources to the community in compensation for losses or damages, but because communities often do not see a difference between them, compensation should also be considered in analysis.

Tip
When answering these questions, think back to the stakeholder map you developed. Is the way you are distributing benefits feeding into existing divisions within the community?

Benefits	Fairness	Commitments	Compensation
<ul style="list-style-type: none"> • How are decisions made about who gets them? • Who actually gets them? Who doesn't? • Which social groups do those beneficiaries represent? 	<ul style="list-style-type: none"> • Is the actual distribution of benefits perceived as fair? • Is there a difference in perception of fairness between those who receive and those who don't? 	<ul style="list-style-type: none"> • How do you ensure that the company keeps promises? • Is there a commitment registry? 	<ul style="list-style-type: none"> • Are different groups compensated at different rates?

4. Company Behavior - How the company behaves during formal and informal interactions with local communities directly affects community relations. This includes actions of all company staff and contractors, including security providers, when they are in or around the community, as well as the official stance of the company as a whole towards the community.

CR teams in the field frequently report that their efforts are undone or compromised by their project's operational units. Meaning well, staff of operational units unknowingly breach established protocols or routines, unwittingly sending a message to the community that the company is unreliable or unpredictable. This is an issue of company behavior.

Behavior of all Staff and Contractors	
Formal Interactions	Informal Interactions
<p><i>Do we:</i></p> <ul style="list-style-type: none"> • Have a grievance mechanism or system in place? • Address grievances in a fair and timely way? • Follow through on promises and commitments? • Respond to letters and verbal complaints? • Respond honestly to community requests? • Attend meetings and events when requested? • Give enough accurate information to allay anxiety about project impacts? • Share information about project impacts broadly across stakeholders and community members? • Pay local suppliers on time? • Hold meetings in neutral venues that all community members can access? 	<p><i>Do we:</i></p> <ul style="list-style-type: none"> • Exchange greetings and formalities (e.g. handshakes, waves)? • Avoid rushing or acting bored with local stakeholders? • Devote time to discussion? • Express interest in learning about locals outside of work? • Speak politely in non-technical language? • Use body language that is polite and respectful, and not intimidating? • Respect local culture? • Respect local customs and daily routines, especially when living within the community?

TRACKING INFORMATION

Companies with more advanced projects may have an issues management system or database in which this information can be tracked. If that is not available, keep a spreadsheet of pertinent information relevant to each key company activity and identified effects on local stakeholder groups and individuals. This is vital for framing certain issues in terms of risks and for developing risk mitigation plans.

Project operational activity	Affected stakeholder group/ individual	Stakeholder informed? Negotiated with?	Effect of each operational activity on local stakeholders		
			Operational Impacts	Benefits Distribution	Behaviors
Drilling - trucks passing on dirt road when moving drilling sites	Families that live along the road	Discussed with families in community-wide meeting	Increase of dust on road when trucks and drilling equipment passes		Responded to request to attend community meeting

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Building Trust through Negotiating Social Permits in South America

At an exploration site in South America, the community relations team has developed a strategy of asking for social permits to do exploration activities by phase. Instead of asking for a community “license to explore” for a three-year exploration project, they instead ask the community for permits that range from one to three months during early stages of the project. They have found that this has been one of the strongest tools in building trust within the community, allowing them to more closely manage their relationship, provide regular and on-going communication, and more easily deliver on the promises that they make regarding exploration activities. The team also speaks in economic terms of the “business value” of this trust-building strategy. Having established confidence in the company’s ability to deliver on its commitments, the team will require less time and resources to negotiate longer permits in the future.

STEP 3

IDENTIFY SOURCES OF RISK

PURPOSE

- Understand how the interaction between exploration activities and the context can create sources of risk and opportunity
- Anticipate sources of risk to the project and to local communities as a foundation for developing strategies to offset them

WHY YOU SHOULD DO IT

Identifying sources of risk is an essential step in planning new project activities and making informed decisions about relevant community engagement strategies. Engaging community members in discussion about risks can help build trust and understanding in the relationship, but should be approached with care and sensitivity when discussing controversial topics or while having difficult conversations.

