

Meeting Report

Devonshire Initiative December 17th 2009 Workshop

Thursday, December 17, 2009

Hosted by Plan Canada
95 St. Clair Avenue West
Toronto, ON

Meeting conducted under Chatham House Rules

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Attachments

- 1. DI Interim Steering Committee Bios**
- 2. DI Business Plan - [As of Sept 12, 2009]**

1. Executive Summary

After a very active and successful two years, the DI has reached a point of maturity and widespread recognition. Particularly given significant changes underway in the Government of Canada's (GoC) CSR strategy, it is important to ask where the DI will move toward in the future.

The GoC CSR strategy is premised on four pillars: host government capacity building; promotion of voluntary guidelines; the creation of a CSR Centre of Excellence; and the appointment of a CSR Counsellor. These steps are all intended to ensure that Canadian companies, particularly extractives, operating abroad are aware of Canadian values and expectations, while complying with GoC and international standards. The Government seeks to develop a feedback loop that includes: informing / advising, prevention, and providing an appropriate forum for dispute resolution to address specific concerns while in turn informing and advising on ways to improve performance.

There are widening gaps around the world between expectations of CSR and what is apparently being delivered. It is increasingly clear that CSR is not an end to itself, nor something that only business should be concerned about. Rather, it relates to the way in which all stakeholders interact with each other and their host communities. The common goal between civil society and business is improving their respective performance while unlocking and leveraging the enormous development potential of foreign investment for the betterment of developing communities. The dialogue needs to be about more than just 'prevention,' rather it should be oriented around ways to leverage opportunities. The role of Government in all this can be articulated in terms of balancing the risk-reward ratio for business and particularly for NGOs.

In all this, the DI plays an important place as a "safe" space for knowledge management and sharing of lessons learned, catalyzing new relationships, and providing a unified credible voice to external actors including the GoC. The experiences of three partnerships across varied geographies has shown the general value of the DI as well as bringing forward both common and unique lessons learned, opportunities and challenges.

Moving forward, the DI remains a crucial enabling platform for capacity building and networking opportunities, as well as being a unique space for knowledge management and sharing. By catalyzing new relationships and learning from these processes, the DI is charting the way toward models of successful partnership, risk-reward balancing, and funding. The DI has a place in policy dialogue, although it should avoid seeking to actively influence policy formulation, and rather remain the "go to" body for consulting on the extractive sector-civil society relationship in developing countries.

2. Attendees

| | |
|------------------------|---|
| Peter Sinclair (SC) | Barrick Gold |
| Naomi Johnson | Barrick Gold |
| Andrea Baldwin | Canadian Business for Social Responsibility |
| Gerry Backs | CARE Canada |
| Bill Singleton | CIDA |
| Marketa Evans | CSR Counselor for the Extractive Industry |
| Sara Wilshaw | DFAIT |
| Alanna Rondi | Devonshire Initiative |
| Valerie Pascale | Goldcorp |
| Ross Gallinger (SC) | IAMGOLD |
| Aaron Steeghs | IAMGOLD |
| Craig Ford (SC) | Inmet Mining |
| Julie Gelfand | Mining Association of Canada |
| Ginny Flood | NRCAN |
| Tony Andrews | PDAC |
| Bernarda Elizalde | PDAC |
| Dennis Jones | PDAC |
| Rosemary McCarney (SC) | Plan Canada |
| Christine Hodge | Plan Canada |
| Nadine Grant | Plan Canada |
| Mike Steyn | rePlan |
| David Morley (SC) | Save the Children Canada |
| Sarah McLaughlin | Search for Common Ground |
| Andre Bourassa | SOPAR/NRCan |
| Onome Ako | World Vision Canada |
| Otto Farkas | World Vision Canada |
| Terry Grant | World Vision Canada |
| Ted Thomas | DI, Project Assistant |

3. Introductory Remarks

[excerpt from opening remarks by Rosemary McCarney, President & CEO, Plan Canada, and Alanna Rondi, Interim Director, Devonshire Initiative]

The Devonshire Initiative (DI) was born during a period of disconnect between the Canadian resource sector and development community. There was much misunderstanding between the two worlds; however, if both are really committed to good enterprises working in developing markets in ways that benefit local communities,

then there is much work to be done and a lot of cross knowledge to share and build upon.

