

Prepared for:



COMMUNITY DEVELOPMENT PLAN

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SUMMARY

S-1 Introduction

This document provides a comprehensive outline of the Community Development Plan for the Project, as well as a strategy for its elaboration and implementation over the months ahead.

MagMinerals Inc. (the Company) is planning the development of a 600,000 t/a potash (KCl) production plant over the next 25 years using brine obtained from hot solution mining of a carnallite deposit in the Department of Kouilou, Republic of the Congo (RoC).

The potash production complex will be located near the village of Mengo, 25 km north-east of the city of Pointe-Noire. The Mengo area is largely rural and is home to less than 2,000 inhabitants.

Land use in the Project Area is dominated by very small-scale agriculture production – overwhelmingly for a household's own consumption – and the plantation lands of Eucalyptus Fibre Congo (EFC). However, this context may change significantly as a result of improvements to the national highway (which passes through Mengo and other project area communities) and the related expansion of Pointe-Noire and urban norms of settlement, land management, commerce and culture

The primary goals of the CDP are to bring stakeholders together to define common challenges related to the quality of life in the Project Area and to identify and then implement ways of addressing them. In so doing, the Project will serve as a catalyst for the broad-based, sustainable development of the local area, which in turn will provide lasting improvement in the quality of life for all residents of Project Area communities. Development should be sustainable and therefore linked to abilities and resources that will be present for the long term.

The CDP is based on a tri-sector partnership approach that is participatory and process-oriented.

The creation of a not for profit foundation is an integral component of this approach and plan. It is envisioned that the Foundation will be an effective mechanism to empower local communities to direct their own development and allow other development organizations to fully take part.

For the purposes of this CDP, the Project Area encompasses the eight rural communities located within and around the Project concession area and extending down the proposed waterline right-of-way. These communities are Mengo Centre, Boutoto, N'Singa, Ngonji, Mpofo, Tchiniambi Debarcadere, Tchiniambi Centre, and Lukala.

S-2 Institutional and Legal Framework

The development principles guiding the Community Development Plan are founded in international best practice, RoC legislation and policy, in Company policy, and in the specific needs and challenges of the Project Area. Relevant national policies include the 2004 Interim Poverty Reduction Strategy as well as the 2002 New Hope Program, and New Partnership for Africa's Development. International best practice includes the guidelines and initiatives of the IFC, African Development Bank and ICMM.

S-3 Needs Assessment

Needs identified to date as a result of community consultation, informant interviews and in-field research include:

1. Poverty Reduction and Food Security, including technical assistance and market access;
2. Health, including safe drinking water and adequately equipped health centres;
3. Basic Infrastructure, including improved wells and roads;
4. Education, including improved local access to schooling and literacy programs.

S-4 Stakeholder Identification and Analysis

In this Plan, "stakeholder" is defined as follows: any persons or groups who are directly or indirectly affected by the Project, as well as those who may have an interest in the Project and/or the ability to influence its outcomes.

The Community Development Plan aims to benefit all Project Area residents, with a particular emphasis on:

1. Those not able to take advantage of the direct or indirect employment opportunities generated by the Project;
2. Vulnerable peoples, such as women and children, elders, landless people, and the sick and infirm.

A preliminary list of potential partner organizations for community development programs has been identified, both in government and among civil society organizations, and is included in Section 4 below as Table 1.

S-5 Community Development Activities That Pre-date This Plan

Key activities include the following, all of which were undertaken in 2008:

1. Provision of mosquito nets;
2. Sponsoring and organization of community soccer and dzango tournaments between villages in the Project Area;
3. Vaccination campaign in partnership with the Ministry of Health;
4. Rehabilitation of Mengo's water well;
5. Rehabilitation of Mengo's school and provision of school materials and equipment;
6. Provision of batteries and adaptors to recharge cellular phones;
7. Permission for wood collection and charcoal production at the plant site.

S-6 Proposed Community Development Activities

The proposed community development activities include the following:

1. Undertake quick-hit "goodwill" projects, to meet immediate needs and expectations of the local population while longer term sustainable development programs take root;
2. Create a non-profit foundation to develop, finance and administer community development projects:
 - a. Establish Interim Management Group;
 - b. Establish Community Development Committee;
 - c. Hire Foundation staff;
 - d. Establish Board of Trustees;
 - e. Transfer of full responsibility from Interim Management Group;
 - f. Project selection and implementation.
3. Fight poverty and increase food security
 - a. Identify productive activities;
 - b. Analyze the potential creation of an agricultural cooperative;

- c. Develop implementation plans;
 - d. Support marketing of production;
 - e. Monitor and adjust.
4. Improve basic infrastructure and health care services
 - a. Identify projects;
 - b. Develop implementation plans;
 - c. Work with State and NGO partners;
 - d. Monitor and adjust.
 5. Improve educational attainment
 - a. Identify primary and secondary education projects;
 - b. Design and implement a basic literacy and numeracy program for adults;
 - c. Develop implementation plans;
 - d. Monitor and adjust.
 6. Reduce vulnerability and increase resiliency
 - a. Disclose and consult;
 - b. Identify project alternatives;
 - c. Work with State and NGO partners;
 - d. Monitor and adjust.
 7. Capacity build, to improve the community's readiness to successfully participate in projects in the areas of agriculture, production, education, and health
 - a. Conduct introductory workshops;
 - b. Perform Skills Diagnostic and Program Specific Training;
 - c. Test and Monitor for Results.
 8. Improve environmental sustainability
 - a. Design and measure projects according to their environmental impacts;
 - b. Identify environmentally friendly project alternatives.

S-7 Monitoring and Evaluation

Monitoring and evaluation of CDP impacts and program outcomes will follow two general objectives:

1. Monitoring of specific situations arising from Plan implementation, and of compliance with objectives and methods set out in the Plan;
2. Evaluation of the mid- and long-term impacts of the Plan on Company workforce and Project Area communities.

Monitoring and evaluation of impacts and program outcomes will enable constant development and improvements to the plan over time.

S-8 Elaboration and Implementation

As part of the continual refinement of the CDP, the Company will continue to conduct community development needs consultation with Project Area communities. These and other engagement activities aim to achieve the informed participation of external stakeholder in the development of the Plan, and specifically to:

1. Achieve the early engagement of project area residents in the development process;
2. Ensure the Plan is based on local needs and priorities in consultation with the Company;
3. Assure that Project Area residents and other stakeholders take ownership of the plan and commit to its success.

The Company will undertake the following steps in the further elaboration of the CDP in the months ahead:

1. Engagement with Stakeholders – ongoing;
2. Lenders Review -- April to May 2009;
3. Finalize CDP in advance of disclosure -- July to August 2009;
4. Disclose Plan (30d) and Update -- September to October 2009.

Implementation of CDP activities is ongoing. The Company has initiated community development activities over the past years, including provision of mosquito nets, construction of a community water source in Mengo, support of a vaccination program, the Mengo primary school and agricultural co-operatives. These activities will continue to be supported in conjunction with additional activities outlined in this document.

Implementation of the CDP will require a team led by the Foundation Technical Director who will work in collaboration with the Community Liaison Department Director and with support from company management and professional advisers.

The CDP comprises the following eight sections:

1. Introduction;
2. Institutional and Legal Framework;
3. Needs Assessment;
4. Stakeholder Identification and Analysis;
5. Community Development Activities that Pre-Date this Plan;
6. Proposed Community Development Activities;
7. Monitoring and Evaluation;
8. Elaboration and Implementation.

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1. INTRODUCTION

This section provides an overview of the Project and its geographical setting, describes the Company's overall approach to stakeholder engagement, identifies the goals and objectives of this Plan, and defines its scope.

1.1 Project Overview and Setting

MagMinerals Inc. is planning the development of a 600,000 t/a potash (KCl) production plant over the next 20 years using brine obtained from hot solution mining of a carnallite deposit in the Department of Kouilou, Republic of the Congo (ROC). It is the first step in a long-term project to develop a large deposit of magnesium, sodium and potassium salts.

The Kouilou region represents one of the largest carnallite salt deposits in the world, currently estimated at 800 billion tonnes (Gt), lying between 400 and 1,200 m below sea level. Potash was conventionally mined in the nearby Holle area during the 1970s, but the mine was closed after flooding in 1977.

1.1.1 Context

The potash production complex will be located near the village of Mengo, north-east of Pointe-Noire, the Republic of the Congo's second largest city and principal commercial centre and Atlantic port. The urban area of Pointe-Noire extends to within 6 km of the production complex. The Mengo area, situated above the city on a high plateau, is in contrast largely rural and is home to less than 3,000 inhabitants.

Land use in the Project Area is dominated by small-scale agriculture production – overwhelmingly for a household's own consumption and typically in the valleys – and the plantation lands of Eucalyptus Fibre Congo (EFC) on top of the plateau.

The village of Mengo is bisected by *route n° 1*, the national highway linking Pointe-Noire with Brazzaville, the national capital, and the interior of the country. Widening and paving improvements to the highway are underway and, when complete, will transform transport linkages as well as commercial and cultural ties between Mengo (and other project area communities) and Pointe-Noire. The improvement of the highway will act as a conduit for the ongoing expansion of Pointe-Noire's urban zone and the extension of urban norms of settlement, land management, commerce and culture.

