

REPORT OF THE INTERNATIONAL ADVISORY PANEL

June 28, 2010

INTRODUCTION

1. The Panel, consisting of Keith Bezanson, Jacques Gérin, Alison Jolly and Léon Rajaobelina convened May 16-22 in Fort Dauphin and Antananarivo and also at Rio Tinto headquarters in London on May 24. A detailed chronology is included as Annex A.

2. Between 1999 and 2007 the Panel convened in Madagascar at least once and frequently twice a year. No meetings were held between 2007 and 2009 due to Panel member illnesses, although A. Jolly provided an interim report in 2008. This visit is therefore the first in the operational phase of the project.

3. We found the writing of this report a daunting challenge. Previous visits occurred either before construction or early in the construction phase. In the pre-construction phase, we were able to offer guidance drawing from our prior experiences and familiarity with other socio-economic development efforts and from research on best international practices and norms. By contrast, this visit has required that we try to condense into only five days vast amounts of entirely new information, which included assessments of progress against commitments, an increasingly complex social, political and economic environment and myriad perspectives and often divergent views on what is happening as a result of the project.

4. Among the lessons that the Panel takes from this visit are first that more time was required for both information gathering and careful verification and secondly that the value of future work will require greater continuity between visits.

5. A further lesson is that we need constantly to remind ourselves of the larger historical context. To focus only on the current situation of protracted national political crisis and precipitous economic decline would yield an excessively negative perspective. The larger context, however, reminds us of just how much has been accomplished. The project has been better planned than most natural resource extraction projects. Its foundations rest on work that extended over two decades and that led to: (i)-exceptional knowledge of the region's biodiversity; (ii)- approaches and structures that aim to avoid the traps of enclave industries, most notably by embedding the project within the larger framework of long term social, economic and environmental development of the region; and (iii)- transparent, measurable commitments to a Net Positive Impact (NIP) over forty years.

6. The context today is exerting pressures and tensions on some of these achievements. In addressing these however, it is important to set them in the larger context of the essential foundations that remain largely intact.

7. The Panel has done its best to maintain focus on this larger context while trying to grapple with the frustrating and otherwise disheartening problems that configure today's landscape. We hope that this effort is reflected in the remainder of this report.

BACKGROUND

8. Throughout the concept and design stages, the Panel was emphatic that the project should proceed only when it fully met four overarching principles. These were:

- **Principle #1.** The project's design must pass the test of accepted international best practices of economic, social and environmental stewardship, including those specifically pertaining to extractive

industries such as the stipulations of the Extractive Industries Transparency Initiative;

- **Principle #2.** Far from being a stand alone private investment, the project would be integrated into a much larger regional socio-economic development effort, thereby avoiding the enclave traps that have characterized so many extractive industry investments in developing countries;
- **Principle #3.** A legal framework under enforceable Madagascar law would commit the project to clear and measurable obligations and commitments at local, regional and national levels; and
- **Principle #4.** Arrangements would be in place for independent monitoring and transparent reporting on all commitments and undertakings.

9. In late 2006, when the project entered its initial construction phase, these principles had been embedded in the structure and explicit commitments of the project. The new port and the mine had been designed as catalysts to the region's development and as part of a much larger and more ambitious Regional Development Plan. This was supported by a World Bank financed Integrated Growth Pole program (*Pôle Intégré de Croissance* – PIC) for the Anosy region which had been established in part as complement to QMM's investment plans. The mining project had been designed to function as one part of a multi partnership effort involving national, regional and local governments, international development and civil society organizations and the Regional Development Committee (CRD). A legally binding framework agreement had been signed which stipulated QMM's obligations and independent monitoring of all project commitments. The National Environment Office (*Office National de l'Environnement* - ONE) had been mandated to conduct regular and fully independent monitoring, evaluation and reporting on the performance of the project.

10. In sum, the many years of consultations, planning and pre-investment studies had culminated in setting the performance bar for the project at a very high level. Over its projected operational lifetime of about 40 years, the project was to be held to account for a “Net Positive Impact (NPI)”, economically, socially and environmentally.

11. The construction phase of the project (2006-2009) generated an unprecedented level of economic activity in the Anosy region. Infrastructure construction (a new port, roads, water supply and electrical power) generated approximately 4,500 jobs and up to three times that number of induced jobs. Spin-offs resulted in the rise of new businesses. Plans and commitments for additional publicly-financed infrastructure investments were advanced quickly during this period (e.g. a road that would link the interior to the new port to be financed by the European Union and the African Development Bank).

12. In retrospect, however, the magnitude and intensity of inward investment in the region generated unrealizable expectations. The Panel had warned about this in earlier reports. It was never going to be easy to prevent local and regional expectations from an unrealistic upward spiral. The many years of consultations and planning which involved all parties (i.e. QMM, local authorities, the regional government and civil society organizations) were not enough to prepare local populations for the “boom” of the construction period and for the “bust” that followed it. Even if such efforts had been doubled or trebled, it is not clear that expectations would have been significantly dampened or disappointments avoided. Rapid change inevitably generates degrees of short-term disruption, all the more so in contexts of extreme poverty. Nevertheless, the facts are that the intensity of the construction phase generated a short-term price inflation spike in the local economy. This was especially evident in housing and in food costs that impacted most heavily on the very poor. In addition, the benefits flowing from the high investment

levels of the construction period exacerbated regional inequalities and generated resentments.

13. On the other hand, mitigation measures taken during the construction phase prevented the social catastrophes that some had predicted would be caused by extensive in-migration. The overall balance sheet at the beginning of 2009 seemed broadly positive, with the promise of continuing inward investment to the region, some permanent employment and income gains, important spin-off demands for entrepreneurial activity to provide goods and services, continuing improvements to the region's basic infrastructure and the opening up of agricultural export potential from the interior of Anosy.

THE SITUATION TODAY

14. This generally positive context has since experienced sharp reversals at the national, regional and project levels.

a) The national level

Since March 2009 Madagascar has been mired in a political crisis and a serious socio-economic decline. In 2006-2007, the country achieved an average real GDP growth of 5.2% (source IMF). In spite of two major cyclones in the first quarter of 2008, that year's real GDP rose 6.3% (source IMF). A political upheaval in March 2009 installed a government that the international community, including the African Union (AU) and the Southern Africa Development Community (SADC), regard as illegitimate. This has resulted in the suspension of almost all official development assistance (ODA) and even in an embargo on contacts between the government and official international development agencies.