The Devonshire Initiative, born out of a series of workshops and meetings aimed at myth busting and collaboration incubating, has gained a name, terms of reference, and a steering committee. The early goal for the DI was to make it a dynamic learning process - not to lead the Initiative somewhere, but let it go where it will. The focus was on rich content rather than great processes.

Objectives of today's meeting:

1. Discuss the implications and opportunities of the government's CSR strategy for the DI and its participants.
2. Share and learn from collaborations and partnerships catalyzed by the DI
3. Seek input on the DI Business Plan and formalize the DI in terms of membership criteria and terms of reference for a newly-selected Steering Committee

4. Part 1: Government CSR Strategy.

Representatives of DFAIT (Sara Wilshaw & Louis Guay) and the newly appointed CSR Counsellor (Marketa Evans) highlighted current initiatives and work underway from Ottawa to address the Government of Canada's (GoC) role in promoting and facilitating good corporate CSR practices. Specifically, these were discussed in terms of the four pillars of the GoC's CSR strategy.

Pillar 1. Host Government Capacity Building. The GoC strategy aims to strengthen host country resource governance through the enhancement of government capacity to manage natural resource development. This is achieved through support to initiatives such as the Extractives Industries Transparency Initiative (EITI) with a secondment to the World Bank and the channeling of funding through CIDA and NGOs to address capacity building.

Pillar 2. Promotion of voluntary CSR performance guidelines. GoC strategy is focused mainly on ensuring that internally government officials are aware of the spectrum of performance guidelines and that these are communicated externally effectively. This includes the OECD Guidelines for Multinational Enterprises, as well as many other widely-recognized international CSR performance guidelines such as the IFC Performance Standards and the Global Reporting Initiative (GRI).

Pillar 3. CSR Centre for Excellence (C4E). GoC strategy calls for the development of a CSR C4E in an existing institution outside of government that will provide: up-to-date, relevant information on CSR; business-friendly tools; and, a public platform for

stakeholders to share information amongst peers. The C4E is an evolutionary process and it is clear that there is much left to be desired with it. DFAIT's role is to support the development and growth of the C4E.

Pillar 4. Extractive Sector CSR Counsellor. GoC strategy creates a dispute resolution mechanism - the CSR Counsellor, which is both an office and a person (the inaugural Counsellor is Dr. Marketa Evans, who was in attendance at the meeting) - to address CSR issues related to the Canadian extractive sector working abroad. The Counsellor will: provide informal mediation and fact-finding services to assist in the resolution of CSR disputes; advise stakeholders on implementation of endorsed performance guidelines; and, report results of all inquiries and be accountable to the Minister of International Trade. In order to be successful, the review mechanism needs to focus both on prevention - as there are not enough resources to deal with every issue after they arise - as well as performance, finding ways to communicate steps for process improvement to avoid accidental wrongdoing in the first place. Given that prevention relates to avoiding problems in the first place, there is a strong role for the Counsellor to play in providing early warning and timely information. This is difficult, however, given that expectations are constantly in flux, making it challenging to keep up to date with *what* to avoid. Thus in order to achieve prevention and process improvement in the extractives sector, the advisory role of the Counsellor cannot be understated.

All consultations through the Counsellor need to be participatory with all sides and transparent. The Counsellor cannot initiate a review, nor does the office have the mandate to 'investigate' (rather, it is focused on fact-finding). Any issues relating to the OECD Guidelines are immediately the domain of the NCP, and not under the purview of the Counsellor (though there may be limited scope for cooperation between the NCP and the CSR Counsellor). During a review, companies have the right to decline; however, given that the results of the review and company participation are public, there are convincing arguments why most companies would want to participate in any sort of dispute resolution process - namely to ensure a voice in the review process and to avoid further public scrutiny.

