



SIMANDOU PROJECT: RISKS AND IMPACTS ON THE LIVELIHOODS OF LOCAL COMMUNITIES



Guinea has been in a situation of acute food crisis since 2016, a crisis likely to worsen if the Simandou mining project continues unchecked. This alert summarizes the risks and impacts of the project on the livelihoods of local communities and proposes concrete measures to strengthen the resilience of people affected by the project.

THE SIMANDOU PROJECT AT A GLANCE

Nestled in the forested mountains of Guinea in West Africa lies what is reportedly the world’s biggest untapped high-grade iron ore deposit. One of the continent’s most ambitious combined mining and infrastructure projects, the Simandou project covers a total area of 1,500 square kilometers where ore will be extracted, processed and then transported 650 kilometers along a rail line cutting through the country’s endangered species habitats, agricultural lands and protected areas before finally arriving at a new deepwater port in local fishery areas for export.

Coveted by international mining companies for decades, today’s project proponents include two consortiums: Australian mining giant Rio Tinto with Chinese aluminum producer Chinalco (Simfer) and China’s largest aluminum producer, Hongqiao with a Singapore-based entity Winning (Winning Consortium Simandou or WCS). News reports indicate China’s largest steel maker, Baowu, is in talks with both consortia. Construction has started on the rail line and port - estimated to cost USD 13 billion to build - held by the two consortia and the Guinean government, and on the WCS blocks. Rio Tinto is in the process of updating its studies in order to start construction.

THE IMPACT OF THE SIMANDOU PROJECT ON LIVELIHOODS

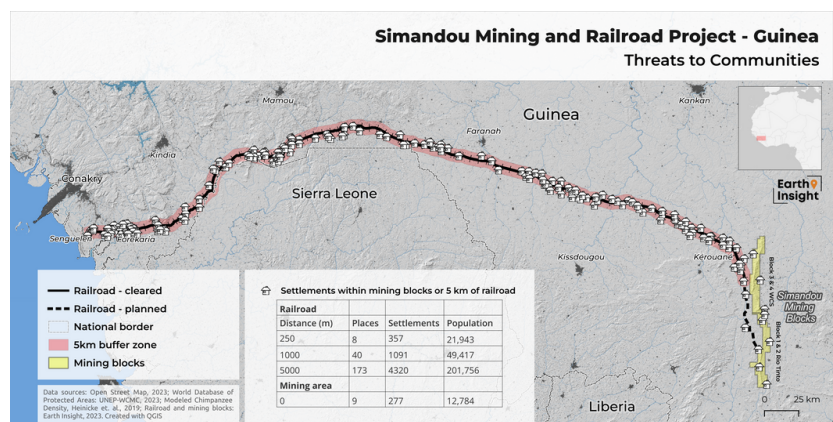
The scope of the project represents enormous stakes for the country in terms of both positive and negative impacts on communities. The project will have adverse repercussions on the livelihoods of affected populations, as it cuts across all regions of the country. Large-scale mines such as Simandou take over kitchen gardens, farmland, grazing areas and forests that are essential to sustaining the livelihoods of rural communities. Air and noise pollution from mines and roads degrade the quality of agricultural soils, reducing crop yields, damaging the health of livestock and driving away wildlife and fish. These impacts are particularly serious in the Guinean context, where food security is already very fragile.

CURRENT LIVELIHOOD CONTEXT IN GUINEA

In 2018/19, 43.7% of Guineans, or 5.8 million people, lived below the national poverty line, and poverty is expected to continue rising in 2022, reaching 50.1%. In addition, around 65% of the population lives in rural areas, relying mainly on agriculture, livestock breeding and fishing. Guinea has been in a situation of acute food insecurity since 2016, a crisis largely due, according to a report on the subject, to an economy dependent on mining. There is every reason to believe that the development of a major project like Simandou could exacerbate this situation at community level if WCS and Simfer do not take concrete steps to improve the livelihoods of those affected by the project.

CURRENT IMPACT OF THE PROJECT ON LIVELIHOOD

At this early stage of the project, field observations show that activities are having a serious impact on the livelihoods of local communities. Several cases have already been documented by the NGO Action Mines Guinée in four of the nine prefectures (Forécariah, Kindia, Mamou and Kérouané) crossed by the Simandou project.



Credits: Prepared by Earth Insight for the 11th Hour Project September 2023. Latest Update: January 2024. This map shows communities within a 5 km buffer zone along the cleared Simandou railroad (546 km of 650 km cleared to date) and in close proximity to the Simandou mining blocks.

These include:

- **Acquisition of arable land** from communities without adequate compensation or support for those affected;
- Flooding of communities' agricultural plains by sewage from the company's activities along the railroad line;
- Reduced agricultural yields due to the invasion of crop/field areas by mud and dust caused by railway construction activities;
- The loss and destruction of fishing nets and pirogues in Kaback due to collisions with ore carriers at sea;
- Fish are driven away by the noise of the heavy carriers. The passage of the company's boats disturbs the water, forcing the fish to swim further out to sea;
- The dumping of waste oil in the open sea by the company's boats, as observed by the Kaback fishermen;
- The loss of grazing areas and the migration of livestock to other areas in Madina-oula, in particular;