The consequences of the suspension of ODA have been severe. Madagascar's development was heavily dependent on ODA which

accounted in 2008 for fully 50 percent of all public expenditures and 75 percent of all public capital investment. The IMF calculates that the national economy contracted by 5 percent in 2009 and that the rate of decline is now accelerating. According to UNICEF: "The crisis, at both a political and economic level, is accelerating the erosion of essential services in the whole social sector, and the impact on children is severe...The ... impact of the crisis is an increased vulnerability of already poor families..."_ CARE International reports "record numbers of communes...in food insecurity"

In other highly aid dependent countries which recently experienced violent political change and a resulting suspension of ODA (e.g. Niger and Guinea), political solutions were worked out and ODA restored within a few weeks. Sadly, this has not been the case for Madagascar where a solution remains elusive, in spite of repeated mediation attempts by the African Union, the Southern Africa Development Community and la Francophonie.

Moreover, because this situation has been so protracted (15 months and counting), its negative consequences will extend over several years. A resumption of ODA would require a remobilization of resources and most capital projects will need to be retendered. One leading international development organization estimates that it would take up to two years following a political solution before the pace of development investments could be restored to 2008 levels.

b) The regional level

The Regional Development Committee (*Comité Régional de Développement* -CRD), which was a key development actor for the Anosy region, is no longer active. From 1999, the Panel had consistently pointed to the CRD - a voluntary organization, broadly representative of regional economic and political leaders – as essential for open, inclusive and frank development dialogue with all elements in the region, including with QMM, and for the formulation on an ongoing basis of development blueprints for

the region. Such dialogue effectively ceased with the national political crisis that erupted in March 2009. CRD members now express uncertainty about the future of the Committee. This is further complicated by the fact that the current Chef de Région is viewed – correctly or otherwise – as a transitional appointment until a solution to the national political situation is found. Finally, there is now a palpable sense of frustration and disappointment in the region.

c) The QMM project level

These developments have had impacts on the project and complicated its relations with the region and the government. First, for all intents and purposes, QMM has become the only source of investment in the Anosy region. The longer the political paralysis continues and international development assistance remains suspended, the greater are the risks of the project becoming a stand alone enclave. In prior reports, the Panel warned that this would be the worst case scenario for the country, the region and the project. Benefits deriving from the QMM project can be sustainable only if the project is but one component of a much larger and more ambitious regional development strategy.

Second, the arrangements that had been put in place for the ONE to provide independent monitoring, evaluation and reporting on project progress against its commitments have become fragile. The ONE's lack of financial resources compromises its ability to provide effective monitoring and possibly its very existence.

Third, as the project has become, de facto, the "only game in town", it has also become increasingly vulnerable to all manner of public criticism, not only for its own shortcomings but also for larger failures, disappointments and economic decline that are not of its making or under its control. The project needs to confront and respond to criticism, but the nation's

political paralysis has placed it in a position where it is largely without effective regional, national and international partners to address the larger issues and to apportion responsibility fairly.

Finally, the project is still within the early stages of ramping up with the aim of reaching full production within the next three years.

15. In sum, the QMM project was structured to ensure best practices, to be part of a much larger regional development effort and to build on the assets of a comprehensively designed public-private partnership. The design remains sound and the potential for resuscitating some currently dormant but essential institutional assets, such as the CRD, remains high. But the continuing intractability of the political crisis makes it very difficult to do so. The potential for the region's progress that had seemed so promising in 2008 has become in large measure hostage to uncertain political negotiations to end the current crisis. Unsurprisingly, disenchantment and frustration in the region are on the increase. Even if the political crisis were now quickly resolved, considerable time would be needed to restore relationships, structures and financing partnerships to their 2008 levels. As of the writing of this report, June 12, United Nations envoys are expected to arrive in Antananarivo to try to find a solution to the country's political crisis. Given that many efforts to mediate have already been attempted without success, a positive outcome to the next effort cannot be taken for granted.

WHAT CAN BE DONE?

16. From its inception, the Panel has sought to provide independent and transparent advice on how the QMM project could avoid the pitfalls and socio-environmental failures that have characterized many natural resource extraction projects in developing countries and more broadly, on

how the project could best contribute to a durable and sustainable development in the region. This often involved the construction of scenarios aimed at taking account of uncertainties, but prior uncertainties seem modest compared to those of today. None of the Panel's previous scenarios involved the simultaneous loss of national political legitimacy, an extended political crisis, staggering economic contraction, loss of official development financing, suspension of the work of the CRD (One of Anosy's main regional liaison institutions) and an existential threat to a critically important institution like the ONE.

17. Nevertheless, whatever the frustrations expressed in the interviews and discussions held by the Panel during this visit, the foremost concern of all our interlocutors was to restore a shared sense of development momentum in the region. Under current circumstances this will require more flexible approaches than those of the past, including the willingness to modify plans and even make major adjustments as events evolve. The management of expectations will need to be more effective than in the past and to be approached as much as possible through partnerships rather than by QMM acting alone. Most critically, the institutions established for the development of the region through efforts that extended over almost two decades, need to be revitalized as a matter of immediate priority. Finally the current crisis in Madagascar should not lead to QMM taking on inappropriate roles that cannot serve the long term development interests of the region. To the extent that QMM is already engaged in such roles, adjustment and rapid extrication will be required.

18. With a view to helping the project and the region contend with current problems and restore a strong sense of regional development momentum, the remainder of this report makes recommendations organized against six challenges, as summarized in the following box.

<p>Challenge #1: Institutional Arrangements: Partnerships, Cooperation, Collaboration and Role Clarification</p>	<p>The institutions that are essential for the development of Anosy and for national monitoring and evaluation are all suffering from the political crisis. That, in turn, has increased pressures on QMM to take up roles and responsibilities of the State.</p> <p>What can QMM do to help revitalize these institutions and, at the same time, exit from inappropriate roles in which it is cast?</p>
<p>Challenge #2: Communications</p>	<p>Expectations have not been well managed, due partly to successive changes in regional leadership, but also because of problems and weaknesses in communications about the project. New approaches are required to increase understanding, improve partnerships and help situate expectations on a more realistic basis.</p>
<p>Challenge #3 Skewed and Inequitable Benefits</p>	<p>The distribution of royalties and “ristournes”, as determined by law, are skewed towards very small communes to such an extent as to give rise to</p>