1.1.2 Project Description

The initial solution mining field and plant area are located 1.5 km east of Mengo. Initially, the solution mining field and the processing plant will cover approximately 2.5 km², extending to 8 km² over the 25 year life of the Project. Along with the processing plant and utilities areas, the Project will include tank farms, other storage and warehousing areas, workshops, a power plant, a storm water collection basin, a train loading station as well as various administrative buildings. A series of production wells and platforms will be developed in the brine field and will be linked by pipelines and access roads.

The plant and ancillary facilities will be constructed within the plantation. The wells and platforms, which will be developed in sequence and closed after they have been mined for approximately 3 and a half years, will require land that is principally within the eucalyptus plantation; a small proportion will occupy secondary forest and cultivated land outside the plantation.

The energy supply will come from fuel gas (prospectively supplied via dedicated 27 km, 16" line from Djeno, running alongside the existing gas pipeline to Mengo and then traversing a separate right-of-way to connect with the plant site). The freshwater supply will come from the Loémé River, located approximately 20 km south-east of the site. The commercial end-product will be shipped out from the port of Pointe-Noire, located approximately 16 km south-west of the site. The fuel gas and freshwater will be transported by pipelines, the potash product by rail and the various equipment and supplies by road. The water supply station and the port area will all be road-linked to the site.

Other materials are produced together with the product, in particular sodium chloride salt and magnesium chloride brine that will need to be disposed of. The salt will be backfilled into the mining caverns; the brine effluent will be transported via pipeline through Pointe-Noire and discharged into the ocean via an outfall and diffuser system.

The construction phase of the Project is expected to create at least 2,000 direct jobs, of which about 25 % will be sourced locally. The operational phase is also expected to create more than 435 direct jobs, of which about 93 % will be sourced locally. The pre-production drilling will create approximately up to 40 additional local national jobs. During the construction phase, USD 72 M will be invested in the ROC.

MagMinerals and the Government of the Republic of Congo have agreed to a Potash Investment Agreement (PIA), signed on December 31, 2008. The PIA is an agreement between the Republic of the Congo, MagIndustries and MagMinerals

Potasses Congo SA (MPC). which defines the rights and obligations of the Government and MagMinerals in connection with the project, including the production and marketing of the potash, the economic, legal, administrative, financial, tax, customs, land, mining, maritime, environmental and social conditions under which the Project will be executed. The PIA makes provision for the State to acquire a 10 % share of the Operating Company MPC.

1.2 Approach to Community Development

This document defines community development as the process whereby the community's quality of life, and ability to access opportunities, is enhanced through the attainment of new skills, services and infrastructure. Development should be sustainable and therefore linked to abilities and resources that will be present for the long term.

The CDP is based on the notion of a tri-sector partnership, which recognizes that:

1. Public sector, private sector and civil sector have overlapping interests with respect to social management and socio-economic development;
2. Collaboration is the best way to achieve common objectives;
3. Pooling of resources and capacity from all three sectors is the most effective means of preparing and implementing development initiatives.

The tri-sector partnership approach is participatory and process-oriented. It involves partnership exploration, building, and management. While this approach requires an investment in process, it can yield tremendous value-added benefits with respect to both social management and sustainable development as compared to single-sector approaches. These benefits include the following:

1. Tapping into a wide range of competencies (e.g., each partner's expertise) and resources (e.g., each partner's financial or in-kind resources);
2. Encouraging the pooling of ideas and information about baseline conditions and appropriate responses to the challenges that are identified, making for richer and more relevant social management programs;
3. Promoting good relations, effective working relationships and understanding between partners and stakeholders;
4. Increasing accountability and transparency by seeking consensus on goals, objectives, desired outcomes, key performance indicators, activities, roles and responsibilities, implementation schedules and budgets and ongoing management, monitoring and evaluation;

5. Setting and effectively managing realistic expectations that are understood by all, including budgetary parameters;
6. Building capacities among the civil and public sectors and handing-over any long-term management and maintenance responsibilities to them;
7. Avoiding dependencies on either the private sector or public sector.

The development principles guiding the Community Development Plan are founded in international best practice, RoC legislation and policy, in Company policy, and in the specific needs and challenges of the Project Area. These principles are:

1. Promotion of sustainable social and economic development in the communities of the Project Area, with an appropriate balance between present development needs and priorities, and the resources needed to ensure continued development for future generations;
2. Promotion of self-sufficiency among organizations and structures planning and facilitating development and the avoidance of paternalistic and other practices that will promote dependency. Priority will be to build on existing strengths and activities people are already engaged in;
3. People are central to the development process, and as a result the CDP should adopt approaches that are people-focused and participatory. This involves wide and continuing consultation and interaction with communities and other development stakeholders;
4. Whenever possible, partnerships for project design and implementation should be developed with other stakeholders (community, government, NGOs, donors) with the Company taking on more of a facilitator role than a sole provider;
5. Respect for social and cultural diversity, as well as to all stakeholders, as people, organizations and institutions with strengths and not just needs;
6. Communication processes ensuring an equitable hearing for all sections of the Project Area communities, and particularly groups that may be less forthcoming or marginalized, and equitable access by all groups to development initiatives promoted under the CDP;
7. Optimum effectiveness of development support, through participative project screening and prioritization, focused implementation and regular monitoring; attention will be given to initiatives where limited resources can “leverage” significant development results;
8. Local project implementation mechanisms and the development of capacity in local implementing agents, including NGOs and community-based organizations;

9. The continued implementation of the Community Development Plan throughout all phases of the Project. Projects should be designed whose benefits and functioning will outlive closure;
10. Flexibility to adapt to changing conditions, address emerging issues and continuously improve performance;
11. Upholding best practice in the context of corporate citizenship, and forming working alliances with like-minded companies and organizations;
12. Recognition of the important role played by women in the development process, as well as understand that development brings new challenges – and opportunities – for vulnerable households;
13. Recognition of the interdependence of the natural and social environments and the diversity of livelihood strategies employed by local residents.

This CDP is a dynamic program that will be reviewed and updated regularly to reflect stakeholder participation and the completion of some activities and initiation of others. As community development activities grow and evolve and as people become more involved with Company activities and programs, the CDP will be revised to reflect these changes.

1.3 Goals and Objectives of this Plan

The primary goals of this Plan are to bring stakeholders together to define common problems or challenges related to the quality of life in the Project Area and to identify and then implement ways of addressing them. In so doing, the Project will serve as a catalyst for the broad-based, sustainable development of the local area, which in turn will provide lasting improvement in the quality of life for all residents of Project Area communities.

Secondary goals include the following:

1. Position Project Area community residents to benefit from the induced development boom likely to accompany Project construction and operation;
2. Facilitate community empowerment through participatory development processes;
3. Build local capacities and development resources;
4. Foster constructive working relationships with its stakeholders including communities, civil society organizations, and government;
5. Reduce its social risk and the potential for conflict;

6. Engage with relevant stakeholders in the planning and implementation of specific community development strategies, and;
7. Build the capacity of stakeholders to plan and participate in sustainable development.

The specific objectives of the CDP are to:

1. Define the legal and institutional framework that will guide definition and implementation of community development activities, including the RoC framework, international framework, and the Company's own corporate framework;
2. Undertake a critical analysis of existing livelihood strategies, defining key strengths / weaknesses / opportunities / threats and identifying related projects already underway in the Project Area and beyond;
3. Identify and assess community development stakeholders, including their specific interests and influences, expectations, ideas and proposals, and potential to serve as a development partners;
4. Identify and assess the community development initiatives that pre-date this plan;
5. Identify the specific activities for inclusion in the CDP, including:
 - a. Goodwill projects;
 - b. Community development Foundation;
 - c. Projects which fight poverty and increase food security;
 - d. Improve basic infrastructure and health care services;
 - e. Improve educational attainment;
 - f. Reduce vulnerability and increase resiliency;
 - g. Capacity build;
 - h. Monitor and evaluate.
6. Identify an elaboration and implementation strategy that will result in finalization and delivery of the CDP.

The creation of a not for profit foundation (see 5b above) is an integral component of this approach and plan. It is envisioned that the Foundation will be an effective mechanism to empower local communities to direct their own development and allow other development organizations to fully take part.

The Company has committed to a substantial annual financial contribution to community development activities, and to providing technical and managerial expertise to guide investment, and will look to its partners to make similar contributions (financial, in-kind, or otherwise), as described below.

1.4 Scope of this Plan

For the purposes of this CDP, the Project Area encompasses the eight rural communities located within and around the Project concession area and extending down the proposed waterline right-of-way. These communities are Mengo Centre, Boutoto, N'Singa, Ngonji, Mpofo, Tchiniambi Debarcadere, Tchiniambi Centre, and Lukala.

These communities were chosen because of their proximity to project impacts throughout the entire life of the Project, as well as their expectations regarding and ability to affect the Project. These communities are organized around the two 'centre' communities of Mengo and Mpofo and additionally the communities of Ngonji and Ngonji Mozart¹. Notably, this definition of Project Area is different from that adopted for the other social management plans.

With respect to households living and/or working along the brine pipeline, the Company proposes that the delivery of compensation, including livelihood restoration and community development benefits, be guided by the Compensation Plan.