HOW TO DO IT

- Analyze sources of risk both in the existing context and from the company's impacts on local communities
- Identify sources of risk in the existing context
- Review the Impact Matrix to analyze how local stakeholders perceive the impact of company activities
- Identify sources of risk from the company's impacts on local communities
- A risk identification exercise is ideally done with a group of colleagues, as a brainstorming exercise

WHOM TO ENGAGE

- Company staff, at a minimum
- External partner organizations
- External stakeholders

TIPS FOR STEP 3

- You may be answering these questions on your own or with co-workers, but you need to know external perspectives in order to answer them. How do people think company practices have affected them? How does it make them feel? What would they prefer to see you do differently?
- NGOs are often effective in collecting the community's perspectives and opinions about the company, and in adding useful perspectives about the impact of the company's actions. They may be able to identify impacts that are hidden from company staff, especially if community members deliberately conceal information from them.
- Base your thinking on what you know from your experience with the communities - think back to positive and negative indicators you have seen in the context.

ADDITIONAL RESOURCES

For more guidance on identifying risk, see Risk Management 101 (within the Toolkit)

WHAT TO DO: IDENTIFYING SOURCES OF RISK

1. Sources of Risk in the Existing Context

- Identify Issues that are present in the area of exploration – Left hand column. (Review information collected in the Conflict Profile: Step 1.1)
- Identify Potential Risks that explorers face while operating in the local context – Middle column
- Answer “Yes” or “No” to relevant Potential Risks
- Identify relevant community members who might be affected by this Potential Risk
- Carry these Potential Risks forward to Step 4 – to assess and prioritize

Note that the “Potential Risks” column is not an exhaustive list but is intended to prompt thinking about the risks that may be relevant. Add to the list based on your analysis from Step 1.

Sources of Risk	Potential Risks to exploration	Is this Potential Risk relevant to your project?	
		Yes	No
<i>Conflict Issues</i>		Yes	No
<ul style="list-style-type: none"> • Recent history of conflict • Potential for recurrence of conflict • Political or election-related conflict • Illicit activity (e.g. drug trafficking, smuggling, etc.) • Insurgency, armed or guerrilla groups • Unsettled territorial claims • Poverty, income or wealth disparity • Sharp decreases in socio-economic security 	• Attack on company personnel		
	• Destruction or theft of company assets		
	• Kidnap or extortion of company personnel		
	• Increased violence in community		
	• Disruption of company activities		
	• Other identified potential risks in the context		
<i>Rights Issues</i>		Yes	No
<ul style="list-style-type: none"> • Political instability or weak rule of law • Limitations on or repression of personal rights, civil society freedoms, freedom of press • Issues relating to Indigenous Peoples’ Rights • Labor concerns • Poor human rights record by public security providers • Low understanding of human rights and humanitarian law by security providers 	• Political interference in investigations of human rights abuse allegations		
	• Political interference in conduct of public security providers		
	• Victims are persecuted for bringing forward an accusation of a human rights abuse		
	• Violations of human rights of anti-company or anti-project groups (e.g. unlawful arrest of community members or NGOs opposed to company activities)		
	• Other identified potential risks in the context		

<i>Legacy Issues</i>		Yes	No
<ul style="list-style-type: none"> • History of community opposition to projects • Presence of advocacy and opposition groups • Poor past environmental performance by industry • Key environmental challenges (e.g. protected areas, biodiversity) 	<ul style="list-style-type: none"> • Blockages and stoppages to other mining operations in area 		
	<ul style="list-style-type: none"> • Other company operations implicated in past human rights abuses 		
	<ul style="list-style-type: none"> • Poor state disaster or crisis management systems unable to respond to natural disasters 		
	<ul style="list-style-type: none"> • Major opposition or demonstrations against extractive operations at regional and national level 		
	<ul style="list-style-type: none"> • Other Identified potential risks in the context 		

2. Sources of Risk from Company Impacts on the Context

Determine sources of risk from impacts of exploration activities on local communities. First you will identify ways in which exploration is impacting local community members by using an Impact Analysis Matrix. Based on these impacts, you will then identify possible sources of risk.

