

Close-up on social-development initiatives

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The Ambatovy Project has made significant progress on promoting positive long-term, socio-economic returns in Madagascar and mitigating potential negative impacts that have plagued other mining projects in the past, such as prostitution, inflation, skewed economic development and migration. Here's a closer look.

Local employment and business opportunities

The Project remains committed to maximizing local procurement, training, skills upgrading and recruitment of local personnel during construction and operations. Following the pre-construction launch, the Project found that the demand for local skilled labour and suppliers was higher than supply. In response, the Project launched the Local Resource Development Initiative (LRDI) to help improve the skills of the local labour pool; to support and strengthen local businesses; and to minimize



the import of products whenever possible in order to procure locally.

The LRDI has registered almost 25,000 job seekers and created a databank to assist sub-contractors in recruiting locally. During the past 18 months, 95% of construction-related labour has been provided by local personnel; 3,627 workers successfully completed the basic construction skills training program. More than 88% of those trained have been hired by the Project. Skills acquired through this training will also permit trainees to gain access to wider job markets in the future.

Currently, the Project is preparing for staffing needs of the upcoming operations phase, when

more highly skilled labour will be required. Longer-term training programs are also being developed in partnership with Madagascar's Ministry of Higher Education and national technical schools.

In addition to training, 65 small, medium and micro enterprise contracts have been awarded to local companies in a variety of areas, including the manufacture of bamboo mats for soil stabilization, manufacture of protective equipment, renovation of mobile offices, construction of market facilities, construction of perimeter fences, supply of meals, temporary waste management and renovation of training centres. Local procurement was valued at more than \$500 million from

May 2007 to November 2008.

Managing inflationary pressures

The Project has also established the *Central d'achat du Madagascar* (CAM) to purchase local produce and foodstuffs for the meal requirements of employees working onsite. The CAM now purchases 95 tonnes of foodstuffs each month from more than 5,000 local farm families, most of whom live near Project areas. This initiative has led to the significant reduction of imports, additional income to farming communities and the offset of inflationary pressures.



Farmers showing their crops to be purchased by the CAM, which provides food for Project workers

Surveys are conducted each month to track the change in average prices of

a basket of basic necessities over the three months prior to the survey. Results from the most recent survey indicate that prices have risen only between 0.3% and 0.9% for the population that lives near Project sites overall, and 0.2% for the poorest of that group. The biggest fluctuations have occurred in non-food items, such as candles and soap.

Mitigating negative social impacts

In order to mitigate negative social impacts such as prostitution and child exploitation, the Project has implemented a zero-tolerance policy for all its workers, imposed a Project-wide code of conduct for all national and expatriate staff, introduced a reporting and whistle-blowing mechanism and undertaken awareness campaigns in conjunction with a number of local and international organizations, including Madagascar's branches of UNICEF and the ILO-International Program to combat child labour. The Project works within ILO-Convention 182 against the worst forms of child labour and in compliance with the Equator Principles.

Managing growth through transparency

In preparation for the initiation of operations, the

Project has begun working with the Government of Madagascar and international partners, such as the World Bank, through the Extractive Industry Transparency Initiative and the Mining Resource Governance Program to strengthen the capacity of decentralized authorities and civil society groups to effectively manage the significant revenues anticipated over Ambatovy's 27 to 30 years of operation.

Training and capacity-building initiatives will be launched in the coming months for communes (a decentralized level of government) in Project sites to strengthen local leaders' skills in leadership, negotiations, planning, monitoring, information and communications. Information centres, radio programs and reporting mechanisms will also be introduced to promote transparency.

Taking on these issues now will undoubtedly assist in setting the stage for the sound management of mining revenues. Ultimately, this will help ensure that Ambatovy Project's major revenue stream can be used to address Madagascar's underlying poverty, which is a national priority for the Government.

Learn more at www.ambatovy.com.