Other relevant social management procedures and plans with significant social benefits for Project Area communities include the following:

1. Local employment procedures, which seek ways to maximize local direct and indirect employment opportunities with the Project, including skills training programs;
2. Compensation Plan, which seeks to manage economic displacement associated with Project construction and operation in such a way as to restore and improve the quality of life of those affected;
3. HIV/AIDS Management Plan, which seeks to reduce HIV/AIDS transmission and provide assistance to people living with the disease;

1 Local governmental jurisdiction in the Republic of the Congo is organized into villages, brigades and blocs. Multiple blocs (equivalent to distinct settlements) form one brigade, just as multiple brigades form one village. Administrative and decision-making committees at the village level include representatives from the relevant blocs. The 'centre' community of a village is typically defined as the home community of the village president (e.g. Mpofo).

4. Community Health and Safety Plan, which seeks to ensure that Project-generated health and safety risks for local communities are minimized and managed effectively;
5. Closure and Rehabilitation Plan, which seeks to manage the social impacts of Project closure.

This Plan focuses on the definition and delivery of community development initiatives beyond the social benefits derived from these other social management plans and Project activities. These initiatives include targeted social investments in the areas of health, education, community capacity and agriculture.

Apart from the above management plans, the Project is expected to generate significant social benefits, as follows:

1. **Employment** – The direct benefits of jobs, incomes and multipliers: It is anticipated that around 2,000 people will be employed in total during the construction phase, which is forecast to last 31 months. There will be 435 permanent direct jobs for plant operations and 160 direct jobs for drilling operations during the life of the mine. Over 93 % of these jobs will be locally sourced. In addition, locally procured goods and services will create more jobs in the district and the wages paid locally are expected to have a significant multiplier effect in the local economy.
2. **Fiscal Revenue** – Considerable revenue will flow to the Congolese State from royalty payments and the percentage of corporation tax paid locally. During the first 10 years of operations (a tax exemption period while the initial investment is repaid) nearly \$5 million annually in taxes are forecast. After this period nearly \$90 million is expected to be paid annually. It should be noted that many of the needs for development expressed by different sectors of the local community are infrastructure projects. It is hoped and expected that these should be addressed by local government using the fiscal resources derived from the Project.
3. **Shared Infrastructure** – Other direct benefits include the construction and provision of infrastructure that is required to operate the project, but at the same time benefit the community. These include Medical facilities for staff and their immediate families, infrastructure improvements which will occur as part of Project development such as refurbishment of sections of the railway and of some roads in the Project Area.

2. INSTITUTIONAL AND LEGAL FRAMEWORK

2.1 Republic of the Congo

Although there are no specific requirements in the RoC legislation concerning Community Development Plans funded by private business operators, fighting poverty is at the heart of the government's development strategy.

The Interim Poverty Reduction Strategy Document (DSRP-I), completed in 2004, is at the root of the efforts undertaken by the Congolese Government and various international partners for economic and social development. It presents the characteristics of poverty and its determining factors, the short and medium term visions for development, as well as the main strategic policies for promoting and stimulating a sustainable and fair economy whose aim is the gradual reduction of poverty.

The principal policies of the DSRP-1 fall under the following categories:

- Policy 1: Consolidation of peace and promotion of good governance;
- Policy 2: Consolidation of the macroeconomic framework and stimulation of key sectors of the economy;
- Policy 3: Access to basic local services and to social protection;
- Policy 4: Development of basic infrastructure;
- Policy 5: Strengthening of the fight against HIV/AIDS.

A national network is being set up by the Permanent DSRP Technical Secretariat which will also act as a participatory framework for exchanges of experience and information. This network will enable integrated planning and decision-making and the sharing of budgets allocated to the social sector, to infrastructure, to campaigns to fight HIV/AIDS, to the promotion of agriculture, and to good governance. It will also enable assessment of the impact of the activities on poverty. A priority for the MagMinerals CDP is to work in full collaboration with the Secretariat and this network in order to coordinate poverty reduction efforts and investments.

Additionally the Republic of Congo is committed to NEPAD - the New Partnership for Africa's Development a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic.

The Potash Investment Agreement (PIA), the agreement between the Republic of the Congo and MagMinerals Inc., requires the Operating Company to set aside money for mine closure and for protection of the environment. However, there are no other requirements for funding projects which benefit the host communities.

The Company proposes to establish a Foundation as a principal mechanism for the implementation of the CDP and achievement of the Project's goals. The establishment of a foundation is authorised under Congolese laws.

A Foundation is an irrevocable granting of goods, rights or resources allocated by one or several companies (no association, no individual, no sole-ownership business, no public authority...) to achieve a non-profit activity. The Foundation undertakes an activity of general interest, which is to mean that it is useful for the community. The Foundation can not serve to further the founder's exclusive interest as well as political or religious purposes.

The Foundation can make profits but they can not be shared between the founders. Finally, the management of the Foundation is disinterested. The Foundation is derived of members as well as general meetings. A board of directors manages the Foundation. Representation on the board must be comprised of a 2/3 maximum of founders including staff representatives and a 1/3 minimum of qualified persons, chosen by the founders. No state representatives should serve on the board. Members of the board are not compensated.

2.2 International Framework

The company's policy is to align its Community Development Program with international sustainable development and poverty reduction initiatives. Four of the main international initiatives that guide the company's policies are:

1. International Finance Corporation Performance Standards;
2. ICMM Sustainable Development Principles;
3. Millenium Development Goals (MDGs);
4. African Development Bank Policy and Guidelines.

2.2.1 World Bank Group and International Finance Corporation

The World Bank Group (WBG) has developed a substantial body of policy and best practice applicable to mining, industrial and major infrastructure development projects in developing countries. The WBG's International Finance Corporation (IFC) sets out Performance Standards to manage social and environmental risks and impacts and to enhance development opportunities in its private sector financing in its member countries eligible for financing.

The eight standards cover:

1. Social and environmental assessment and management systems;
2. Labour and working conditions;
3. Pollution prevention and abatement;
4. Community health and safety;
5. Land acquisition and involuntary resettlement;
6. Biodiversity conservation and sustainable natural resource management;
7. Indigenous peoples; and
8. Cultural heritage.

Several of the performance standards bring new emphasis to social and human development issues, and hence are relevant in the context of community development.

2.2.2 ICMM Sustainable Development Principles

Adopted by the International Council of Mining and Metals in 2003, the principles are based upon the issues identified in the [Mining, Minerals and Sustainable Development \(MMSD\)](#) project – a two-year consultation process with stakeholders to identify the issues relating to sustainable development in the mining and minerals sector. The principles are:

1. Implement and maintain ethical business practices and sound systems of corporate governance;
2. Integrate sustainable development considerations within the corporate decision-making process;
3. Uphold fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by our activities;
4. Implement risk management strategies based on valid data and sound science;
5. Seek continued improvement of health and safety performance;
6. Seek continued improvement of environmental performance;
7. Contribute to conservation of biodiversity and integrated approaches to land use planning;
8. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of products;
9. Contribute to social, economic and institutional development of communities in which we operate;

10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with stakeholders.

MagMinerals corporate framework aligns itself with the Sustainable Development Principles developed by the International Council on Mining and Metals as far as these are appropriate to the activities of MagIndustries.

2.2.3 Millenium Development Goals

Adopted by the United Nations in 2001 as key targets for the developing world, the Millennium Development Goals (MDGs) seek to free men, women, and children from conditions of extreme poverty. Commonly accepted as a framework for measuring development progress, the goals aim to:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;
6. Combat HIV/AIDS, malaria, and other diseases;
7. Ensure environmental sustainability;
8. Develop a global partnership for development.

2.2.4 African Development Bank's New Policy on Poverty Reduction

In 2004, the revision of the AfDB's policy on poverty reduction was finalized. The approach to development assistance has evolved towards support for country-led strategic development frameworks such as Poverty Reduction Strategy Papers (PRSPs), the global support for the achievement of the Millennium Development Goals (MDGs) at the country level, the NEPAD initiative, and harmonization of donor policies and procedures in the implementation of PRSPs through planning instruments based on national budgets, participatory processes and measurable improvements in the welfare of the poor.

The AfDB advocates and supports, among other measures, stakeholder participation in development planning and implementation². It advocates particularly cooperation with Civil Society Organisations³ (CSOs) including both formally constituted and informal organisations. The AfDB recognises the potential of Private Sector – CSO partnerships in promoting poverty reduction and human development.

² African Development Bank. 2001. *Handbook on Stakeholder Consultation and Participation in AfDB Operations*.
³ African Development Bank. 2001. *Cooperation with Civil Society Organizations – Policy and Guidelines*.

3. NEEDS ASSESSMENT

3.1 Overview

This section provides a community development needs assessment for Project Area communities.

The section is organized to reflect needs identified by community members during formal community development workshops as well as those needs highlighted in informal discussions and by key informants in government and with locally-engaged NGOs. Needs identified to date are described below.