Impact Analysis Matrix

For identified company activities, how is each stakeholder group likely to perceive the impact of each exploration activity on their life and on their relationship with other stakeholders? In some cases, you may not be able to definitely check “green” or “red” and instead fall somewhere between the two columns. In this case, focus on the perceptions of key stakeholders and community members who would feel they are losing out or that exploration activities are creating more tension between social groups.

It might look like a long checklist. However, in becoming comfortable with this process you will find you begin to anticipate potential risks before beginning new operational activities – pre-empting risks before they even arise!

Tip

Impact Area	Positive Impacts	Negative Impacts
With regard to company BEHAVIOR, stakeholders perceive that the company:	Keeps its promises	Doesn't follow through
	Communicates the long-term benefits of the company's presence	Sends messages that stakeholders must act urgently to get benefits
	Involves stakeholders in decisions that affect their lives	Doesn't always engage with stakeholders
	Handles grievances through dialogue	Handles grievances with security forces
	Communicates procedures/practices thoroughly and regularly to stakeholders	Communicates procedures/practices only partially or infrequently
	Is fair in its negotiations with local communities	Is unfair and disrespectful in negotiations with the community
	Is interested in stakeholders' opinions about the company's impacts	Only recognizes and responds to proven facts about impacts
With regard to QUALITY OF LIFE, stakeholders perceive that company actions:	Enhance local security	Lead to increasing crime
	Help people to deal with changing local conditions	Leave them to their own devices
	Impact local livelihoods in a positive way	Impact local livelihoods in a negative way
	Help communities to hold their leaders accountable	Allow local political systems to function on their own
	Decrease pollution	Increase pollution
	Increase availability of scarce resources	Decrease availability of scarce resources
With regard to GOVERNMENT SERVICES stakeholders perceive that the company:	Lobbies the government to provide services	Replaces the government and provides all services itself
With regard to UNREST and VIOLENCE, stakeholders perceive that:	Government is capable of using (future) revenues from company for civil purposes	Government would use (future) revenues from company to fund war or other violence
	The company does not materially support any party to any conflict	The company provides support to one or more parties of a conflict
With regard to INTERGROUP RELATIONS, stakeholders perceive that the company:	Distributes benefits in an inclusive manner that connects people	Distributes benefits in an exclusive manner that creates competition
	Has a fair hiring policy, based on the community definition of fair	Has a hiring policy that favors certain groups over others
	Deals with representatives that have popular support and represent stakeholders' interests	Deals with representatives that do not have popular support and only represent their own interests
	Compensates all landowners in the same way	Compensates more vocal or powerful landowners more than the others
With regard to STAKEHOLDER BEHAVIOR, stakeholders perceive that the company:	Distributes benefits to more peaceful groups	Distributes benefits to more difficult and obstructive groups
	Responds to letters and complaints	Responds only to threats/shutdowns
	Visits communities regularly, both formally and informally	Visits communities only when there is a need, issue, or crisis

- Green impacts may serve as an "opportunity", i.e. a positive impact that you can build on as you develop risk mitigation plans in future steps.
- Red impacts are potential negative impacts that need to be assessed for potential risk. For each negative impact identified, chose the most relevant source(s) of risk from the following list.

Sources of Risk

For each negative impact, identify the Source of Risk that it may create:

For example, local coastal communities near a project site feel the company's hiring policy unfairly favors people from the highlands. In this particular context, sources of risk are...