Following the discussion on the GoC's 4 pillar strategy, the group heard from Dr. Marketa Evans, who - in addition to discussing specifics about the CSR Counsellor - providing an overview of the current international CSR landscape within which the GoC and CSR Counsellor, as well as industry and civil society, were trying to operate.

It is increasingly clear that CSR is not an end to itself, but rather a toolkit that relates to how business and society interact. Its significance is attenuated in developing countries. It is increasingly acknowledged that foreign investment is necessary, although not sufficient, for poverty alleviation. The extractives sector is particularly relevant in this discussion for two reasons: first, industry is constrained by geology, taking mining companies to areas overseas that due to poverty, lack of capacity and instability, may otherwise be avoided by other foreign firms; second, the extractives take a longer view

than many other industries, more akin to a timescale suitable for social and economic improvements. The fact that mining brings with it some \$60bn of investment in developing countries cannot be forgotten. Thus, the DI is an important forum for understanding how to unlock the poverty reduction potential through foreign investment.

Although there are rapidly widening gaps between expectations and results on CSR around the world, leading to some serious social contract and social license issues, Canadian mining remains uniquely positioned to be a valuable partner to the development agenda. There is a clear meshing between interests and values for Canadian firms, which recognize that their domestic constituents and stakeholders maintain high expectations for the conduct of Canadian firms globally. Canadian mining is seen abroad as representing Canadian values, and as being influenced by Canadian stakeholders.

The CSR agenda is not exclusive to companies. It is about driving an integrated multi-stakeholder approach around a three-legged stool: 1) governance/capacity building; 2) communities, citizens and empowerment; and, 3) corporate behaviour and the practice of “CSR” in all its facets. The challenge is to have all these pulling in roughly the same direction and reinforcing each other. The need is to incubate ways that we can support each other. Canada is much further ahead on this than many other countries - as witnessed by the existence of the DI and the new role of the CSR Counsellor.

Building on Dr. Evan’s framing remarks, Part 1 “Government CSR Strategy,” concluded with a group discussion, chaired by Andrea Baldwin from Canadian Business for Social Responsibility, on what are the implications and opportunities for the DI within the context of the new strategy. The following is a synthesis of points widely agreed upon by all participants.

It was agreed that the working objective for the DI should be to find ways to translate existing tools, frameworks, etc., in something useful - “how do we get it on to the ground?” Or, “how do we generate benefits and ensure equitable distribution?”

This needs to be a focus on more than just prevention, as this leads to an approach that prejudices the avoidance of problems without charting a direction to move forward in, toward positive opportunities. Current policies, guidelines, and so forth provide the framework, but not necessarily the answers or appropriate tools. The DI is an important tool for linking change on the ground with change in policy, which is equally important in the long term - the approach must be as much bottom up as it is top down. Given the amount of convergence from within industry and civil society participants, as well as between them, at the DI, there is an important role for this forum to play in representing industry and civil society writ large to the GoC. The DI provides a group voice, a way to move individuals off the fence and away from entrenched positions, and it provides credibility in the eyes of external stakeholders and to the GoC.

It was also discussed how, contrary to some early expectations, NGOs should be and are interested in the Government's focus on making industry perform 'better.' Much of the current CSR discourse is heavily focused on the corporate side, on improving performance and operating in a more sustainable, community-minded fashion. NGOs have a vested interest in seeing Canadian companies do better in developing countries; this is absolutely aligned with the mission of NGOs to catalyze poverty alleviation and build sustainable communities. Corporate social responsibility may, therefore, be better understood as "shared Canadian Social Responsibility." The GoC can play an important role as its presence at any dialogue can provide an incentive to get the more entrenched positions off the fence and to the table; for NGOs, it can help balance the risk-reward ratio, reducing the former and improving the latter, particularly by encouraging more NGOs to adopt a common understanding of a shared responsibility to engage all stakeholders operating in developing communities.