3.2 Key Needs

3.2.1 Poverty Reduction and Food Security

Of all needs cited by project area residents in community consultation sessions, the leading aspiration for development in the communities related to employment. Elders, youth, men and women all stated a wish for greater employment opportunities, especially but not exclusively for young and adult men. Employment was articulated as both a short term and long term benefit to the community. Very few people in the community possess formal, salaried positions – most that do work with EFC or the Kouilou Project. Moreover, the overwhelming majority of residents in the communities are reliant on land-based production for their own consumption and (a smaller share) for market sale. In this context, employment with the Project represents infrequently experienced and largely unavailable economic security. Cash earnings from employment were expected to spur other economic activities in the community. Employment-related training was also valued as a long-term benefit to the area's youth.

During consultations, community members expressed an understanding of the limitations of employment opportunities and benefits, that not all community members would receive work and that the Project will operate for a finite lifespan. Nonetheless, even among elders and older women less likely to receive employment, there was strong support for employment as a broadly-based benefit and means to reduce poverty for the entire community.

In addition to employment, in all the communities consulted to date for this plan, support for agricultural activities was named as one of the leading priorities. Local people requested support in all facets of agricultural production from the provision of tools and supplies (seeds, fertilizer etc) to training on crop diversification and

improved yield techniques. Most food that is grown is consumed by members of the household; however, improved yields can also lead to cash crop opportunities to increase household incomes. A market access component to project development in this need area should thus also be considered.

Consultation with the Departmental Directorate of Health identified malnourishment as a significant concern in the area, with reports of serious cases requiring hospitalization. Agricultural projects in project communities should thus be linked to nutritional needs and training.

In addition to opportunities in agriculture, other opportunities to increase income and reduce poverty should be sought. The development of small enterprises can help create a value-added economy. Types of projects known to have brought positive results in the Congo include brick making, carpentry and other construction supplies or services. These can initially be linked to the Projects needs during construction and operation.

3.2.2 Health

The main health-related issues identified in consultations to date are related to the precarious access to drinking water, nutrition and the limited quality of local health services. In addition to these concerns, health education and awareness should be considered. In the future, waste management should also be considered as expected population growth in the project area is likely to make this a more pressing concern.

The only health centre located in the Project Area is the dispensary at Mengo. It is staffed by nurses but does not receive visits by a mobile doctor or a technician to carry out laboratory analyses, although it has the necessary equipment. The dispensary is undersupplied with medicine. This situation compels local people to go to Pointe-Noire for treatment of health issues. There also remains a tendency of villagers to use traditional medicine or healers. Local residents hope to receive better service and easier access to medicine.

Inadequate sanitation and solid waste management systems resulting from unplanned and underserviced development can lead to depletion of water resources and local pollution. Community members already consider these key resources – water, productive land and natural outlets for sanitation – insufficient and increasingly degraded.

3.2.3 Basic Infrastructure

Consultations in Project Area communities also identified a repeated list of infrastructural deficiencies, some of which have direct outcomes in terms of health and economic opportunity.

Principal among these was the lack of access to potable water. Outside of Mengo, where water is available at a source provided by the Company, water for household needs is accessed in rivers and watercourses within a couple kilometres of the community. It is typical for a settlement to have determined a common water source location with locations downstream for bathing and for other sanitary purposes. However, the quality of water is often poor. Specifically, it was noted by community members that, during rainy season, the water source becomes infested with mosquito larvae and is muddied by run-off from the plateau.

Consulted community members also cited frustrations with the quality of roads in the area. Project area communities are reliant for transportation on roads across the plateau in order to travel to and from their homes, to send goods to market and to purchase the many products not produced in the community. Importantly, the roads are essential links with health services, especially in the case of a health emergency. Travel at night and during the rainy season is especially unreliable and hazardous.

A final need cited frequently in community consultations was the improvement of housing and building conditions. Community members observed that too many homes had inadequate roofing or were not made of durable enough material, such that the buildings suffered leaks during the rainy season. Few project area households have access to electricity in their homes. Those that do depend on generators. Several communities also noted the poor condition of their community meeting house or the need for other common social spaces.

3.2.4 Education

As identified in the baseline conditions for this plan, education levels in the Project Area are extremely low. More than one-quarter of the population aged 15 or over has no schooling at all, whereas 40 % have attended primary school. Less than 5 % have followed or completed higher level education. Illiteracy remains a major concern in the project area and country as a whole

Of the eight villages, only Mengo has a primary school. There are approximately 150 students and 3 teachers. The lack of teachers, supplies and equipment is a sizeable drawback. Because of this situation, the children of many rural families attend school in Pointe-Noire and reside with relatives.

Investment in people through education is a way to improve people's opportunities that remain with beneficiaries after the Company is no longer present in the area. Improving local access to schooling and combating illiteracy are two concrete ways the company can contribute to education in the project area communities. Beyond academics, there are overlaps with health in areas where knowledge is required, for example regarding nutrition and sanitation.

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4. **STAKEHOLDER IDENTIFICATION AND ANALYSIS**

This section identifies Community Development stakeholders, analyses their specific interests and influences, summarizes their emerging expectations, ideas and proposals, and identifies potential development partners.

This Plan defines the term "stakeholder" as follows: any persons or groups who are directly or indirectly affected by the Community Development Plan, as well as those who may have an interest in the Plan and/or the ability to influence its outcomes.

The Community Development Plan aims to benefit all Project Area residents, with a particular emphasis on:

1. Those not able to take advantage of the direct or indirect employment opportunities generated by the Project;
2. Vulnerable peoples, such as women and children, elders, people without access to land, and the sick and infirm.

Most industrial development projects have a built-in gender bias, in which most of the benefits (e.g., employment) tend to accrue to men, and most of the impacts (e.g., social stress, domestic violence) tend to accrue to women and children. As a result, women and children will receive particular attention in the CDP.

Project stakeholders can be grouped as follows:

1. Local stakeholders -- *i.e.*, stakeholders in Project Area communities, including vulnerable people and civil society organizations;
2. Regional stakeholders -- *i.e.*, stakeholders in the Departments of Kouilou and Pointe Noire, including government authorities, civil society organizations and residents of the city itself;
3. National stakeholders -- *i.e.*, stakeholders in the Republic of Congo, including again government authorities and civil society organizations;
4. International stakeholders -- *i.e.*, stakeholders with an international focus or presence.

Community consultations have demonstrated that the principal concerns of community members as relates to community development are employment and improved agricultural yield and diversification.

In addition, there appears to be a widespread expectation among Project Area residents that the Company will support community development initiatives. Poverty is pervasive in the Project Area and even the most basic infrastructure is lacking. Residents expect the Project to make a contribution to the improvement of village infrastructure, notably by repairing roads, supplying potable drinking water and electrification and making accessible better quality education and health services. Recognizing that not all people will be able to gain employment from the Project, villagers have also requested technical and material assistance to improve local agriculture. Furthermore, elders and members of vulnerable groups fear that they might be put aside and not be consulted and thus be excluded from the discussions and the benefits with which the Project might provide them.

As referred to in Section 1.2, priority will be given to financing tripartite projects that include a partner organization from civil society or government. The Company recognizes that it is not an expert on social development nor does it have all the resources necessary to address it. Prioritizing a partnership approach contributes significantly towards ensuring the best possible conditions for development project success.

A preliminary list of potential partner organizations for community development programs has been identified. Potential government partners include Congolese Ministry departments, the prefecture of Kouilou and subprefecture of Hinda. Potential civil society partner organizations are identified in Table 1.

The organizations listed demonstrate notable potential for partnership often in more than one area, but by no means is the list exhaustive. All identified organizations should be given due consideration as partners. A more complete list of civil society organizations that include potential partners will be provided in an Annex in later drafts of this document.

Table 1 Potential Partners.

Area	Organization	Activities
Agriculture / Enterprise Development	<p><u>MUCODEC</u> MUCODEC – the Congolese Mutual for Savings and Loans is a large private sector organization providing basic credit facilities to individuals and small business all over the Congo.</p> <p>Contact: Jean Isaac Niambi Deleugue Regional Adjoint Tel: 559-4507, 662-6004 Niambi.i@mucodec.net</p>	<p>While not currently working in the Project Area, MUCODEC does work with small groups that include farmers on the periphery of Pointe- Noire.</p> <p>At the consultation MUCODEC indicated that if local farmers association were strengthened, they could look at working with them. They are thus a potentially partner for the extension of credit to groups participating in CDP projects.</p>
Agriculture / Education	<p><u>UNDP</u> The UNDP is the UN's global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.</p> <p>Contact: Mamie Cluissejelle Kotolo 660-3489 and Sobas Okenba Roch, 954-1897</p>	<p>In the Kouilou region they have been active in supporting school infrastructure, small community projects in agriculture, animal-raising, and fishing.</p> <p>The UNDP is a potential partner to be consulted in all areas of community development.</p>
Health	<p><u>Foyer de la Charite</u> Foyer de la Charite is a Catholic retreat that is expanding its activities to assist local communities. Currently they are helping provide water to a nearby village and have a pharmacist on site. They also have plans to build a girls school.</p> <p>Contact: Priest Father Geory Loemba (*meeting held with Jean-Claude Pili)</p>	<p>With its position as a center of operations for activities in the zone and initiatives underway it is a potential partner for the delivery of community development projects. The Foyer has a project designed for a mobile pharmacy that fell through when Total bought Zeta which was a key partner. This may be worth investigating further.</p>
Health	<p><u>Medecins d'Afrique (African Doctors)</u> Medecins d'Afrique (MA) is an NGO specializing in improving community health services.</p> <p>Contact: Michel Gatabantou, Responsible Inter-Dept PN et Kouilou, tel: 242-525-70, 441-49-68 gatabantou@yahoo.fr / www.medecins-afrique.org</p>	<p>MA helps communities create health centers when none there; train nurses, put doctors in place. MA also works with the poorest and most vulnerable people in communities providing psychologists, nutritionists, and other social specialists. They have a program working with and equipping caregivers of orphans.</p> <p>MA appears like it could be a strong potential partner for the Company as it seeks to improve community health, and notably in working with vulnerable groups.</p>
Vulnerables and Resiliency	<p><u>AFTC</u> The Association of Traditional Women Healers of the Congo works with women caregivers and traditional healers and is based in Pointe Noire.</p> <p>Contact: Bikani Antoinette Presidente et Directeur Communications</p>	<p>They are active in a number of health related projects including health communications, nutrition, gardens and medicinal plants, and HIV/AIDS awareness. They are experienced in training communicators and peer leaders.</p> <p>They are potential partners for health awareness programs as well as productive projects for women and expressed interest in working with the Company.</p>

Table 1 (cont.) Potential Partners.