"Increasing tension between stakeholder groups"

and

"Increasing anger toward the company"

- Increasing resentment, frustration or anger among stakeholders towards the company
- Increasing tensions and division between stakeholder groups over competition for resources or benefits
- New tensions and divisions between stakeholder groups over competition for resources or benefits
- Increasing conflictive or violent action by stakeholders towards the company in response to negative impacts
- Increasing conflictive or violent action between stakeholders in response to negative impacts of the company
- Increasing insecurity in local context
- Increasing violence or human rights abuses committed by local, regional, national authorities
- Decreasing provision of social services by local, regional, national authorities
- Deterioration of traditional authority structures and dispute resolution mechanisms

TRACKING INFORMATION

Record each identified source of risk (both from the existing context and from negative impacts of exploration activities) and move on to the next step.

Here is an option for tracking Sources of Risks in the Existing Context:

Sources of Risk	Potential Risks	Relevant / Affected Stakeholders
Presence of drug traffickers	Kidnapping of company personnel	Local community members working with geology team

Here is an option for tracking Sources of Risk from Company Impacts:

Stakeholder group/ individual(s)	Exploration Activity	Positive Impacts on stakeholders	Negative Impacts on stakeholders	Source of Risk
Coastal Communities Highland Communities	Local hiring	Highland communities favored for jobs	Lack of jobs for coastal communities	Increasing tension between groups

The Impact of Narrow Engagement in Latin America

At an exploration site in Latin America, the local population consisted of a small number of landowners and a large landless population. To gain access to land, an exploration company was legally obligated to negotiate with landowners. The existence of a formal landowner's committee that held regular meetings simplified this process. The exploration company developed an engagement strategy that focused on the needs and expectations of landowners, but with limited engagement with the landless population. The landless population did not expect to be consulted about land issues, but it did expect the company to approach it as stakeholders whose needs and concerns were as valid as those of the landowners. Not being consulted about their needs or the future of the project left them feeling excluded from a process which they knew affected them. They were frustrated that the exploration company's treatment of them was so different from its treatment of landowners. Both the landless and the landowners in the community commented separately that the exploration company's focus on the landowners created tensions between the two groups.

A challenge that companies face in this type of situation is to define an engagement strategy that acknowledges the interests and authority of the landowners in order to secure access to land and enable exploration to move forward, while at the same time accounting for and acknowledging the interests and concerns of the larger landless population. Community relations strategies that are driven exclusively by short-term company objectives can unintentionally put medium- and long-term company objectives at risk by delaying company engagement with sections of the population that can influence the long-term success of the project.

STEP 4

STEP 4 – ANALYZE RISKS

PURPOSE

- Articulate risk scenarios
- Assess and estimate risks in order to prioritize response to highest risks

WHY YOU SHOULD DO IT

Risk assessment is an important step in protecting your business objectives and the wellbeing of your local stakeholders and communities. Understanding risks helps you focus on the risks that really matter – the ones with the potential to cause harm. A risk analysis process based on meaningful context analysis is good practice for being responsive to issues that present the highest risk.

HOW TO DO IT

- Formulate risk scenarios for each source of risk from company impacts and in the existing context
- Include your team and other staff, as well as relevant representatives of the community and external partners, in the discussion of risks
- Perform a Risk Assessment, identifying:
 - The likelihood that the risk will occur
 - The severity of the consequences of the risk, if it does occur
 - Stakeholders involved in the risk
 - Areas for priority action

WHOM TO ENGAGE

- Company staff, at a minimum
- External partners such as NGOs
- External stakeholders

TIPS FOR STEP 4

- Analysis should be based as much as possible on concrete knowledge of the context and of exploration activities.
- Refer back to your knowledge of stakeholder groups and their interests, and your knowledge of the company's impacts on each of those groups.

ADDITIONAL RESOURCES

- For more guidance on analyzing risk, see Risk Management 101 (within the Toolkit)

WHAT TO DO: ANALYZING RISK

1. Articulate Risk Scenarios

In this step you will formulate risk scenarios for each source of risk. This will enable you to analyze the risks in terms of their likelihood and consequence.