	<p>pronounced inequalities and resulting social tensions. Imaginative ways to address this are required.</p>
<p>Challenge #4 Outstanding and New Complaints</p>	<p>An appeals process is in place to deal with complaints, but it is not sufficiently precise or well understood. This can be quickly and relatively easily rectified.</p>
<p>Challenge #5 The Future of the Port d'Ehoala</p>	<p>Port management has an opportunity and a responsibility to promote and develop the port as the instrument of regional development that it is meant to be. The port is the most direct contribution of the project to the development of the region.</p>
<p>Challenge #6 Electricity for Fort Dauphin</p>	<p>The continuing non-availability of a reliable electricity supply to Fort Dauphin is a source of increasing frustration but a solution remains unclear.</p>

Challenge #1- Institutional Arrangements:

19. The region's key institutional arrangements for development are suffering from the political crisis. While everyone with whom the Panel met spoke to the need to improve cooperation and collaboration, they also

underscored the difficulties and barriers to achieving this under current circumstances. The national political crisis has caused setbacks to collaborative arrangements between the project, the region, the private sector and the national government. This has made the building and sustaining of effective partnerships more difficult. Prior gains in regional planning, principally through the CRD, have been adversely affected and this has, in turn, contributed to a widespread view of QMM as possibly the only significant source of development financing for the region. At the same time, the monitoring, evaluation and certification work of the ONE was highly dependent on ODA financing. Suspension of that financing has affected the technical capacities of ONE and, if it persists much longer, may call into question the continued functioning of ONE.

20. Three actions on institutional arrangements are necessary: (i)- Revitalizing the work of the CRD; (ii)-Preventing any further diminution of the work and capabilities of ONE, while formulating longer term measures to ensure that its capacities can meet national needs; and (iii)- Through these two actions, revitalizing development partnership and coalitions in order that QMM may avoid becoming entrenched as a unilateral actor in social, environmental and economic development activities.

CRD

21. The CRD was an indispensable catalyst in the formulation of the Anosy regional development strategy and plan. Its broadly representative composition accorded it legitimacy. Its capacity to convene community members to discuss issues, challenges, constraints, resource needs and priorities was an important factor in the selection of Fort Dauphin for a significant growth pole investment and as a national development priority. In 2005 and 2006, the Panel was encouraged by the effectiveness of the regional development dialogue between the CRD and the Chef de Région.

Nevertheless, there were always some ambiguities, questions and misunderstandings about the role of the CRD. At times, its legitimacy was questioned by authorities in the national government. Also, tensions were

often apparent between the longer-term strategic development approaches adopted by the CRD and pressures from other quarters for immediate consumption gains and instant results. In addition, some seem to have assumed that the CRD should function as a regional executing agency, something it was never equipped to do.

22. Notwithstanding difficulties and ambiguities, however, the CRD clearly acted as an effective and essential institution in consensus building and regional planning in Anosy. Yet even before the onset of the national crisis, the CRD's level of activity had begun to lessen, due to the departure of some key members and termination of direct funding from QMM. But practical activity ceased altogether with the onset of the political crisis of March 2009. Several CRD members advised the Panel that while they remain committed to contributing to the region's interests and needs, they are now uncertain as to how to go about this. Since the events of March 2009, the new Chef de Région and the CRD have not established the solid connection and mutual confidence needed to move forward. Linkages between QMM and CRD members remain cordial, but as the Comité is not currently functional not much can come from these relations.

23. It is in everyone's interest not to allow this situation to continue. It would further erode the role and capabilities of the CRD. This would leave the region without an institutional arrangement that is essential to its development. Moreover, the region needs to take steps to prepare for the moment when Madagascar's political crisis ends and international development assistance is re-started. By all accounts, there is no regional institutional alternative to the CRD to exercise these roles. It needs to be revitalized as a matter of regional urgency. This is also an opportunity to define more clearly the future role of the CRD, which is not as an executing agency but rather as an open forum for debate and consensus building on needs and priorities, an organ for communications and shared dialogue with government and a key actor in the formulation and articulation of a vision for the region.

24. Whatever difficulties there may have been between the current Chef de Région, the CRD and QMM, the Panel concluded from its meetings separately with all three that there is a shared desire to reinvigorate a regional development platform for Anosy. The first essential step to doing so will probably require political leadership and this can best come from the Chef de Région. QMM cannot assume responsibility for that, but should indicate strong support and help to create a climate of momentum to revitalize the CRD. The CRD should do the same, but the initial initiative and leadership must come from the chef de Région.

Recommendation # 1

QMM, which has maintained relations with all parties, should suggest meetings be convened and chaired by the Chef the Region to begin work on an agenda for resuming development processes for the region. They should include members of the CRD and other regional leaders. This should not await resolution of the political crisis. Much can be done to restore momentum even if the crisis continues. This would help to ensure that the region is fully prepared to scale up its development activities immediately following the crisis. The agenda for the meetings would include:

- how to re-energize development discussions and development planning for the region;

- the options and requirements for leadership and institutional needs;

- how to re-establish and sustain momentum if the crisis continues;

- how to best prepare the region for fast-track mobilization when the crisis is over and development financing is restored; and

- how to remobilize the CRD quickly and ensure that it is mutually reinforcing with the regional leadership while confirming that it is not an executing agency.

ONE – Monitoring and Evaluation and ONE-QMM Relations

25. In previous reports, the Panel emphasized that the longer-term credibility of the QMM project would require an independent and professionally strong ONE that conducted regular monitoring, evaluation and reporting on the progress of the project against its commitments. To repeat what has been noted previously in this report, the role of ONE is much greater than the QMM project. It is an essential institution to help secure the environmental heritage of the country.

26. From its interviews, the Panel has identified three inter-related issues pertaining to ONE. These are: (i)- The current situation of ONE which includes insufficient financial resources to fulfill its mandate and to develop and sustain essential professional competence ; (ii)- An imperative for clarification of mutual roles and responsibilities between ONE and QMM; and (iii)- Matters of trust that have arisen and that are impeding solid and constructive relations.

The current situation of ONE

27. The strategic and technical capacities that ONE developed during the SEIA review for comprehensive monitoring and evaluation work are now seriously compromised. This has been confirmed in a recent independent external assessment undertaken by Dr. Christiane Gagnon (the Gagnon report_). The Gagnon Report proposes four “bases stratégiques”, four “axes stratégiques” and makes 22 recommendations (“priorités”) aimed at greatly enhancing and expanding the nature and quality of monitoring by ONE. These proposals indicate an “ideal”. Followed wisely, they could lead to building the long-term capacity needed by ONE and Madagascar. The problem is that there could be no long term if the current situation of the ONE is not addressed in the short term.