Area	Organization	Activities
Vulnerables and Resiliency	<p><u>Ministry for Women's Development (Departmental Directorate)</u> The Departmental Directory for the promotion of women supports female development mainly through poverty reduction, health and education programs. Much of what the directorate does is in the form of awareness and capacity building.</p> <p>Contact: D.D Promotion de la Femme M.Eusebe Dzalamou 554-37-10</p>	<p>The Departmental Directory has experience working in partnerships for campaigns and could be a significant contributor to programs and projects targeting women.</p>
Education	<p><u>UNICEF</u> UNICEF is working to improve conditions for children in the areas of health and education. UNICEF generally works directly in support of government ministries.</p> <p>Contact: Therese Francoise Engambe, Administrator in charge of UNICEF desk Pte. Noire Mobile: 556-6670, Office: 635-5316, email: tfengambe@yahoo.fr</p>	<p>The organization outfits schools with educational materials and equipment such as benches. They are also involved in outfitting health posts with equipment such as fridges, and proving mosquito nets. They also have a program to improve water access.</p> <p>Areas of potential cooperation could include potential partnerships supporting the distribution of materials, and company health and community liaison staff participating in joint campaigns.</p>
Capacity Building	<p><u>AIDL – Appui aux Initiatives de Developpement local</u> AIDL stands for Support for Local Development Initiatives supports community based programs in education, health, potable water, agriculture, and infrastructure. They take an integral approach to development emerging themselves in communities diagnosing the roots of problems and working in motivation planning and other capacity building activities.</p> <p>Contact: Mr. jean-Pierre Bitemo, Directeur General, (242) 594-6065, PN aidl_co@gmail.com, jpbitemo@yahoo.fr</p>	<p>Currently working in partnership with the Total oil company AIDL has the potential to support the Company with capacity building programs in its project affected communities.</p>

5. COMMUNITY DEVELOPMENT ACTIVITIES THAT PRE-DATE THIS PLAN

This section identifies the community development activities that pre-date this Plan and provides an overall assessment of the efficacy of these activities.

Key activities include the following, all of which were undertaken in 2008:

1. Provision of mosquito nets prior to rainy season as a proactive measure to reduce the rate of infection of vector borne disease such as malaria;
2. Sponsoring and organization of community soccer and dzango tournaments between several villages in the Project Area. The tournaments were extremely popular in the area; they brought the communities together and created significant goodwill for the Company;
3. Launch of a vaccination campaign in partnership with the Ministry of Health;
4. Rehabilitation of Mengo's water well, including repairs to the generator, the water pump and the casing, and the overall structure;
5. Rehabilitation of the Mengo school, including the purchase of school books, maps, furniture and sports materials; construction of a secure space to store books; provision of a starting kit to students at the beginning of the school year; and payment for one teacher;
6. Provision of car batteries and adaptors to village groups so that villagers may recharge their cellular phones;
7. Permission of permit-holding community members to undertake wood collection and charcoal production at the plant site until the start of construction.

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6. PROPOSED COMMUNITY DEVELOPMENT ACTIVITIES

This section outlines the community development activities that will form part of the CDP moving forward. These activities reflect many of the ideas already advanced by the Company, as well as concerns raised by community members during consultation activities.

The proposed community development activities include the following:

1. Undertake short-term goodwill projects;
2. Create a non-profit foundation to develop, finance and administer community development projects;
3. Fight poverty and increase food security;
4. Improve basic infrastructure and health care services;
5. Improve educational attainment;
6. Reduce vulnerability and increase resiliency;
7. Capacity build;
8. Improve environmental sustainability.

6.1 Undertake Goodwill Projects

6.1.1 Strategy

The Company will consider the planning and implementation of a number of “goodwill” projects to meet immediate needs and expectations of the local population while longer term sustainable development programs take root.

Goodwill projects are not necessarily sustainable over time but address urgent needs of the populace and/or provide an immediate manifestation of “giving back” and Company solidarity with the community.

The goal of the goodwill projects program is to contribute towards meeting the immediate expectations and needs of the local population. By doing so, the Company expects to earn greater reputational capital and manage project social risks. The objectives of the program are to:

1. Establish an effective policy for responding to immediate needs and expectations of the population;

2. Ensure clear limits are in place in recognition that the social needs in the area are great. The company is not in a position, nor is it its place, to meet all local needs;
3. Establish a budget to control costs and expenditures.

These projects will be presented as gifts, and care will be taken to explain that all future projects will be planned and implemented in a participatory manner that involves contributions from the civil, public and private sectors.

6.1.2 Key Steps

Key activities of the program will fall into two categories: urgent needs and community goodwill support:

1. **Urgent needs** are those resulting from certain events and situations which require urgent action. If urgent action is not taken, significant loss to health or livelihoods is likely to occur. Examples of situations, as well as the Company's potential responses, are as follows:
 - a. Outbreak or likely outbreak of disease -- the Company could provide needed vaccinations, awareness programs and/or medical equipment;
 - b. Serious accident or childbirth complications -- the Company could donate a driver and vehicle to take patient to hospital in Pointe Noire;
 - c. Crop failure -- the Company could provide emergency food assistance and/or provide disease-resistant crop strains or pest control.
2. **Community goodwill support** entails company assistance to civic activities and community events. Examples may include; sponsorship for a sports tournament, local awards for achievement, or community clean-up or beautification initiatives.

Such assistance serves to position the company as a good neighbour and as a partner and supporter of civic pride activities where they may be lacking.

Not more than 10 % of the community development budget will be allocated for goodwill support activities, as the balance should be destined towards long term sustainable development goals. It is particularly important to fix a budget to this program as community needs are infinite.

The Urgent Needs may be allowed additional flexibility in the case of a general crisis. At that point, it will be important for the Company and Foundation to jointly determine resource allocation.

6.2 Create Non-Profit Foundation

6.2.1 Strategy

The company has decided to set-up a Foundation as the implementation vehicle for the community development plan for a number of reasons. According to RoC requirements, different types of activities must be conducted through separate legal entities. A mining company is not able to conduct social development activities. Of the two types of entities most suitable for conducting not-for-profit activities, an association or a foundation, a foundation was deemed most suitable for the simple reason that a foundation does not require equal contributions from all members, which will include other project stakeholders.

Community development projects identified by the CDP will be developed, financed and administered through a non-profit Foundation. The company will make direct donations to the Foundation through a Social Fund in order to facilitate cooperative and sustainable development among communities in the Project Area.

It is currently envisaged that the Foundation will receive around US\$ 5.5M over the life of the mine (*i.e.*, over US\$ 250,000 per year) in the dedicated Social Fund. Administrative overheads will be kept as low as possible to ensure the delivery of maximum benefit to the communities. Various means of providing these funds will be investigated during the Operational phase, such as a percentage of profits after tax, an allocation of shares or straightforward donations. For the Construction phase, US\$ 250,000 per year will be provided as start up capital. This will add to the funding already allocated (around US\$ 200,000) for small projects during the exploration and pre-construction phases.

The goal of the Foundation is to provide an effective vehicle for the implementation of community development projects representative of the multiple development stakeholder interests in the Project Area.

More specifically, the Foundation sets out to achieve the following objectives:

1. Provide a legally sound and fiscally expedient vehicle to channel Company social investment resources;
2. Represent all legitimate stakeholder interests in community development;
3. Allocate resources towards development in an efficient, transparent, and expedient manner;
4. Make a significant and measurable long term contribution to sustainable development in the project area;

5. Serve as a conduit for other development resources and partners for community support initiatives in the region.

6.2.2 Key Steps

Establish Interim Management Group

The interim structure will be managed by an Interim Management Group under the chairmanship of the Company, and incorporating representatives of the Community Liaison Committee, a proposed multi-stakeholder committee defined in the Stakeholder Engagement Plan (SEP).

International experience indicates that smooth operation of a Development Foundation needs a “warm-up” period. During this period, the donating company should keep direct control of funding and fund allocation, and contribute to building capacity amongst the different partners involved, while the first development projects are implemented.