In all of this, the DI plays a very important function of allowing all parties a 'safe' space to test approaches and share experiences.

5. Part 2: A Retrospective of DI Stories.

Representatives of PDAC (Bernarda Elizalde), World Vision (Onome Ako), Plan Canada (Rosemary McCarney), IAMGOLD (Ross Gallinger), and Breakwater Resources (Aaron Steeghs on behalf of Bob Carreau) shared stories from their organizations experiences with partnerships in developing countries that were catalyzed through the Devonshire Initiative. The conversation was chaired and moderated by Peter Sinclair and David Morley.

PDAC/World Vision - Conflict Sensitivity Toolkit. The first presentation described the collaboration between PDAC and World Vision to design a toolkit that would allow project managers to address conflict within their host communities in a proactive, timely and appropriate manner. Early value for both organizations was realized through the simple product of having civil society and industry come together in a dialogue to explore their own specific pre-existing tools and approaches. There was an understanding of the need to find ways to address conflicts (which often predate the arrival of an NGO or company) in a proactive way, allowing the work of all organizations to continue unimpeded by local instability. It was important to identify indicators and responses that were useful to managers on-the-ground; current toolkits are universally felt to be too bulky, whereas project / site managers need something that they can literally 'read on the plane.' As well, a common toolkit is necessary to provide a common language between NGOs and companies at a level far below the head offices, thus allowing in-country engagement between the organizations.

The process to date as revealed a number of beneficial lessons learned and challenges to be overcome. They include:

- 1) Commitment - the project has required a full time staff member to be devoted to both the project and the process.
- 2) Engagement - it was very beneficial to have a third party (in this case, CDA) with the commensurate experience dealing with industry, to move the process forward.
- 3) Build on existing work - the partnership engaged a consultant to do a comparative analysis of the existing organizational tools to identify common trends between NGOs and industry, as well as looking outside those tools to see what non-participant organizations were using; this in turn avoided re-inventing the wheel
- 4) Communicate - it was very important early on for both sides to understand each other's positions, interests, and wants. This was arrived at through frank, although at times challenging, conversations and a transparent approach.
- 5) Champion with colleagues - there needs to be a critical mass of support and resources
- 6) Local governments - tools need to easily fit / be transferable country-to-country to meet local government development plans; the toolkits are a useful way to approach local governments and include them in a local community-industry-civil society partnership
- 7) Roll out - The toolkits need to be explained to local managers in terms of the business case and impact on operations, to explain the value proposition and demonstrate that it is not just "another tool" adding to the confusion. Head office leadership needs to make the adoption of the tools an expectation, not a nice-to-have. Organizations like PDAC and WV, with their large membership, are good starting points as they are able to ensure a wide 'download' of the toolkit around the globe.
- 8) Evolved leadership - There are no simple solutions nor cookie cutter approaches; require evolved leaders at the site level to properly apply the general tools to the specific situations

Plan Canada/IAMGOLD Partnership in Burkina Faso. This partnership was described from the onset as being more than a nice to do; it is not philanthropy on the corporate side nor is it a development consultancy relationship with the NGO. It is focused on finding the enhanced development opportunity achievable through working together on the ground rather than going it alone.

The partnership was initially a slowly evolving process. It took a great deal of time and sweat equity. An initial site visit to a mine in Ecuador provided a good learning experience for both sides, although it highlighted that the climate and timing was not right for a full-on partnership. Following the Ecuador visit, a one day "CEO swap" in Canada provided additional opportunities for myth busting and knowledge building. It gave each organization's staff sufficient dialogue opportunities to develop a more reinforced sense that a partnership between Plan and IAMGOLD might be possible. Finally, a site visit to Burkina Faso was focused not on finding ways to do something together, but rather to identify each other's - and shared - constraints, which in turn led

to a convergence of thinking and an identification of opportunities. From this, the relationship between the two organizations was formalized through an MOU, the creation of a working group, timelines, commitments around certain activities, and the establishment of various necessary provisions.