Start with the sources of risk that you identified in Step 3. Think about and discuss any possible negative events that could flow from the sources of risk. Note that one source of risk can lead to more than one negative event. Articulate the negative events as “risk scenarios” and list all of them, preferably in a spreadsheet.

Articulating Risks

To articulate a risk scenario, write a complete sentence, consisting of a cause and effect

Risk scenarios often have the form: “There is a risk of [some action or event] by [some person or group] against [another person or group, or the company] leading to [some consequences].”

Example: Identifying “social tensions between Highlanders and Coastal people” as a source of risk might lead to the following:

Risk Scenario: “There is a risk of violence by Coastal people against Highlanders leading to injury and/or death, interruption of the project, and reputational damage to the company.”

Example: Identifying “kidnapping of personnel due to presence of drug trafficking” as a source of risk might lead to the following:

Risk Scenario: “There is a risk of kidnapping of geologists by drug traffickers in the region leading to possible extortion, injury and/or death, and interruption of the project.”

2. Analyze Risk Scenarios

Risk analysis involves considering each risk scenario, assessing its likelihood and consequence, and assigning an overall risk rating. Once you have identified as many risk scenarios as possible, for each one:

- Assign the risk an identification number
- Assess the **likelihood** that the risk will occur.

Likelihood is the chance that any given event will occur within a given time period, usually one year. (Reference Table Risk Likelihood Table)

Tip

Reference “Risk Management 101” for guidance on risk analysis and risk matrices.

Tip

You are exploring in a country that experiences public demonstrations every year commemorating the death of community members who were protesting the expansion of a mine in another part of the country. If demonstrations have taken place during four out of the past five years, then there is an 80% chance that a protest will occur the following year.

Assessing the Likelihood of a Risk Scenario

Your analysis of the likelihood of a Risk Scenario should be rooted in what you already know about the context.

In an example of social tensions between Highlanders and Coastal people regarding employment opportunities, you should consider all of the following at a minimum:

- Is there a history of violent conflict between the two groups?
- Have local Coastal people at the project site acted violently towards other non-local groups?
- Are there national-level factors that may intensify local tensions, such as elections, violence in other areas of the country, or bad blood between national-level leaders of the two communities?
- Are there other factors, including other actions taken by the company, which worsen tensions between the two groups?

C. Identify the **consequence** of the risk.

Consequence is a measure of the severity of a risk if it occurs. Remember that each risk scenario can have more than one potential consequence. (Reference Table 2: Risk Consequence Table)

D. Determine the Risk Rating. Chart the likelihood versus the consequence on a heat map and assign an overall rating to the risk. (Reference Table 3: Risk Rating Matrix)

E. Identify stakeholders involved in the risk scenario.

- Those who are involved in the risk scenario
- Those who are affected by the risk scenario

3. Prioritize Significant Risks

Prioritize significant risks based on two considerations:

- The risk rating – the higher the rating, the higher the priority
- The involvement of key stakeholders

Tip

In the social tensions example potential consequences of the risk are:

- Injury or death
- Interruption of the project
- Reputational damage to the company

Rate the overall consequence of the risk scenario based on whichever has the highest severity.

Tip

Bear in mind those affected by the risk scenario may be more than just those who are targets of the conflict.

TRACKING INFORMATION

Track the results of Step 4 in a risk analysis matrix listing each of the above items. If using a spreadsheet to track information, add the following columns to the Sources of Risk information from Step 3.

No.	Risk Statement	Likelihood	Consequence	Risk Rating	Affected stakeholders	Actors causing risk	Prioritized Risks
1	"There is a risk of conflictive action by Coastal people against Highlanders leading to injury and/or death, interruption of the project, and reputational damage to the company."	Likely	Major Injury or death Interruption of the project Reputational damage to the company	Extreme	Coastal people and Highlanders	Coastal people	

STEP 5

STEP 5 – PLAN AND IMPLEMENT MITIGATION OPTIONS

PURPOSE

- Review exploration practices and standard operating procedures for opportunities to reduce conflict risks
- Develop action plans to implement company activities in ways that mitigate risks to the company and local communities
- Capitalize on opportunities to foster constructive and collaborative relationships with local communities

WHY YOU SHOULD DO IT

Risk reduction plans, i.e. action plans to reduce or prevent risk, are good practice for systematically reducing the exposure to risk of the company and local communities.