This establishment or interim period also allows for all legal steps required by the formal authorization process to be made, as well as financial mechanisms, which experience suggests may take some time.

Establish Community Development Committee

The Community Liaison Committee will serve as the Community Development Committee for the purposes of the Foundation. After all, the purpose of the Community Liaison Committee is basically the same as that of the Community Development Committee: an inclusive consultative forum representing all community and development partner interests.

The Committee should involve the participation of vulnerable groups and a broad cross-section of community representatives, as outlined in the Stakeholder Engagement Plan (section 5.3.2).

The CLC will meet on a monthly basis to begin, as the Foundation is being established, and less frequently thereafter. It will review the Foundation progress and its financial reports, and decide on main strategic orientations. It will also allow members to introduce new development proposals, and to reflect on the impacts and effectiveness of existing community development ventures.

The foundation will endeavor to find sources of income apart from the MagMinerals social fund to leverage existing funds and expand its development activities.

Hire Foundation staff

The Foundation will retain a full-time technical director to oversee the Foundation's work, along with an administrative assistant and an accountant.

Establish Board of Trustees

Initially, the Board of Trustees (BoT) will be nominated by the Company for a two-year mandate, and will meet on a quarterly basis to review implementation progress, to review accounts and finance, to decide on staff recruitment, as well as to hire consultants and implementing partners (NGOs and others) for specific activities. A senior Company manager, probably the General Manager, will serve on the Board, and members will elect the Chair. The Chair should not be on the staff of the Company. Eventually the membership of the BoT may be selected by the Community Development Committee.

As the Foundation grows, it might be necessary to consider a small Management Committee reporting to and assisting the BoT.

Transfer of full responsibility from Interim Management Group

Once the Committee and Foundation staff are in place and functioning well, the Company will dissolve the Interim Management Group and cede full responsibility to these groups.

Project selection and implementation

Projects that fit under the following six broad categories will be considered for funding by the Foundation:

1. Poverty Reduction and Food Security – includes micro enterprises;
2. Health and Basic Infrastructure – includes health services as well as infrastructure such as wells and sanitation facilities;
3. Educational Attainment – includes traditional academics as well as training in areas such as nutrition and sanitation;
4. Environmental Sustainability – includes conservation as well as implementation of "cleaner" processes;
5. Vulnerable Peoples and Resiliency – involves targeting vulnerable groups to assure their participation in CDP programs;
6. Capacity Building – involves training in practical management skills and leadership to boost the effectiveness of the above-listed programs.

In the selection of programs for funding, priority will be given to programs to those that most closely fit program viability selection criteria and include civil society or government partners.

Program Viability Selection Criteria:

1. Equitability: Will the project benefit a broad cross section of the community?
2. Cost: Will large amounts of external funding be needed?
3. Productivity: Will it substantially increase the availability of needed resources?
4. Social/Cultural Acceptability: Does the project fit within the community's norms?
5. Sustainability: Can the community keep the project running by itself after outside assistance has gone?

Development projects are most likely to succeed when all the main development stakeholders participate and contribute according to their unique circumstances. These invariably include the local community, government, and other organizations that bring capacity and resources to the fold – in this case, the Company/Foundation and NGOs active in the region. In recognition of this reality, projects involving a tri-partite partnership with government or a reputable NGO will be encouraged through ongoing liaison work by Foundation staff with local government and agencies and NGOs communicating the aims and initiatives of the Foundation.

Projects will be submitted to the Foundation by community groups according to a process to be defined by Foundation Staff and the Community Development Committee and approved by the Board of Trustees. Company and/or Foundation staff will assist in the preparation of proposals until communities are familiar with the procedures. Receipt and review of projects may be performed by Foundation staff and the Community Development Committee in coordination with Company Community Liaison staff or other development partners. Those which fit the above listed criteria will then be developed into technical plans by the Foundation and/or subcontracted implementing partners.

Projects will be implemented at times directly by the Foundation and at others with specialized implementing organisations such as an NGO or development firm under the Foundation's supervision.

6.3 Fight Poverty and Increase Food Security

6.3.1 Strategy

Both the Company and communities recognize that most local people will not be directly employed with the Project. Support of agriculture is one of the most effective and practical ways to increase local income and food security and thereby reduce poverty in the project area. Other opportunities to foment the development of sustainable productive enterprises in the communities will also be identified and implemented.

The overall goal is to increase agricultural and other types of production and yields per unit of input through the implementation of improved processes, tools, and techniques.

Specifically this program should achieve the following objectives:

1. Identify productive opportunities according to the criteria illustrated in the previous section;
2. Create implementation plans;
3. Provide loans and technical assistance to interested families and village groups – while under-developed as a tool in the RoC, the potential for microcredit should be fully analyzed;
4. Assist the marketing of local production to Project procurement needs and eventually diversify to other markets;
5. Fully analyze the potential of establishing an agricultural cooperative and proceeding if the assessment is positive.

6.3.2 Key Steps

Identify productive activities

Consultations with Congolese-based rural development organizations have pre-identified the following types of projects as most likely to succeed:

1. Small animal husbandry projects focusing on pork, poultry and goats;
2. Fish farming;
3. Production of construction materials such as bricks. Local materials are available in the Massif region;
4. Crop diversification, and improved materials and inputs;

5. Disease resistant crop strains;
6. High-efficiency charcoal ovens;
7. Access to credit and entrepreneurial initiatives.

Analyze the potential creation of an agricultural cooperative

In coordination with existing community agricultural groups, a feasibility study should be undertaken to determine the potential for farmers working in a cooperative to collectively access assistance and new markets. The cooperative, as a communal entity, would develop joint purchasing, transportation and sales activities.

Develop implementation plans

Implementation plans – with key activities, responsibilities, timelines and budgets – are need to guide the development of technical assistance, micro-lending, and education programs and ensure program success. These programs are most likely to succeed if expert and experienced partner organizations can be identified and brought on board.

Support marketing of production

The Company can support the marketing of production by identifying market needs and buyers, facilitating introductions and assisting in planning to assure the producer can meet the supply needs of the buyer.

Monitor and adjust

It is critical that programs develop key indicators of success such as increase yields, incomes, training sessions etc. Results should be monitored with participants throughout the life of the program, and adjustments made if required.

6.4 Improve Basic Infrastructure and Health Care Services

6.4.1 Strategy

The main goal is to improve overall access to health services and basic health infrastructure for the local communities.

Specific objectives of this program include:

1. Improving safe water supplies;

2. Improving local health services;
3. Ensuring sanitation needs are addressed;
4. Providing health training on issues such as disease and nutrition.

6.4.2 Key Steps

Identify projects

The Company in consultation with the community should undertake a technical study to determine the best options to achieve this aim. The construction of wells is the activity most likely to achieve the improvement of access to safe drinking water. Extending a doctor's services, community health workshops, and improving medical supplies are ways to improve local access to health services. Workshops on health and nutrition can make a net improvement in local health without major capital outlays.

Develop implementation plans

The composition of implementation plans will bring the adequate technical and cost attentiveness to all CDP programs. It is highly recommended that whatever structures are put in place do not require a major outlay of new and constant resources and can be easily maintained by the community. Interviews with key development stakeholders experienced in the local context helped produce the following recommendations of projects that may be sustainably implemented:

1. Installing hand-pumps wherever technically feasible – motorized pumps may be more practical to outfit drinking wells in certain areas of the Project Area. The Company would train community based organizations to operate and maintain them;
2. Outfit the existing dispensary with a community pharmacy. The Company would stock the pharmacy initially, but local people will pay for medicines to maintain supply. This can be partially subsidized as necessary to sustain access to medicine;
3. Facilitate regular visits by dispensary and other medical staff to more remote villages;
4. Workshops on sickness prevention and nutrition – nutrition is a cross-cutting item addressed as well in the agricultural program. Other health workshops and awareness programs may include:
 - a. Hygiene;
 - b. Sanitation and water quality;

- c. Family planning and prenatal and maternal health;
 - d. Infant health;
 - e. Dental hygiene;
 - f. Nutrition and food security;
 - g. Malaria;
 - h. AIDS awareness;
 - i. Adolescent wellness.
5. Install Ventilated Improved Pit (VIP) latrines in local communities and train community based organizations to operate and maintain them.

Work with State and NGO partners

The Company is already working collaboratively with the State, most recently on a vaccination campaign. As the project moves forward and expected population growth occurs, the company will work with the Ministry of Health to upgrade facilities and services. There is the potential for the Mengo dispensary to be upgraded into a full service health clinic.

Monitor and adjust

It is critical that programs measure key indicators of success such as patients treated, reduced incidence of illness etc. Adjustments should be made as required.

6.5 Improve Educational Attainment

6.5.1 Strategy

This program seeks to improve educational attainment for project-affected communities.

The specific objectives of the program include:

1. Improving access to schooling for children from local villages;
2. Increasing literacy levels for adults;
3. Supporting the skills training plan.

6.5.2 Key Steps

Identify primary and secondary education projects

The company in consultation with the community will identify programs that lead to improved educational access and achieving the program's specific objectives.

Likely activities will include:

1. Undertaking a quick educational attainment needs assessment using existing data and qualitative information;
2. Identifying potential partner agencies with a background in education;
3. Select a partner to prepare and implement a customized program for target groups;
4. Overseeing program implementation for the first two years.