28. Given the importance of Madagascar as one of the world’s most critical environmental “hotspots”, ONE was able to develop professional staff and undertake work of national importance mainly by attracting international

financing, most notably from USAID and the World Bank. That financing ended with the political crisis. ONE's technical expertise was in need of expansion and strengthening before the crisis. Since then, experienced personnel have departed and financing compromised. ONE now lacks the financial resources to contract essential national and international expertise and is struggling just to survive. We are told that currently its only significant source of revenues derives from the levy of 0.5% of the capital investment of the mining company Sherritt International Corporation (as prescribed by the MECIE - *Mise en Conformité des Investissements avec l'Environnement*). QMM has always urged that the ONE should receive some of the "Frais d'Administration Minière" that are paid by QMM to the BCMM (Bureau du Cadastre Minier de Madagascar). We were advised that this has not yet happened, but even if it were to happen now the amounts in question would be very modest and would not significantly alter the financial situation of ONE

29. What then can be done to ensure that ONE continues to exist and is able to perform its mandated functions -- at least as far as the QMM project is concerned? This means re-establishing the technical expertise required to discharge its monitoring responsibility, while aiming at ensuring support for its broader role over the long term. This will require creative measures until the broader political crisis is resolved and donors resume financial support to the ONE. In this regard, however, it may be instructive to examine and learn from similar situations that occurred elsewhere in the past.

30. Madagascar is not the first country to experience a protracted suspension of development assistance. There is precedent in other countries where international development assistance organizations, even while respecting a generalized assistance embargo, have found imaginative ways to preserve national institutions or to invest in plans for recovery. In the mid-1980s for example, Peru's default on service payments to the IMF, the World Bank and the Inter-American

Development Bank resulted in suspension by those organizations of all financial assistance including existing commitments. Yet an arrangement was made to finance the preparation of a comprehensive national economic recovery program by channelling funds through an international NGO and Harvard University. This also preserved and strengthened a consortium of Peruvian economic policy institutes, whose analytical and planning capabilities proved central to the country's rapid economic recovery in the early 1990s. Several donor agencies also undertook similarly imaginative arrangements for institution building in South Africa when that country was under a generalized embargo because of its apartheid practices.

Recommendations # 2 and 3

First, QMM should use its good offices to invite a collective review with key international development partnership organizations such as the World Bank, USAID, large international environmental institutions, such as Conservation International and WWF, and others of the risks now faced by ONE. Drawing from the precedents mentioned above from Peru and South Africa (there are many others) concerned donors, NGOs and private philanthropies focused on environment and biodiversity should be able to find bridging arrangements to ensure the continuation of ONE and the essential capacity strengthening for it to carry out its role with authority and full professionalism.

Second, the Panel has been insistent in the past that QMM should not directly finance ONE, as that could raise fundamental issues of conflict of

interest. QMM is also exempted from the ONE levy by the standstill provisions of the Convention d'Établissement (CE). Exceptional circumstances, however, can also justify exceptional actions. Thus, if the first step recommended above is not successful, the Panel makes a second recommendation. While clearly reluctant to do anything which would reopen the CE, **an exceptional voluntary gesture might be considered, with adequate legal safeguards against precedent.** Such a voluntary gesture would provide ONE with much needed resources and help create a more professional environment (a plus for QMM).

Clarification of mutual roles and responsibilities

32. A solid and constructive relationship between any monitoring agency and the monitored organization requires clarity and mutual understanding of respective roles and responsibilities. Much remains to be done between the ONE and QMM in order to achieve the role clarity and mutual understanding that is essential for both parties.

33. QMM is fully aware of this and is advancing quickly the preparation of a Protocol that will define the respective roles and responsibilities of QMM and ONE concerning the submission of information to allow proper monitoring of the PGES (*Plan de gestion environnemental et social*). These are issues for action that were specifically identified in the Gagnon Report. The Protocol should provide a comprehensive framework of what is monitored, how information is transmitted to and treated by ONE. One of the principles of the Protocol should be that QMM has a right to provide analysis and comment on whatever data it submits. It should follow, reciprocally, that ONE has a right to access actual, unprocessed data.

34. As the Gagnon Report was made available only weeks ago, the ONE response is not yet available. That response will need to take into account the level of ambition set out in the report and possible phasing of its priorities. Whatever the ONE response, the report should serve as an

important opportunity for both parties to review their respective obligations and commitments. An early completion of the Protocol should help clarify views and opportunities and be an important component of that response.

Recommendation # 4

The Panel recommends that QMM continue preparation of the Protocol. It should define the respective roles and responsibilities of QMM and ONE concerning the submission of information to allow proper monitoring of the PGES. That should provide a comprehensive framework of what is monitored and how information is transmitted to and treated by ONE. In addition:

One of the principles of this framework should be that QMM has a right to provide analysis and comment on whatever data it submits; and, reciprocally, that ONE has a right to access actual, unprocessed data.

The release of Dr. Gagnon's report provides an opportunity for both parties to review their obligations and commitments.

As part of the review, the critical role of ONE in public communications should be addressed. There are many instances where ONE, rather than QMM, should respond officially to criticisms and others where joint responses would be most appropriate.

Matters of Trust

35. Some questions of trust have entered into the relationship between ONE and QMM. The Panel was advised of QMM concerns with some aspects of ONE's work. Similarly, the Panel was advised by ONE of difficulties caused by late submission of some QMM reports, raw data not being made available and a QMM tendency to escalate matters up the organizational hierarchy. Reference to some of these difficulties is also made in the Gagnon Report.

36. These mutual complaints are neither exceptional nor surprising. Relations between the monitor and the monitored are always fraught. The important issue is that the relationship between ONE and QMM is intended to endure over the forty year life of the project; it is worth investing substantial mutual efforts to get it right. As outlined above, QMM is already taking the important step of the Protocol. Taken together with the Gagnon Report, this furnishes an excellent opportunity to reach an improved mutual understanding on roles, responsibilities and obligations and on how these are to be operationalized.

37. Given this opportunity, the Panel makes the following recommendation:

Recommendation # 5

The Panel recommends that:

QMM take the opportunity of the preparation of its Protocol and of the Gagnon report to initiate meetings with ONE seeking to clarify the relationship between ONE and QMM. In advance of any formal meetings on these matters, it would be useful to have preliminary and informal meetings between the DG of ONE and the President of QMM to address and resolve any interpersonal difficulties that might otherwise complicate substantive discussions and negotiations

Consideration be given by the DG and President to inviting an independent third party to convene and chair substantive discussions

and negotiations, at least initially.