Risk Mitigation Plans are commonly understood and widely used by most companies. What may be less familiar, particularly to a company's technical staff, are ways of applying risk mitigation planning to social issues.

HOW TO DO IT

- Having identified the prioritized risks, determine the appropriate way to respond to each risk and assign a Risk Owner for each risk requiring action.
- Together with co-workers, and by engaging key community members, develop options for addressing risks taking into account analysis of local communities, local context, exploration operations, and prioritized risks.
- For Risks requiring a response, develop an action plan that:
 - Addresses the cause of the risk, rather than the symptoms
 - Makes risks less likely to occur and less severe if they do occur
 - Responds to the needs of the local population
 - Minimizes negative impacts of exploration activities
 - Addresses social tensions and conflicts, where possible
- Implement new action plan and begin analysis cycle again, monitoring key indicators for positive and negative outcomes of the new action plan

WHOM TO ENGAGE

- Company staff
- Management and operational units, if their buy in is necessary for smooth implementation

- Local stakeholder groups should be involved in this step, where possible
- External partner organizations

TIPS FOR STEP 5

- Mitigation planning should focus on priorities identified in Step 4. It can also target lesser risks that can be mitigated inexpensively, quickly, and easily, or risks that are likely to trigger other risks.
- Validate plans by analyzing how they may cause new impacts on stakeholder groups. Ideally, validation should take place with the participation of local community representatives and possibly external partners.
- Involve management and operational units in mitigation planning to gain their buy-in for the proposed changes.

ADDITIONAL RESOURCES

- For more guidance on managing risk, see Risk Management 101 (within the Toolkit)
- For more guidance on developing indicators, see Introduction to Indicators (within the Toolkit)

WHAT TO DO: PLANNING

1. Risk Response

What should you do about the risk?

The risk priority often determines the response that should be used. You can also use the risk rating to determine the approach that is required. See “Risk Management 101” for suggested risk response protocols. (Reference Table 4: Risk Protocols Table)

2. Involve Local Communities in Risk Mitigation Planning

Planning for social risk mitigation is an exceptional opportunity to engage local communities around issues that will impact them. Inviting them to participate in planning, perhaps by asking that time be set aside during community meetings, demonstrates respect and gives communities a voice in issues that affect their lives. A good action plan should reflect their needs and concerns and take into account local knowledge, applying it where appropriate. Involving them in the planning process builds more community investment in the project.

Build trust and relationships

Improve the plan by incorporating local insights and solutions

Forestall misunderstandings

Validate the outcomes of the plan with those who are directly impacted

Demonstrate concern and respect for local interests and perspectives

3. Designing Action Plans to Reduce Risk

For those risks determined to require a response, an action plan needs to be developed, concentrating on actions and activities that will lessen the risk. Remember, each community is unique, as is each exploration project. The actions taken to reduce the probably and impact of risk must be based on everything you know about the local context and exploration activities. The complexity of risk mitigation plans is typically proportional to the complexity of the company’s operations, however a basic action plan template can be found in the “Risk Management 101” section. (Reference Table 5: Risk Mitigation Action Plan – Template)

A good plan should involve all of the following at a minimum:

Ensure Accountability

- Assign:
 - Risk Owner - takes responsibility for overseeing the development of risk mitigation plan
 - Deadlines for discrete actions
 - Responsibilities for actions to company staff
 - Key performance indicators
- Assurance: build-in a mechanism for regularly checking the status of implementation

Include

- Local stakeholders from different groups and sections of the community, taking into account those affected by or involved in the mitigation plan as well as those who might feel excluded by the new company activities
- External partner organizations
- Affected operational units
- Management