To date, the Company has provided assistance to the students, teachers and administrators of the Mengo school through the purchase of school books, maps, furniture and sports materials; construction of a secure space to store books; provision of a starting kit to students at the beginning of the school year; and payment for the annual salary of one teacher.

As a result of these improvements, school attendance has increased in Mengo. In response, the Company is collaborating on an assessment of the potential needs for larger school infrastructure in Mengo and a school house in the Tchiniambi-Loeme area.

In addition to these activities, potential projects in community education include:

- Providing skills training courses for teachers in project area schools;
- Identifying and eliminating barriers to school attendance;
- Increasing extra-curricular activities at schools;
- Developing diverse supplementary educational programs for the young (children aged 5 – 14), including remedial literacy and numeracy classes.

Design and implement a basic literacy and numeracy program for adults

The goal of this program will be to help facilitate practical learning without disrupting everyday responsibilities. For example, one program could specifically target farmers through the agricultural cooperative (described below) and be held in locations where farmers feel most comfortable and feature a farming-focused

curriculum. Another program could specifically target women and feature a family oriented curriculum. In this manner, the programs will be integrated as unobtrusively as possible into program participants' lives and will provide useful, practical information that can be applied on a daily basis.

Likely activities will include:

1. Undertaking a quick literacy / numeracy needs assessment using existing data and qualitative information;
2. Identifying and selecting a partner agency with a background in providing adult education services to prepare and implement customized literacy programs for target groups;
3. Overseeing program implementation for the first two years.

Develop implementation plans

It is important that the company work closely with the Ministry of Education when supporting such services which are naturally the competence of the State. It is highly recommended that the company secure government or other support for maintaining any new infrastructure or services started with company support.

Monitor and adjust

It is critical that programs develop key indicators of success such as testing and participation rates. Results should be monitored with participants throughout the life of the program, and adjustments made if required.

6.6 Reduce Vulnerability and Increase Resiliency

6.6.1 Strategy

The CDP endeavours to take special care to make provisions for vulnerable people, people who by virtue of gender, ethnicity, physical or mental disability, economic disadvantage or social status may be more adversely affected by the Project than others. These people may also be limited in their ability to claim or take advantage of Project benefits.

In the context of this Plan, vulnerable groups include women and children, landless people, the elderly, and the chronically sick and disabled. Women generally live and work with an inferior social status as compared to men, and often are exclusively responsible for the care of children. Elders are often too weak to tend to fields and

support themselves and must, therefore, rely on help from relatives. Those without access to land have limited economic opportunities and are more vulnerable to economic dislocation.

The vulnerability and resiliency program is a “program within a program”; it is an internal system of targeting and assisting vulnerable groups within the project area to participate in the Company’s above listed community development programs listed above.

The Vulnerables and Resiliency targets vulnerable groups by directly consulting with them regarding their interest and ability to participate in community development programs in the areas of production and agriculture, education, and health. It seeks to tailor programs to the specific needs of vulnerable groups such as women, landless, people, and the chronically ill.

The main goal of the program is to ensure that those who without special attention tend to benefit the least and may be most impacted from the adverse consequences of project development, have the ability to participate fully in community development programs.

The objectives of this program are:

1. Ensure vulnerable groups are consulted and encouraged to participate in community development programs;
2. Identify and develop specific projects within community development program areas which are most suitable and most likely to create lasting tangible benefits for vulnerable peoples;
3. Monitor, and assist vulnerable peoples’ ability to participate in an ongoing beneficial manner in community development programs.

6.6.2 Key Steps

Disclose and consult

The Company will disclose to vulnerable groups the purpose of this program and consult with them with regards to which type of programs they may best be able to participate in and benefit from.

Identify project alternatives

Vulnerable groups, each in certain ways, are disadvantaged compared to other groups in their ability to access opportunities.

1. Women may not qualify for a proportional share of employment opportunities during project construction and operation and through subcontracted activities;
2. Women for instance may not be able to go far from the home to participate in a program due to their responsibilities caring for the children and home. Animal husbandry programs for small animal-raising from the home therefore may be a good option;
3. Landless people may (unsurprisingly) not have access to land for agricultural projects. Small businesses like brick-making or carpentry without intensive land requirements may give better results. The Company will support community members' entrepreneurial activities wherever possible, namely by assisting an individual in their access to credit;
4. The chronically ill may not have the ability to visit health centers for treatment, and home-based care visits may be more effective.

Work with State and NGO partners

Often development agencies and NGOs have mandates specifically to work with vulnerable groups. Identify and foster partnerships with organizations specialized and focused on working with vulnerable peoples.

Monitor and adjust

It is critical that programs develop key indicators of success such as participation and satisfaction rates. Results should be monitored with participants throughout the life of the program, and adjustments made if required.

6.7 Capacity Build

6.7.1 Strategy

Resources and opportunities are not the only challenges to Community Development. The lack of basic education, management and organizational skills, vision and esteem are all underlying challenges that when not also addressed, often lead to project failure.

The lack of opportunities combined with very low education levels in project area communities results in a low level of preparedness to successfully take ownership of development projects. Capacity building for community leaders and project participants in areas such as planning, budgeting and organizational skills as well as

building self-esteem, therefore, constitutes an important element of this plan. Good governance skills such as transparency and participative decision-making should also be fostered as part of the program.

The Capacity Building Program component of the CDP aims to improve the community's readiness to successfully participate in projects in the areas of agriculture, production, education, and health.

They should be held prior to, and during key activities of other projects that are part of the Community Development Plan (see key activities).

The goal of the Capacity Building Program is to equip the communities with the means to participate successfully in community development programs.

The objectives of this program are:

1. Build community self esteem;
2. Create reasonable expectations on achievable outcomes;
3. Equip local people with basic organizational and management skills;
4. Support entrepreneurial activities and access to credit.

6.7.2 Key Steps

Introductory workshops

Working with Chiefs, invite all community members to participate in workshops on development. Topics at these workshops will be along the lines of:

1. The ability to change one's situation (with community examples);
2. What is planning and why is it important;
3. Team work and leadership.

These workshops should be held prior to finalizing other specific development projects as they will help improve the necessary preconditions for other program success.

Motivational and Team building type workshops tend to achieve best results when lead by groups expert and experienced in their delivery.

Skills Diagnostic and Program Specific Training

Once specific CDP project alternatives and participating parties have been identified (as part of other CDP programs), capacity building meetings should be held with these groups to determine what skills training could best contribute to the communities and project success. The types of training programs will generally include:

1. Planning and scheduling;
2. Record keeping and basic mathematics;
3. Creating a budget.

Technical skills' training is considered part of individual area specific CDP projects and therefore falls outside this program.

Test and Monitor for Results

As in any type of educational training, testing is an effective manner to gauge whether the necessary skills have been transferred. In order to assure that participants are properly prepared, testing should be implemented prior to the completion of training. It may be culturally appropriate, and important for self esteem and team building, that testing be done at a group level where participants can assist each other.

6.8 Improve Environmental Sustainability

6.8.1 Strategy

Environmental sustainability is an important part of the CDP not least because local people overwhelmingly live off the land (growing crops, drinking from local water sources, fishing, etc). Environmental considerations should be ingrained in every program and opportunities to contribute to the environment through activities such as reforestation and organic agriculture should be sought. The limited amount of free land and remaining natural environment in the area are recognized limitations to this plan.

The environmental sustainability program is both a program on its own and complementary to other development programs that aims to ensure the environment is considered in their design.

The goals of the program are to ensure that environmental sustainability is promoted in the Project Area and that the awareness of environmental issues and environmentally-sound practices expands among community members.

Objectives of the program include:

1. Have all projects be assessed in terms of their environmental impacts;
2. Improve the environmental efficiency of new and existing programs;
3. Identify and implement programs that are environmentally sensitive.

6.8.2 Key Steps

Design and measure projects according to their environmental impacts

Projects should be viewed in terms of the amount of resource inputs they require and the overall environmental impact of these. At the same time they should look at minimizing any contaminating outputs. Specific indicators should be developed to measure these and benchmark improvement over time.

Identify environmentally sensitive project alternatives

The company in consultation with the community will identify project alternatives that lead to improved environmental performance. Potential projects that improve environmental efficiency include:

1. The use of high-efficiency charcoal ovens – that reduce the amount of charcoal burned;
2. Organic market gardening;
3. The use of biogas from composting to provide an energy source for peoples homes;
4. Tree management and wood production.

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7. MONITORING AND EVALUATION

7.1 Strategy

Monitoring and evaluation of CDP impacts and program outcomes will enable constant development and improvements to the framework over time.

This section describes the monitoring and evaluation program to be applied during CDP implementation.

Monitoring and evaluation have the following general objectives:

1. Monitoring of specific situations arising from Plan implementation, and of compliance with objectives and methods set out in the Plan;
2. Evaluation of the mid- and long-term impacts of the Plan on affected household livelihoods, environment, local capacities, economic development, and settlement.

The intent of this Plan is that it be treated as a “living document,” which can be revised through continued consultation, as well as the results of monitoring and evaluation activities.

7.2 Monitoring and Reporting

Monitoring will be carried out by the Company, and in time the Foundation, in collaboration with Project Area people.