Key lessons learned included:

- 1) Time - resources required and turnover of individuals working in each organization slowed the pace of the partnering process
- 2) Opportunities - by partnering with Plan, it ensured that any activities IAMGOLD launched in-country did not appear to be a subsuming of local government roles. Instead, it allowed for the leveraging of Canadian values and talents across sectors to meet common local needs.
- 3) Managing risk - The implicit seal of approval from the DI allowed both sides to mitigate potential risk, providing solidarity for each party should the partnership come under scrutiny from constituents and stakeholders. This greatly helped the NGO's risk calculations.
- 4) Avoid creating push-out relationships. The partnership between Plan and IAMGOLD was from the onset explicitly recognized as not being mutually exclusive; in other countries (or even at other sites within the same country), it was understood that both parties were free to engage with other actors as was expedient.
- 5) Soft benefits. Both organizations benefitted from the partnering experience, such as the CEO swap, as it allowed a cross sharing of knowledge of business functions such as strategic planning, information technology, human resources, etc. It also provided a significant learning opportunity for each organization at the in-country site level, through a sharing of local expertise.
- 6) Measures of success - a requirement to demonstrate to each other's constituents the benefit of the activity, to show the return and justify the risk. It is possible that current measures (i.e. number of schools being built) are not appropriate nor sufficient for this sort of partnership, and that new measures may be required. Avoid metric myopia.

Breakwater/Technoserve Partnership in Honduras. This partnership was a result of the DI pilot case study, begun in 2007, involving Breakwater's mine site at El Mochito, Honduras. A Breakwater representative reviewed the company's activities in-country, which have been previously widely discussed in the DI forum. Recently, Breakwater has engaged Technoserve in a consultancy-type relationship to identify possible opportunities for the Agroindustrial coffee plantation on the mine site. The nature of Technoserve's business-focused background made this an easy dialogue with Breakwater. By finding the most appropriate - sustainable and beneficial to the community - solution for the coffee plantation, Breakwater was at once both able to validate its development intentions for the local community in the eyes of Canadian and

Honduran constituents, while at the same time freeing Breakwater to begin focusing on other development projects, such as the local hospital.

Outcomes:

1. The development of a six year implementation plan involving new management and currently being implemented by Breakwater
2. The program is profitable: improved crop management and yields have increased; improved project management; and after several unprofitable years running the agroindustrial coffee program, the program will see its first profitable year in 2009.
3. The project moved from paternalistic to sustainable.

General Discussion. Following the examination of these three partnerships, the group began a general discussion on the partnering experience and role of the DI.

It was agreed that these sorts of projects and partnerships are the kind of best practices that need to be conveyed to industry and civil society through the C4E. They highlight the ability to reduce risk and simultaneously increase reward (and vice-versa).

Successful partnerships make it easier to facilitate CIDA/DFAIT involvement. Individually, they present a neatly pre-packaged proposal for GoC participation, while at the same time offering a proof of concept to the Government to become more involved in future initiatives. It is important to ensure that, when presenting these experiences and proposals to the GoC, that they are positioned in a way that is consistent with GoC priorities. This is acknowledged as being difficult since the GoC often focuses on established program areas such as HIV/AIDS or education, and is reluctant to move into potentially more difficult areas - particularly those that involve still controversial involvement of extractive industries. Nevertheless, success stories such as these show that opinions are evolving and that there is a changing of minds. It is important for the DI to play an active role in demonstrating to all stakeholders - industry, civil society, and government - that they should be part of a process that works.

