

Social Impact of Ambatovy Project's Resettlement Process

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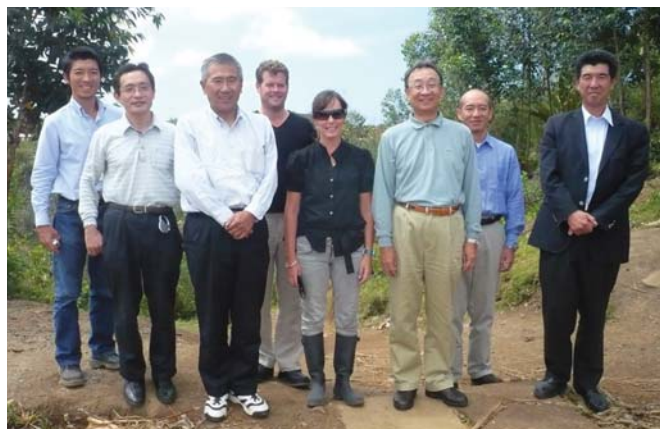


Vohitrambato: one of two model villages built under the Ambatovy Project

The Ambatovy Project is a large-scale nickel and cobalt mine under development in eastern Madagascar. The project comprises a mine near the town of Moramanga in eastern-central Madagascar and a 220 km slurry pipeline to a processing plant and refinery being constructed just south of the port city of Toamasina. The project is jointly owned by Sheritt International Corp., Sumitomo Corp., Korea Resources Corp. and SNC-Lavalin International Inc. As well as funding from its shareholders, the project has executed a \$2.1 billion loan agreement with a consortium of international banks, including the Japan Bank for International Cooperation (JBIC) and a number of Japanese commercial banks.

With a construction cost in excess of \$4.5 billion and an expected mine life of 27 years, the Ambatovy Project is by far the largest project ever undertaken in Madagascar. As would be expected, the project is having a significant impact on Madagascar and bringing a number of benefits to the country as a whole, including increased tax revenues, improved infrastructure, employment and job training.

In addition to these large-scale benefits that impact the country as a whole, the project is having a substantial positive impact on local households in the regions it affects. In particular, this article will show the impact the project has had on the subsistence of farmers living in the site designated for the project's tailings pond. The design of the project calls for the sediment left over after the extraction of nickel and cobalt at the refinery to be sent to a nearby site that has been designated for a tailings pond. This necessitated the resettlement of the local communities that were living in this region.



Representatives from Sumitomo Corp. visit one of the resettlement sites linked to the Ambatovy mine development project launched by the Japanese trading giant in August 2007.

Since 2006 these underprivileged rural communities have been the protagonists in the development of the Ambatovy Project. Obtaining local, national and international acceptance of this resettlement process was a key factor in the project obtaining the social license from local stakeholders at every level necessary to begin works.

Following the World Bank's principles on involuntary resettlement and International Finance Corp.'s guidelines for resettlement action plans, the Ambatovy Project built two model villages, Vohitrambato and Marovato. Covering a combined area of 1,100 hectares, and housing more than 260 households, these sites are now host to the resettled population. They offer these populations access to many of the social services lacking in the most urban areas of Madagascar, such as access to education, health, proper housing and clean drinking water; all of which are fundamental to the building of human capabilities.

Ambatovy's resettlement had four parts to it: 1) public consultations and acceptance; 2) the construction of the host land; 3) the resettlement and 4) the implementation of a social development program.

Public Acceptance & Resettlement

Madagascar is a country with rich and unique cultures, beliefs and customs. These customs influenced and guided the interaction for the resettlement as the project made serious efforts to win the affected population's consent for the resettlement. The success of this approach can be seen in the fact that virtually 100% of the affected households willingly moved to the resettlement villages.

A good example of the care taken to respect local sensibilities and customs is provided by the steps the project took in relocating the tombs of those families living at the tailings site. The relocation of tombs is a culturally sensitive issue anywhere in the world, but particularly so in Madagascar where ancestors are venerated. Prior to undertaking any work, project personnel consulted the Tangalamena, the traditional local authorities, usually the oldest males on the father's side of the family. Aside from having the responsibility for rituals and cultural issues, they also take care of the family tombs and have the important role of giving permission for activities and in resolving conflicts within a village. In the case of Ambatovy, the project respected all traditional and particular rituals according to each family custom in the transfer of tombs and sacred sites. Resettlement into the host lands took place over a period of three months, from December 2007 to February 2008. The success of this approach can be seen in the fact that virtually 100% of the affected households willingly moved to the resettlement villages.