QMM As the Anosy Region “Development Agency”

38. The Panel reports of 2004, 2005, 2006 and 2007 all expressed serious concern that QMM should not become a regional development agency. They noted that such a role would be politically inappropriate and entirely ill-suited to the capacities and experience of the company. The Panel was particularly adamant on this point, drawing on volumes of evidence showing the dangers of company towns as well as the damaging effects and inherent non-sustainability of a private for-profit company becoming a social and economic development agency. The Panel called for a clear and transparent delineation of company responsibilities to the population directly affected by the project, for which the company needed to be held to full accountability. And the Panel advised that all other company contributions to the region’s development should be through taxes and royalties, the generation of employment and demand for goods and services and by contributions to an independent regional development fund (i.e. the Regional Trust Fund or Foundation recommended by the Panel) under local and regional governance and management.

39. Unfortunately, the political and economic paralysis and suspension of international development assistance over the past 15 months have made the company almost the only source of funding for the region’s development. QMM is being drawn into the trap of becoming the Anosy Region Development Agency. It was always the case that there would be pressures in this direction. Indeed, the company’s explicit policies seeking community involvement and community development, which are both positive and appropriate, contribute to such pressures. But they also generate demands for the company to act inappropriately as a development agency and direct manager of development projects. Also,

since the very early years of its involvement in the region, QMM has financed social and physical resource surveys and much of the work in developing the regional development plan. But these “antecedent investments” are of an entirely different character from the company taking on structures similar to those of a development bank or of a direct financier of small and medium sized projects.

40. QMM has launched a three year integrated development program (PDI) of US\$783,000 in the Mandena area. There are many excellent features to this program. It is designed to address the population directly affected by the project and it aims squarely at achieving sustainable development. The Comité de Pilotage includes the Chef de Région, the mayors of the Mandena communities and representatives of civil society. But the projects are managed by QMM and they are in addition to the taxes and royalties that go directly to the communities. Most significantly, the projects are complex endeavours (development of and transformation of local products for tourism, introduction of animal husbandry practices, sustainable fisheries). If several of these are to become self-sufficient, they will need to be extended beyond the three year period of the current PDI.

41. Elsewhere, in the commune of Ambinanibe where there are also populations directly affected by port and road construction, QMM is financing other sustainable development projects as part of its obligations to affected populations. Some of these are soon coming to a close after three years of operation. NGO partners involved in these projects advised the Panel that the projects would not be sustainable after three years and that new funding would be required if the projects were not to close without having achieved their objectives. That will likely extend QMM’s involvement beyond the initial 3 years.

42. These activities in the context of Madagascar’s protracted political crisis have put QMM in an especially difficult situation. On the one hand, it

must fulfill all its obligations to persons directly affected by the project and it must also go further to ensure that it contributes to the overall development of the region. Both of these are among the specific commitments to which QMM will be held accountable. This means that if the project does not demonstrably serve as a genuine "*moteur de développement*" it will have failed. On the other hand, Madagascar's political crisis and resulting suspension of development financing have created a situation where QMM risks becoming less a development partner and more the only significant development actor in the region. The company is fully aware that this would be a role for which it is entirely ill-suited and that such a role would be politically inappropriate and unsustainable.

43. Given this situation, QMM should do all it can to bring about an open and candid regional dialogue on this situation. A first aim should be to generate greater public awareness and appreciation of the dilemma in which QMM has been placed by the country's extended political crisis. A further aim should be to generate much better regional understanding of why it would be inappropriate and ultimately counterproductive to the region's own interests for the company to assume a de facto role as the region's development agency. A third aim should be to explore the establishment of a Regional Foundation; how it might be structured; how its mandate and operating terms could be formulated to assure that it invests only in long term and sustainable development and avoids the inevitable political and popular pressures for short-term and consumption expenditures; how it would be governed; how QMM might contribute to it as a partner and distinctly not as principal agent; how accountabilities would be assured and how priorities for investment would be decided.

44. There has already been a proposal to create a regional trust fund as a means to deal with the anomalies arising from the distribution of the *ristournes* and to reach directly the most vulnerable populations. That proposal is in the form of a document prepared in February 2008 which

might provide an appropriate basis for discussions. The Panel would caution, however, on the emphasis that document seems to assign to a Foundation structured as an emergency measures or social compensation fund, whose main purpose would be to provide financial assistance to the very poorest. Noble as this would be, the region's long-term development depends on major increases in productive investments, whereas an emergency measures or social compensation framework would place greater emphasis on immediate consumption. The Panel would also suggest careful scrutiny regarding the third governance scenario recommended by the authors of the report, involving a large College as a sounding board. Such mechanisms usually result in demands for everything, very long shopping lists of wishes and inevitably, in widespread disappointment. To serve the development needs of the region, the investments of a Foundation should be determined against both a vision and specific priorities which seek to attract additional capital thereby generating multiplier effects. To the extent possible, links should be developed with a revitalized CRD so that the Foundation's contributions reinforce the regional plan.

45. Along with the Chef de Région, the CRD and other notables, QMM can and should become an active participant in the discussions about the creation of the Foundation.

Recommendations # 6 and # 7

QMM requires a strong and transparent strategy if it is to avoid falling into the politically damaging and unsustainable trap of becoming the socio-economic development agency for the Anosy region. To this end, we recommend the following:

Recommendation # 6: QMM needs to communicate an exit strategy from its Integrated Development Program (IDP), to begin at the end of the current three year term. This should, to the maximum extent

possible consistent with QMM's responsibilities to persons directly affected by the project, include arrangements for any continuing IDP investments to be financed from the royalties and "ristournes" and not through QMM project extensions. The future contributions of QMM beyond its legal obligations should be channelled through an independent regional foundation. This recommendation will come as no surprise to QMM as it closely parallels its own thinking on exit strategies for the PDI. The continuing political crisis and its consequences for the region's development make it increasingly important to formulate explicit exit strategies and to communicate them on the widest possible basis.

Recommendation # 7: QMM should continue its efforts to generate a dialogue on the establishment of a Regional Foundation. Consideration could be given to establishing an "Interim Board" whose mandate would be to propose a structure, mandate, governance and operating terms. It would lay out basic principles such as investing only in long term and sustainable development and avoid short-term and consumption expenditures.

