

Rio Tinto-QMM
Report of the Independent International Advisory Panel
(Visit of September 3-8, 2018)

Executive Summary

1. The Independent International Advisory Panel, consisting of Claude Andreas, former Minister of Agriculture, and Robert Calderisi, former World Bank director, spent five days in Fort Dauphin and Antananarivo on September 3-8, 2018.

Findings and Recommendations

2. Social Climate. Following the Panel's previous visit, the political calm that had prevailed since January 2013 was disrupted by roadblocks between Fort Dauphin and the project site in January, May, and June 2018. Opinions differ on how well QMM responded to these protests, but the balance of views heard by the Panel favoured QMM's firm and principled approach.

3. Operational Results. QMM has continued to reduce its operating costs and is now selling ilmenite directly to overseas customers rather than just to Rio Tinto. In addition, it recently made its first shipments of tailings containing monazite, a sub-product of ilmenite, which will add to QMM's cash flow. On the human resources front, the most recent attitude survey showed a significant improvement in staff morale. More Malagasy personnel have been hired, with the result that there are now only 11 expatriates in a workforce of nearly 500. The QMM's safety record also remains remarkable, with only one "serious" injury (a broken finger) in the last three years.

4. Communications. Owing to the political disturbances of the previous nine months (which absorbed considerable staff resources) and a limited budget for such activities, there has been little progress in raising the profile of QMM on the national scene or in pre-empting serious misunderstandings about its operations. While government officials in Tana and Fort Dauphin acknowledged increased contacts with QMM senior staff over the last year, information flows remain far from ideal, especially from the standpoint of mid-level officials. Even more important, very little headway has been made with the national media. As a result, many people still feel that – rather than

accepting that they have a “good story” to tell – QMM acts as if they have something to hide. The Panel recommends that it increase its communications budget significantly and make up for lost time by advertising the achievements of its first ten years of operation. In this respect, the recommendations made by the Panel in its first report remain highly relevant.

5. On a highly contentious point, which could continue to cloud attitudes to the company until it is put to rest, the Panel recommends that QMM approach the *Institut National des Sciences et Techniques Nucléaires* (Madagascar-INSTN), the national counterpart of the International Atomic Energy Agency, to undertake a study of the impact of monazite on the health of QMM workers and the residents of Fort Dauphin, so that future discussions of the issue can be based on independent scientific findings.

6. Relations with the Local Communities. One of the Panel’s most important meetings was with representatives of the local communities and local government, only one of whom was openly hostile to QMM. Among other things, he objected to the company’s “rough handling” of the protests, with a number of people jailed after the company had pressed charges for disorderly behaviour. Others were glad that the company had been “firm” for a change rather than accommodating (while treating each new claim methodically), as QMM’s past generosity may have played a part in attracting the “troublemakers”. That said, participants urged QMM to accelerate the implementation of the participatory community agreements and to improve the attractiveness of the one covering the *usufruitiers*, as early examples of development success would build confidence in the overall program.

7. Given this general openness to QMM’s operations and approach, the Panel believes that the company should act promptly to consolidate such support by reaching out as widely as possible within the larger Fort Dauphin community to sift through the lessons of this year’s protests, explain what it is doing to listen to local advice, and provide a public update on the implementation of the participatory community agreements. QMM should also consider formally surveying national and local opinion in the context of its tenth anniversary celebrations, as a guide to future decision-making and communications strategy and as a baseline for measuring the impact of improved decisions and outreach.