Resettlement Sites

The resettlement sites were built with the aim of creating a space where the population could have access to social services. Facilitating access to quality infrastructure is to be the first step to creating an environment in which people can develop their full potential, have access to equal opportunities and become agents of their own development.

The two villages have more than 800 hectares for forestry, the cultivation of cash crops, rice and other subsistence crops, and growing fruit trees. Lowlands are the most valuable lands due to their rice production, the staple of the Malagasy diet, and Vohitrambato alone has more than 160 hectares destined for this staple food.

Because the majority of the arable surface of both sites was unexploited following resettlement, the population had to work the land from scratch; from clearing the land to enriching the soil with bio-manure to planting fruit trees and creating irrigation canals for the paddies. Due to their hard work, coupled with the adoption of improved farming techniques, irrigation canals, and the diligent supervision of permanent local agricultural technicians and agronomists in the field, the July rice harvest in 2009 reached an average of 2.6 tons per hectare, three times the villagers' harvest prior to resettlement.

A school was constructed in the center of Vohitrambato. It has become the core of the village, welcoming over 200 elementary students per day, reaching a 93% school attendance rate. In addition, two pre-school centers are currently active, one at each site, benefiting more than 60 children under the age of five. Furthermore, a very active health center receives over 100 consultations per week and provides vaccination, family planning, childbirth and counseling services.

Social Development Program

Today, with almost all the villagers resettled in their new houses and communities, the project is in the process of implementing a social development program with the objective of avoiding or mitigating negative social impacts and encouraging the positive aspects of the resettlement. The Social Development Plan for the resettled communities of Vohitrambato and Marovato not only includes the commitments assumed by the Ambatovy Project in the Resettlement Action Plan, but it also incorporates the Madagascar Development Plan and the United Nations Millennium Development Goals on poverty alleviation.

Providing Greater Access to Knowledge

The appropriation of new infrastructure and the acceptance of new responsibilities are issues which the Ambatovy Project emphasizes through capacity building and the expansion of education for all age groups.

Ambatovy's education program for the resettlement sites cuts transversally through all programs. Training is provided in areas such as hygiene and agriculture, where the population receives constant training in improved farming techniques, and/or on the reparation of public infrastructure, such as that of water pumps, bridges and roads. The successful management of public infrastructure will guarantee the sustainability of such and will further encourage com-

Adult Literacy

In society, education, as the formal process of transmitting knowledge and skills, is a fundamental component of development. Therefore, in 2008, the Ambatovy Project launched its first adult literacy program in the resettlement sites of Vohitrambato and Marovato as one of its compliance components with respect to the resettlement. To date, a total of three programs, benefiting a total of 83 adults, have been undertaken in both resettlement sites. Students not only learned how to read and write and perform the four basic mathematical operations but also studied subjects related to their communities, such as hygiene, education, HIV/AIDS and civics. The improvement of the education level of the population of both resettlement sites is essential in order to help them take advantage of the new employment opportunities arising from the project, be integrated in society and have equal access to opportunities.

Adult literacy diploma ceremony



munity participation in the management of their own villages.

According to the United Nations Development Fund, development is about expanding the choices people have. A way to achieve this expansion of choices is through education. This is why in addition to providing new schools in the villages, the social development program places great emphasis on the promotion of after-school activities, capacity building for associations, committees and individuals, and training for the further enhancement of skill sets. Furthermore, the project has invested in women's capabilities through practical training in arts and crafts, and a capacity-building program that aimed at enabling women themselves to critically assess their own situation and hopefully create and shape a transformation in the community. Gender equality and women's empowerment are human rights that lie at the heart of development and the achievement of the Millennium Development Goals. In addition, it is the surest way to contribute to the economic growth of the community and to the overall development of the country.

Gender and Development

On January 24, the Ambatovy Project launched a capacity-building program for the women of the resettlement sites of Vohitrambato and Marovato, in partnership with the Malagasy NGO *Leader Women SAHY*. For a period of seven months, a total 194 women participated in the 10-module program that was broken down in 88 workshop sessions. Hygiene, cooking, childcare, organizational and time management, and civics were among the subjects studied. A three-week workshop on human rights was also provided during March, not only in celebration of International Women's Day, but also to sensitize mothers, wives, sisters and daughters that they too have the right to exercise their choices and become agents of their own development.