Challenge # 2: Communication

46. Megaprojects involve complex communication challenges. Over many years, reports of the Panel have drawn attention to misunderstandings, erroneous perceptions and even serious distortions regarding the project. QMM has worked to correct such problems and has invested substantially in improving communication. Unfortunately, the crisis context of the country has multiplied the barriers to effective communications. The nation's political and economic crisis has not only made the project "the only game in town" in Anosy, it may also be making it "the only target in town". This makes effective communication all the more important. Yet our interviews and discussions, including those with QMM, showed that communications on the project are falling short of what is required.

47. The problem is that there are no simple solutions. Proven guides to effective social communications in a megaproject are unavailable, especially if such projects take place in a high poverty locale with a fragile ecosystem. What is known for certain is that ambitious socio-economic efforts inevitably entail successes and failures, achievements and setbacks. We also know from social change studies that trust increases when communication is perceived as honestly conveying bad news as well as good news. Finally, we know from communications studies and theories that complex information and communications systems require some kind of gatekeeper or leadership to help prevent mountains of information from becoming incoherent. In this regard, the Panel endorses the assessment of the recent Gagnon Report which comments that:

“Le cas du mégaprojet de l’ilménite à Madagascar...montrent que plusieurs acteurs et comités de la société civile interviennent directement dans le suivi, en produisant des informations de tous types. Pour garder la cohésion et la « lisibilité sociale » de toutes ces informations, et ne pas tomber dans le syndrome de Tour de Babel, il y a une nécessité de coordination et de leadership de la part du régulateur, même si c’est le promoteur qui produit la majorité des données...”

48. Some reorientation of communication strategy on the project would probably be timely and beneficial. Among the key factors to include would be the challenge of how to achieve a better communication balance that would include setbacks as well as achievements and how to build and enhance the partnerships required for cohesive and credible communication. Finally, these factors will require strengthened leadership across the communications function. This implies some significant changes to the channels and types of communication now emphasized by QMM. For example, one senior member of the Anosy community advised that the general view in the region was that QMM’s Information Centre in Fort

Dauphin is based on high end communication tools that do not connect to or hold meaning for the general population.

49. One specific issue in communications is how to respond effectively to criticism. There have been several NGO reports critical of the project, including one by Friends of the Earth UK in 2007_. The most recent such report, undertaken by the Andrew Lees Trust_was based on the views of persons in communities that use the littoral forest. The 12 testimonies selected for the published report are life stories that are affected by a broad and complicated range of factors such as climate change, overfishing, land shortage and inevitably the QMM project. All of the testimonies speak to struggles and difficulties of daily life and several express fears of a harsher future including fears about the QMM project. The extent to which these are representative views may be questioned, for like most research studies based on a selective number of interviews this one involved no statistical analysis. The stories in this report are personal stories which do not address the bigger picture of costs and benefits of development efforts across the region. But the intent of this study was not to undertake a regional cost-benefit assessment; it was to gather and distill oral testimonies and that is what it has done. Those testimonies indicate that a number of people in the region feel poorer now than before the QMM project began. Whatever the statistical limitations, such testimonies should be taken seriously.

50. QMM claims that it has tried to do so, including in a meeting with the Andrew Lees Trust (ALT) to explore how to improve its communications on the basis of the published oral testimonies. The company also organized a full day workshop on how it could take the oral testimonies into account and adapt its communications accordingly. The ALT perspective, however, is that QMM has not taken the report seriously. Clearly, problems of communications and mutual understanding remain. More generally, the Panel is concerned by some signs that when faced with criticism and lacking the coordinated leadership and partnerships arrangements for joint

responses, QMM may become more inclined to react rather than to reach out, to dismiss rather than recalibrate. While the current circumstances may make such responses understandable, a defensive posture is not creative or conducive to resolving problems.

51. In sum, the uncertainty, doubts, disappointments and frustrations brought on by Madagascar's national crisis make effective communication more essential than ever before. This now calls for a updating of communication strategy to place heightened emphasis on opening of social spaces for informed discourse on negatives as well as positives and on seeking to build (or rebuild) coordinated leadership partnerships in communication with shared messaging.

Recommendation # 8

Several actions are now essential to establish broadly based leadership partnerships in communications. Achieving genuine progress towards shared messaging is required in the interests of the region and of the corporate reputation of QMM. To this end, the Panel recommends the following interrelated measures:

Modify the ruling communications paradigm from one that tends to point more or less exclusively to QMM achievements to one that shares weaknesses as well as strengths, disappointments as well as successes, achievement through partnerships and the sheer magnitude of present and future challenges which do not result only from the mine and port but from wider constraints on Anosy's society and environment.

Seek out & engage critical NGOs and encourage the search for solutions beyond the criticisms.

Work with ONE on a partnership in providing factual, objective joint responses (and where appropriate from ONE alone), rather than the current practice of QMM alone responding to queries and criticisms

(see also recommendation # 4). Extend the partnership over time to include the Chef de Région, CRD, local leaders and others.

At the local level, it is the leaders of the communes (the mayors) who are the principal political, economic and social interlocutors. Before the crisis, the CRD had proposed a meeting with them and QMM with the aim of building a communications partnership. That proposal should be acted upon without waiting for all institutions to return to normalcy.

Challenge # 3: Skewed and Inequitable Benefits: Impacts of “Ristournes”

52. By Madagascar law as stipulated in the Mining Code, 30% of QMM royalties are paid to the national government and 70% to the region (the *ristournes*). The 70% paid to the region is then split three ways: 10% to the Province (in abeyance), 30% to the Region and 60% divided between the communities (*communes*) in which the mining takes place. Currently one half of the 60% is assigned to Ampasy and one quarter to each of Mamdromondromotra and Fort Dauphin. Significantly, while the Mining Code requires that 60% of the total regional share should be provided directly to communes affected by mining activities, it provides no precision on how to determine affected communes or allocations between them. This makes the distribution of this amount a matter for negotiation between communes. Initially, the mayor of Ampasy had insisted on receiving the entire amount, but negotiations resulted in the proportions mentioned above to the three communes.