Focus on

- The needs and interests of local committees
- Minimizing the negative impacts of company actions on stakeholders
- The causes of conflict or social tensions, if possible

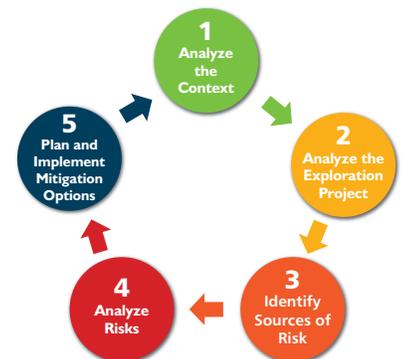
Weigh

- Cost
- Timeframe
- Feasibility, including available human resources and capacity to address risk
- Effectiveness of the mitigation measure in reducing risk
- Ability of company to affect change in existing issues in the context

4. Implementation and Monitoring

Once your Action Plan is being implemented, it is important to continually track and analyze whether the plan is having the intended outcomes. Begin the process again at Step 1. Now you will analyze the context using indicators to monitor whether your action plan is in fact mitigating risks and producing intended positive outcomes. Involve communities and other partners when developing key indicators to aid in building a common understanding of the local community and to identify appropriate indicators. You can also reference the list of commonly found indicators within the Toolkit. (Reference Table 6: Indicators: Company-Community Relationship and Table 7: Indicators – Changing Conflict Conditions Within the Context)

As the exploration project progresses your relationship with the community will continue to change. Implementing your action plans also changes that relationship. Explorers' and communities' exposure to risks thus will change continuously over the course of the project. Each time you work through the process, you gain increasingly robust information about the community and can better account for the changing impacts that the company's activities have on the community.



Security Policy in Mexico

An exploration company suspended its activities in response to repeated acts of theft of its vehicles and assaults against staff. Many subcontractors received extortion calls and some suspended services because of that. These events were carried on by an illegal armed group present in the area of the exploration site. As it resumed operations, the exploration company implemented a new security strategy based on findings of a risk analysis. The government intervened with the deployment of Army and Police patrolling in an area that had never before had any presence of public security. In addition, a significant number of armed public security providers were deployed to guard company offices in the local town. These security officers escorted all staff and contractors during all field activities, including exploration and drilling campaigns and some community engagement activities.

A strong security presence can often have a negative effect on the relationship between exploration companies and local communities. The mere presence of armed security personnel could restrict interaction between explorers and locals, intimidate local people, and send a message to locals that the company sees them as a potential security threat. The risk of situations that lead to human rights abuses could be high.

In this case, the illegal armed group had also intimidated and threatened local people, and violent crime against locals was common. The company's security providers had been trained in human rights and their rules of engagement excluded community policing functions, which is the function of the Army and State Police. The result of the strategy was a steep decline both in acts of aggression against the company and in violent crime within the local community. Relations between security personnel and local people were relaxed and cordial. Local people reported an increasing sense of security, and attributed improvement in their quality of life to the actions of the company.

About the Tool

The Preventing Conflict in Exploration Tool is part of the larger Toolkit for Explorers and Developers that has been developed collaboratively by the Prospectors and Developers Association of Canada (PDAC), World Vision Canada, and The Corporate Engagement Program - CDA Collaborative Learning Projects, and supported by the Government of Canada - Department of Foreign Affairs and International Trade (DFAIT).

The Toolkit is intended as a simple and practical guide, providing key steps for preventing conflict through constructive community engagement in exploration. The Toolkit draws from the tools of the collaborating partners, including the Corporate Engagement Program Framework, PDAC's e3Plus, and World Vision's Making Sense of Turbulent Contexts. The Toolkit also draws its content from a series of field tests with exploration companies as well as the input of many contributors and collaborators.

Users wanting more guidance on stakeholder engagement, conflict prevention, and risk/impact assessment should refer to the Resource Pack contained in the Toolkit.

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