Economic Impact

The Ambatovy Local Business Initiative aims at providing support in the creation of local businesses in the project's direct area of influence. The Central d'Achat de Madagascar (CAM), or the Purchasing Center of Madagascar, is a private enterprise created in 2008 to supply the project's catering service with fruit and vegetables to provide daily meals to more than 12,000 workers. The CAM's quality standards are higher than those of local markets. As a result, farmers

Promoting Education

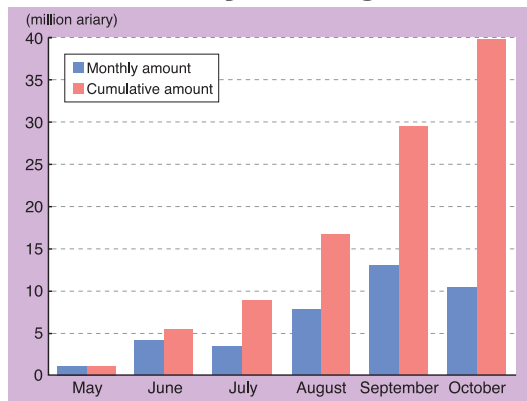
Given that the teaching language in public elementary school is Malagasy, the project identified an opportunity to develop the children's language skills by offering an after-school French program in partnership with a local NGO. Since January 12, 2009, more than 80 children have benefited from this program where they learn, sing, mime, read and role-play in French for four hours per week. Students who participated in this program showed remarkable improvement in their grades. The project hopes that the promotion of these types of activities will have a sustainable positive impact on the population's educational level, improve the student's cognitive, creative and reflexive capabilities, and pave their way for future academic accomplishments.



Vohitrambato's students

CHART

Gross Monthly Earnings (CAM)



Source: Central d'Achat de Madagascar (CAM), October 2009

are producing better-quality products which are paid at a preferred rate. There are 17 members of Vohitrambato's community who are preferred clients of the CAM. They are "collectors" and leading businesspeople, collecting goods of frequent consumption such as bananas, papayas and tomatoes from local markets and other farmers around the Toamasina area in order to deliver their goods to the CAM. To date, they have earned a net profit of 50% equivalent to 20 million ariary, the equivalent of \$10,000. Between May and September 2009, the average monthly gross earnings ranged between 500,000 to 750,000 ariary. (Chart)

Current farming production is mainly destined for self-consumption. Because the CAM's orders exceed the surplus of what any family may have left after the harvest season, these individuals recognized the incredible business opportunity presented by the CAM and found a way to become part of the commercial market.

The ongoing production of local handicrafts by women is also a result of a 12-month training program in sewing, needlepoint and wickerwork. The improved quality of the artisans' goods has resulted in an income increase for them. To provide an example, the price of traditional bags made out of local material found onsite has increased by 400%, selling at 5,000 ariary per item. In July 2009, the project placed an order for 250 satchels, made out of local material, to be donated to a local orphanage in Toamasina. This earned the women's artisans association a net profit of 1 million ariary.

Ambatovy's corporate social responsibility efforts go beyond the resettlement villages and compliance. The project has a life expectancy of 27 years and more than just being a good neighbor, Ambatovy is a member of the community and as such, it undertakes projects that will have a sustainable impact in the area.

Partnerships

The project works in partnership with local nongovernmental organizations and associations to implement the social development programs underscored in the Social Development Plan. In addition, a close partnership with Schneider Electric was created with the electrification of Marovato as part of Schneider's BipBop (Bottom of the Pyramid) Program. All 21 houses are powered by solar energy;

today, its inhabitants are able to study longer and invest more time in income-generating activities.

Ambatovy's owners are very much invested in the resettlement sites and their visits are often accompanied by generous donations, such as book bags, notebooks and other school supplies, for the public school and its students. Generous gestures are also showed by individuals working in these companies, wanting to contribute towards the promotion of education. In July 2009, the staff of the Sherritt Toronto office made a generous donation of books and school and art supplies. Likewise, a substantial donation of over 300 used children's books, toys and puzzles was made by two pre-schools in Nantes, France. This has allowed the creation of two libraries and the implementation of a reading program for children and adults.

Compliance is a fundamental component of the work undertaken in the resettlement villages. However, beyond fulfilling all national and international regulations and international best practices, the programs and activities being implemented are geared towards creating a sustainable way of life for these communities.

Next Steps

A main objective for the social development program has been to increase the return in farming and forest activities through the promotion of improved technologies for crops and livestock, better irrigation practices and organizational models. Agriculture is still the number one economic activity for these populations and the key to eradicate poverty is based on the establishment of dynamic rural communities founded on a prosperous agriculture. The end of 2009 marked the completion of the second year of the resettlement process and this milestone was celebrated with the organization of an agricultural fair and contest. The resettled communities have come far in developing their land and for the first time, the community will have the opportunity to showcase their production, and their efforts, to the region as prosperous farmers.

J.S.

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