53. The distribution of royalty revenues is a matter for the State to determine. But the current arrangement risks creating dangerous tensions that will impact negatively on QMM. Indeed, although to date there have been only five shipments from the mine and five payments of royalties,

QMM is already being blamed for regional inequalities and specifically for the fact that Ampasy with a population of about 6000 receives twice the amount of money as Fort Dauphin with a population of about 60,000. If the current distribution framework remains unchanged, these inequalities will increase as the mine moves to full production with potentially negative impacts on QMM and on the social and political climate. Several persons interviewed during this visit spoke directly to this issue. One advised that "Allowing one commune with a very small population to become vastly richer than the rest of the region is bound to result in social instability." Another stated: "The present arrangement is unsustainable. What is needed is a consolidation of communes into a single, large commune and a regional development plan for balanced development."

54. QMM is fully aware of the seriousness of these risks. It is also aware that it is not its prerogative to determine the distribution of royalties, whether covered by national law (the Mining Code) or by negotiated agreements between local and regional interests. It can, however, engage as a serious partner in discussions on arrangements most conducive to the balanced and equitable development of the region. It is indeed essential to the exercise of its corporate social responsibility that it should do so.

Recommendations # 9, # 10 and # 11

Recommendation # 9: To solve current distribution inequities could depend first on resolution of the political crisis and the installation of a legitimate government. In the meantime, however, QMM can raise the issue informally with its partner (OMNIS) and with other members of the mining community and begin with them exploration of possible alternative regimes in order to have these ready for formal consideration when the time comes.

Recommendation # 10: A helpful initial step might be to **help ensure the availability of sound and credible socio-economic statistics.**

Claims of inequalities are one thing and they are commonplace in most societies; demonstrable evidence of inequalities is quite another matter. By working with regional leaders, a revitalized CRD and NGOs, QMM could help in the preparation of reliable statistics showing precisely the social and economic consequences of the unequal distribution of benefits. This would probably require household surveys which can be complex and demanding undertakings. Credible baseline statistics would also need to be established. In planning for the project, QMM gathered a wealth of socio-economic indicators; developing these further in partnership with local and regional authorities could contribute significantly to informed public debate and policy discussions.

Recommendation # 11: This recommendation is really identical to recommendation # 7 on establishing a regional development Foundation. It is worth adding that the Foundation should be carefully structured in order to appeal to potential major donors. In this connection, all major donors, including several private international philanthropies, have pledged support to five principles which are referred to as the Paris Declaration. These principles can be found at <http://www.oecd.org/dataoecd/11/41/34428351.pdf>. If a Foundation for the region could be established and structured taking account of these principles, it would increase the potential to attract development financing to Anosy.

Challenge # 4: Outstanding and New Complaints

55. There is important unfinished business with regard to compensation to ensure fairness, transparency and independent validation of QMM's arrangements and commitments. QMM is fully aware of this and is currently preparing a Protocol that should specify clearly how claims and complaints will be processed, including appeals and independent verification procedures and the criteria against which complaints will be considered to have been closed. The sooner this can be completed the

better: full clarity and transparency in this will benefit all parties, help to facilitate the work of the ONE and enhance corporate credibility.

56. Although apparently only 27 formal complaints have been made (which is an impressively – indeed surprisingly – low number, considering the number of persons affected by the project during its construction phase and current production phase), three of these remained unresolved at the time of the Panel visit. More complaints are to be expected in the course of operations. The Panel was advised of other grievances that may not be in the form of official complaints. Thus, a clear, transparent, rules-based framework that is available to all interested parties is imperative.

Recommendation # 12

The Panel endorses the importance QMM attaches to the preparation and dissemination of a comprehensive Protocol on the treatment of grievances. The absence of such a Protocol leaves the company open to accusations of arbitrariness and unfairness. Clarity, transparency and consistency in dealing with all claims & complaints are imperatives for QMM. A Protocol stipulating a clear process for grievances, independent adjudication and ultimate validation by ONE will enhance its reputation and better serve the interests of all parties.

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Challenge # 5 The future of the Port d'Ehoala

57. Construction of the new port was the key factor in the World Bank's decision to include the Fort Dauphin component of its growth pole program for Madagascar. It was envisaged by the Madagascar government and the World Bank as the single factor that could most bring about sustainable development in the region by lowering the cost of imports, opening the interior of the region to exports on an expanding scale and

facilitating major expansion in the tourism industry. Its location, determined after much debate, was set explicitly to favour the development of the region and an industrial zone adjacent to the port was secured with that in mind. Its location may also offer an important comparative advantage as a deepwater transshipment facility on the Indian Ocean.

58. While QMM has interests and responsibilities as owner and principal user, the port is a separate legal entity and its mandate is to develop into a regional public utility. There are, however, rumblings that the port is being treated more as private property by QMM than as a regional public good. This is clearly a problem of perceptions and communications far more than one of substance; since opening in July, 2009, 123 vessels have visited the port, of which only 9 were for ilmenite. Also, in accord with the port agreement a representative Port Users Committee which approves tariffs has been established. This situation calls for actions to improve perceptions and understanding of the port as a long-term regional asset and as the region's prime *moteur de développement*

59. The port manager, who is enthusiastic about the potential for the port and a strong communicator, has already taken a lead in this regard. He is launching a process which includes consultation with all stakeholders to develop an action plan (Schéma Directeur) for the port. This will afford the opportunity not only to consult broadly with regional stakeholders, but also with potentially interested international parties. The process of developing the Schéma holds the potential to make the port known internationally and to generate international and regional support for the investments and activities required for the port to play its full role in opening up and developing the region.

Recommendation # 13

The new port has potential as a key generator of economic activity, to attract new investments and the opening of the region. **Proactive measures are now required to activate port potential.** In this regard:

QMM should use its communication channels and international stature to affirm the regional and public functions of the port and to demonstrate that these are fully compatible with its service to QMM.

Preparation of the Schéma Directeur presents an important opportunity for the port manager to consult widely with regional authorities and to engage the private sector in determining strategic directions for the port. QMM should also lend every support to such consultations.

The Schéma Directeur should include concrete measures to increase international awareness of the capacities and unique potential of the port as a regional facility on the Indian Ocean. As appropriate, specialized organizations in ocean shipping should be engaged in communicating opportunities presented by the new port.

Challenge # 6: Electricity for Fort Dauphin

60. The construction phase included installation of generators and transmission lines for the port and the mine. In March, 2006, QMM offered to install an additional generator with capacity to meet the electrical energy needs for Fort Dauphin for at least a decade. The offer included meeting the costs of purchase, installation and maintenance of the generator. The energy would be sold to JIRAMA, the energy utility and collector of tariffs.