The purpose of monitoring is to provide the Foundation, Company, Project Area residents and other stakeholders with timely and concise information that indicates whether the CDP – and other social management plans – are on track to achieve its objectives.

Monitoring will be based on a number of key performance indicators. Indicators will be in the form of:

1. Simple audit observations of done / not done, present / not present, achieved / not achieved, etc.;
2. Easily measured numeric indices suitable for trend analysis;
3. Collective judgments of Project Area residents, as revealed by participative socio-economic survey.

With regard to point no. 3 above, the Company intends that a substantial proportion of monitoring will be participatory: *i.e.*, that stakeholders contribute in determining what is important to monitor, either by themselves or with Company assistance, as well as the various methods and indices chosen for monitoring.

The monitoring will be linked to past surveys (baseline information) but will not use control areas. Where important baseline information is not available but a particular subject requires monitoring, the objective will be to identify any trends that emerge, year by year.

Monitoring data will be analyzed on an ongoing basis by the Company, Foundation and Project Area residents to ensure that:

1. Compensation Plan goals and objectives are being met;
2. No unforeseen Project impacts or risks have emerged;
3. Company policies, RoC requirements and international best practices are being adhered to by the Project.

Project monitoring will continue for the life of Project with technical reports at varying frequencies plus an annual monitoring report released to the public. Annual reports notwithstanding, substantial task short-falls, unintended negative consequences, or trends will be brought to the attention of Company management as they become apparent.

7.3 Evaluating and Reporting

The general purpose of evaluation is to bring to the attention of the Company, Foundation, Project Area residents and other key stakeholders the following:

1. Whether the CDP and other social management plans are realistic (relevant, right-sized, and likely to meet appropriate goals, by means commensurate with those goals), timely, of requisite quality, and at sensible cost; and, if this is not the case, to propose course corrections;
2. Any emergent or inadequately attended risks or problems;
3. Any necessary changes in the CDP and other social management plans to better achieve Company goals.

Evaluation efforts should cover organizational capacity, state of the CDP and other social management plans, progress with implementation, and budget. Specific objectives of evaluation are to provide assessments of:

1. Level of compliance in implementation of the CDP with the conditions agreed to in the CDP itself, RoC laws and regulations, Company policies, and relevant international standards;
2. CDP impact on quality of life;
3. Actions taken as result of monitoring to improve impact of the Plans and to mitigate any negative impacts.

Evaluation will be carried out as part of an overall independent, professional review of social management plan implementation. The proximate purpose of each evaluation mission is a report of highest quality, provided in a unified draft before leaving the field. Each draft will be provided to the Company and to the CDP Committee for comment. Each final evaluation report will become a public document.

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8. ELABORATION AND IMPLEMENTATION

8.1 Elaboration Strategy

As noted above, the CDP will remain a “living document,” which will be updated regularly. The present version of the Plan will be reviewed by the Lender Group. Subsequent to this review, the Company and its consultants will align the SEP with the insights of the Lender Group. Importantly, over the long term, the CDP will respond to the outcomes of plan implementation.

The Company will continue to conduct community development needs consultation with Project Area communities. These and other engagement activities aim to achieve the informed participation of external stakeholder in the development of the Plan, and specifically to:

1. Achieve the early engagement of project area residents in the development process;
2. Ensure the Plan is based on local needs and priorities in consultation with the Company;
3. Assure that Project Area residents and other stakeholders take ownership of the plan and commit to its success.

An eight month timeline for the elaboration and finalization of the CDP is proposed, as follows:

1. Engagement with Stakeholders and Potential Partners – ongoing;
2. Lenders Review -- April to May 2009;
3. Finalize CDP in advance of disclosure -- July to August 2009;
4. Disclose Plan (30d) and Update -- September to October 2009.

A more detailed work plan and schedule is provided in Figure 1.

8.2 Implementation Strategy

Importantly, implementation of CDP activities is ongoing. As recorded in this document, the Company has initiated community development activities over the past years, including provision of mosquito nets, construction of a community water source in Mengo, support of a vaccination program, the Mengo primary school and agricultural co-operatives.

Figure 1 above outlines key implementation activities in the months ahead, including:

1. Continue vaccination program with Ministry of Health – ongoing;
2. Collaborate with Project Area agricultural co-operatives – ongoing;
3. Support provision of school materials and teaching capacity at Mengo primary school – ongoing;
4. Prepare terms of reference and administrative and management structure of Foundation -- April to July 2009;
5. Evaluate impacts of project alternatives (including current projects) on vulnerable persons -- May to July 2009.

The Company will provide sufficient management sponsorship and human and financial resources on an on-going basis to ensure effective and continuous implementation.

The team required to advance this work includes a mix of Company staff and consultant staff, as follows:

1. A senior MPC manager will participate in important engagement activities, and will provide strategic oversight of Plan elaboration;
2. Foundation Technical Director, who will be a full-time expat employee and responsible for the implementation of the Community Development Plan, including successful launch of the Foundation. S/he will be assisted by:
 - a. An accountant, who will be a full-time local employee;
 - b. An administrative assistant, who will be a full-time local employee;
 - c. Agronomist, who will be a part-time local consultant.
3. Community Liaison Department Director, who is a full-time expat employee and responsible for the overall stakeholder engagement process, including activities as they relate to the CDP.

An overall organizational chart for the social management plan team is presented in Figure 2.

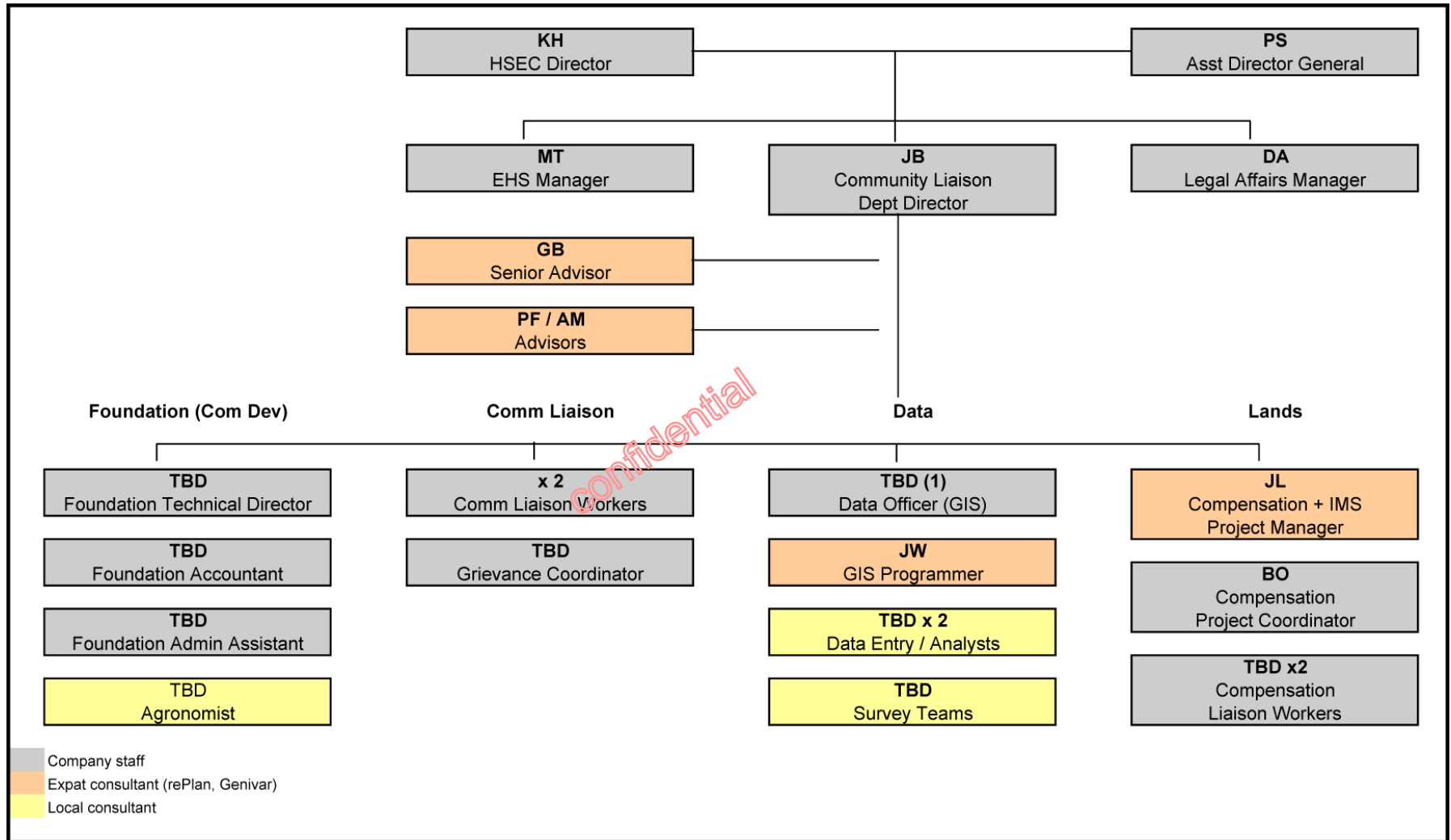


Figure 2 Organizational Chart.