6. Part 3: DI Business Review & Formalizing the DI

The group moved into break out sessions to examine the DI Business Plan (developed Sept 2009). Specifically, participants discussed the five aspects of the DI Workplan – Networking & Capacity Building, Communications, Knowledge Sharing and Dissemination, Joint projects, innovation and knowledge creation, and lastly, Policy engagement and public engagement. Alanna Rondi then presented the new membership criteria for the DI as well as the terms of reference for a new steering committee. Overall, there was a broad agreement about the value and work to date of the DI, including an endorsement of the business plan and the five aspects of the workplan. Key points from this conversation follow.

Future DI sessions need to continue enabling platform for capacity building and networking opportunities, which has to date taken place in every session. Subsequent meetings should be focused around two themes: learning (with some flexibility around topics) and networking / platform building. Examinations of particular issues (such as artisanal and small scale mining) or projects (such as the Breakwater El Mochito mine) are very useful, and provide a launching pad to discuss cross-cutting concerns and opportunities.

The DI needs to ensure a knowledge management function continues. This is possible through a link to the CSR CoE. The DI should capture case studies and knowledge that have come out of its meetings, although much of this work should be linked to a university or IDRC, which can put in the sweat equity to link findings back into the CSR CoE. This will allow for the generation of a 'log' on how partnerships are progressing, which will eventually arrive at a model or ideal picture of the partnering process and end-state (although, again, not a cookie-cutter representation). Within the model are various ways of working together and collaborating, as well as highlighting issues of risk reduction and models of funding structures. The DI's role in this knowledge management function should primarily be oriented around its place as a (if not THE) stable, trusted, and confidential environment for dialogue.

Regarding the DI's role for influencing policy formulation and change, it was widely agreed that the DI should be involved from a passive role. External groups and the GoC need to be aware of the DI as a body of credible multi-perspective knowledge to consult, however the DI should not proactively move to inform and influence policy.

Smaller points of agreement included:

- 1) Some of the current 'themes' discussed in the DI business plan may require small sub-committees to drive work.
- 2) It would be useful to have an annual CEO Summit 'half-day' session annually.
- 3) The DI "stamp of approval" on a project, case study, discussion point, etc., provides a great deal of credibility and weight within the industry and civil society communities. This should both be leveraged and protected.
- 4) Communications should be primarily through an existing electronic forum, rather than inventing a new digital 'space.' For example, utilize the CoE's current website.
- 5) Within the chaotic CSR and development environment, the DI should position itself not as another actor or voice, but as the "place to go to make sense of it all."
- 6) Leave space within the DI sessions and activities for new and emerging issues; keep the DI practical.
- 7) PDAC, MAC, CCIC, and other large organizational bodies can help disseminate the DI's activities and learnings to bring in new members who are not as "evolved" as current members.

- 8) GoC (separate representatives from each of DFAIT, CIDA and NRCAN) should continue to be a witness to the DI process as an observer, but should not be a full member(s) able to influence the conversation.

Lastly, there was some concern expressed regarding the governance structure of the DI. In particular, this related to the selection of the steering committee (SC). There is a need for a formal method in place that allows for the democratic selection. It was agreed that the interim steering committee would come up with a process for identifying subsequent SC members - the methodology should balance the ideal and the practical, erring toward practicality.

An interim steering committee was confirmed by the group:

Anne-Marie Kamanye, AMREF Canada

Ross Gallinger, IAMGOLD

Craig Ford, Inmet

Otto Farkas, World Vision

Nadine Grant, Plan Canada

Peter Sinclair, Barrick Gold

Bob Carreau, Breakwater (alternate)

TBC, INGO alternate

The DI meeting concluded with a wrap-up and thank you to outgoing SC members (Marketa Evans, Rosemary McCarney, David Morley, Dave Toyce) led by Criag Ford from Inmet.

Useful websites:

www.tradecommissioner.gc.ca

www.csr.gc.ca