61. The generator was purchased and installed, but JIRAMA and QMM have thus far been unable to arrive at a mutually acceptable solution on

the purchase of fuel to feed the generator. Efforts were made to obtain a payment guarantee from the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, but progress was halted by the political crisis. Following this, JIRAMA elected to purchase and install its own generator, but it is apparently defective. The result is that the mining site and port are illuminated every night while Fort Dauphin suffers repeated electricity cuts and often sits in darkness.

62. The view of QMM is that it has done everything reasonably possible for electrical supply to Fort Dauphin. It met the costs of the purchase and installation of the required generator; it offered to sell fuel at a tariff rate that would permit JIRAMA to convert its operating deficit into a profit and worked to obtain a MIGA guarantee. It is now trapped in a dilemma. On the one hand is the need for sound business. On the other hand, QMM runs a high risk of being blamed for the darkness in Fort Dauphin.

Recommendation # 14

There are no good options to this dilemma. JIRAMA is in a financial deficit and the MIGA guarantee option is ruled out at least until the crisis has ended and development assistance re-started. QMM should obviously continue to seek a solution with JIRAMA, but it is not clear that there is one. Given JIRAMA’s balance sheet, the possibility of first purchasing the fuel and providing the electricity and then expecting repayment by JIRAMA would involve exceptionally high risks which do not accord with sound business practice. The fact, however, is that QMM has only two choices. The first is to adhere to sound business practices and accept whatever the consequences are of Fort Dauphin remaining without a reliable supply of electricity. The second option is to turn on the switch which would give the town electricity with low probability of future payment from JIRAMA. That option would seem the equivalent of providing an indefinitely long term operating subsidy to JIRAMA.

Whatever its choice, QMM should ensure full communication to the people of Fort Dauphin.

CONCLUSION

63. Projects of this magnitude are by definition disruptive. The sweep and suddenness of changes that they bring generates understandable resistance and not all adverse effects can be anticipated or avoided. QMM is well aware of the challenges brought on by the political crisis and their impact on regional institutions. As stressed in this report, the current situation makes even more essential investing in solid and durable partnerships. In its approach to revitalizing partnerships it will need to consider both a scenario of an early return to normalcy and one which would entail the more dire possibility of an extended duration of the crisis.

64. This can best be done by increasing efforts that are already underway to revitalize important organs of cooperation such as the CRD. This should not wait on or necessarily even assume resolution of the crisis. It should also assign priority to seeking engagement with NGOs that are critical of the project and working with them to seek solutions to legitimate criticism. This should be possible through the common ground of a shared commitment to the region's development and to the project delivering net positive impacts.

65. It is also important that QMM shift its communications strategy to place the emphasis on a dialogue about challenges and options as well as achievements and to a continuing partnership dialogue with all interested parties, including those critical of the project.

66. This report includes 14 recommendations which we hope will help to advance matters in this regard. These are very trying times for the region and for the project, but, as emphasized at the beginning of this report, a focus on the bigger picture provides the perspective of much having been achieved and of key foundations on which to build.

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Rajaobelina

Jacques Gérin

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Léon

Appendice 1

MISSION PANEL

12-24 MAI 2010

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- Carrière

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- Projets pour les PAPS – relocalisation
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Briefing QMM

19 Chef de région : développement régional, suivi et évaluation sociale et environnementale, distribution des ristournes

ONE et CSER: suivi et évaluation sociale et environnementale

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ONG projets PDI

20 Membres du CRD

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PIC

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Appendix 2

QMM Comment and Update

(as indicated by page and section)

Challenge #1- Institutional Arrangement

P.8, CRD

Monitoring and Evaluation and ONE-QMM Relations

P.10, The current situation of **ONE**

P.12 Recommendations # 2 and 3,

QMM As the Anosy Region “Development Agency”

P.14,

41. These projects are for the Persons affected by the resettlement plan. QMM has obligations regarding the implementation of accompanying measures to demonstrate that livelihood conditions of these persons have not been deteriorated. An independent audit ordered by ONE/World Bank will be conducted this year. These projects would probably continue for another period. However the main objective is to make them self-sufficient

Upon completion of the process of a Public Utility Declaration, a 3 years development plan has been established to improve the livelihood conditions of people affected by the resettlement plan.

This program, developed jointly with QMM concerned 3 main activities of

economic development, fisheries, handicrafts and agriculture and two social initiatives, literacy programs for youth 11-17 years of age and health of the mother and child.

The specific objectives set for this first phase of three years plan have been largely reached. The results now allow us to define intervention strategies capable of sustaining the activities implemented to achieve the objective of the program. For the village of Ilafitsinana other income generating activities are being studied.

We are all aware, that 3 years of intervention are not sufficient to make sustainable socio-economic activities in place.

To initiate this process of sustainability, ACT and QMM are seeking additional funding partners for specific sectors of intervention. For this phase, funds will be used to monitor activities in the field, but especially for the empowerment of income generating activities and the transfer of social activities to the current partners. The creation of a network of financial sector partners will help not only making the implemented activities sustainable but also multiplying them within the same villages or in other rural areas.

We recall that beyond the results reached in each project, important social outcomes have been achieved from:

- the improvement of the access to villages and to town of Fort-Dauphin for the villagers
- A significant improvement in personal hygiene
- An emancipation of women and a major respect from their husbands
- An opening in communication
- knowledge of rights and duties vis-à-vis the administration
- An innovation patterns

- Acceptance of additional forms of development. Beyond the traditional fishing, a mat to sleep on the floor, a candle for light, poor diet, few opportunities for social and economic development existed before the installation of QMM except few changes around the city of Fort-Dauphin where they earn a bit from selling fishes and purchase of basic necessities

Challenge # 5 The future of the Port d'Ehoala

P.20,21

58. The port plays effectively its role as a public infrastructure. The Port received 123 vessels calls from the commercial opening on July 8, 2009, with only 9 calls for ilmenite and 115 calls for containerized cargo, bulks and 1 cruise ship with 1,364 passengers. Port users committee has been established as per the concession agreement. For example, the port tariffs were approved by this committee. The town led all the initiatives that were put in place in order to maximize the benefits from the cruise ship

59. Port of Ehoala contracted a consultant to produce a draft of a Schema directeur (Master Plan). This is done in conjunction with regional and national authority, port authority, local and national private sector, international donors etc. This schema will be finalized through a large consultation of the same stakeholders

The text of this report was completed on June 28. As it has taken additional time for review and distribution, some of the contents may have been overtaken or modified by subsequent events.

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