HIGH PROJECT RISKS FOR LIVELIHOODS

- **Failure to respect commitments:** The main risk is that the two companies involved in the Simandou project will not respect their environmental and social commitments. In fact, they belong to groups of companies that have already violated such commitments in the past in connection with projects in Guinea and elsewhere. This is the case for Winning in Guinea, according to reports by the
- **Lack of a national legal framework on compensation and resettlement:** Another risk for communities living near Simandou is that Guinea lacks a clear and binding legal instrument regulating the process of land acquisition by companies, as well as the process of compensation, indemnification and resettlement of people affected by projects. This could give Simfer and WCS the opportunity to expropriate communities' land in violation of their fundamental rights, despite the two companies' commitment to comply with Guinean legislation and international standards, in particular the International Finance Corporation's (IFC) Performance Standard 5 (PS5). However, a reference framework known as the "Référentiel National de Compensation, Indemnisation et de Réinstallation" has been drawn up by an inter-ministerial committee and validated in October 2022, pending its formal adoption. This Reference Framework reflects Guinean law, international law and international good practice (GIP) in the field, and should at this stage apply to all projects.
- **WCS Land Acquisition, Compensation and Resettlement Policy Framework:**

A framework document called "Resettlement Policy Framework: Land Acquisition, Compensation and Resettlement" adopted by (WCS) is a commitment by this company to align with the IFC's performance standards for land acquisition, compensation and resettlement. However, this framework document raises some concerns about the following fundamental aspects:

ON THE PARTICIPATION OF THOSE AFFECTED...

In terms of participation, IFC Standard 5 recommends: Relevant information should be disclosed; consultation with affected people should take place at the outset of the project and continue throughout its development. Particular attention should also be paid to women and to ensuring that their interests are taken into account. The preferences of men and women should be considered from the point of view of compensation mechanisms, for example, compensation in kind rather than in cash (para. 10).

Findings in the field: the findings reveal, however, that the people affected have had access to very little information. The latter denounce sloppy consultations and have little information/data, as the consultations as organized by WCS did not enable them to better understand the project nor respect their opinions and consents regarding the assessment of losses and resulting compensation.

Associated risks: The lack or inadequacy of consultation during the land acquisition, compensation and resettlement process constitutes a violation of PAPs' fundamental rights to information, participation and free, prior and informed consent, and inevitably leads to inadequate compensation and non-compliant facilities.

ALTERNATIVES DE COMPENSATION

On alternatives to compensation, IFC NP5 recommends that the company provide several options in the case of physically displaced people. This takes into account adequate housing with security of tenure so that they can resettle legally without running the risk of eviction (paragraph 22).

Observations in the field: However, the communities affected, particularly in Sengelen and the Sekhousoriya tunnel, are seeing their houses collapse due to blasting without adequate protection measures. The company has offered no alternative to those affected in Bombiya and Sekhousoria. This situation poses a real risk to the health and safety of the PAPs, who are seeing a fundamental right violated by WCS, which is failing in its commitment to protect the health and safety of communities and their property.

LAND AND LIVELIHOOD VALUATION...

As part of the valuation of community land and related assets, NP5 stipulates that cash compensation levels must be sufficient to replace lost land and other assets at full replacement cost on local markets (para. 21).

If displaced people own and occupy structures, the client (company) compensates them for the loss of assets, such as housing and other land improvements, at full replacement cost if they occupied the project area before the deadline for defining their eligibility" (paragr. 22). In cases where land acquisition or land use restrictions affect business structures, the company concerned is deemed responsible for the costs of restoring

its business activities in another location, the net loss of income during the transition period and the costs of transferring and installing its plant, machinery or other equipment (para. 27). Contrary to these provisions, in the field, the impacted people met by the Actions Mines Guinée NGO's fact-finding mission confided that they had not received compensation commensurate with the losses of land and other related property they had suffered, for which, moreover, they had neither been consulted beforehand nor respected their consent in the decision-making process.

Associated risks: Some people affected by the project (PAP) have irreversibly lost their means of subsistence. This puts them at serious risk of food insecurity and chronic poverty.

ON MONITORING AND EVALUATION

According to IFC NP5, monitoring and evaluation must be continued during and after resettlement. Implementation of a plan for the year will be considered complete when the negative effects of the plan have been corrected in a manner consistent with the objectives of the Plan and the objectives of NP5.

Depending on the size and/or complexity of the physical or economic displacements in a project, NP5 mentions that the company carries out an external audit of the Displacement Action Plan to determine whether the requirements have been met (paragr.15).

In the field, those affected deplore the lack of impact monitoring by WCS and a lack of communication with them (affected communities), which they believe should enable complaints about failings to be identified and better understood, so that appropriate preventive and corrective measures can be taken. At this rate, the people affected risk a constant violation of their rights to fair and prior compensation.

ECONOMIC REHABILITATION...

According to NP5, transitional economic assistance, such as access to credit, training or employment opportunities, must be provided to PAPs (para. 12).

It should be noted that in the field, impacted people have unfortunately not so far benefited from structured assistance programs enabling them to adapt to their new situation as impacted people, particularly economically.

Associated risks: These PAPs run the risk of not being able to manage the cash compensation they receive, as they are not prepared to do so. This exposes them to poverty in the medium term. Such an impact is contrary to the spirit of the IFC standard to which the company has freely subscribed.

THE APPEAL

IFC Performance Standard 5 (NP5) notes the requirement for the customer (company) to establish a complaint mechanism to receive and address specific concerns regarding compensation and settlement, including a redress mechanism to resolve disputes impartially (para. 11).

Observations in the field: the grievance management mechanism devised by the company has not been sufficiently disclosed to the populations affected, thus depriving them of their right to recourse enabling them to notify their complaints and have them handled by the company. Internal means of redress are essential to the implementation of IFC performance standards. The absence of a clear complaints mechanism exposes Project Affected Persons (PAPs) to violation of their right of access to the company. This state of affairs gives WCS an opportunity to flout PAPs' legitimate claims.

SOME ADDITIONAL WCS FRAMEWORK COMPLIANCE ANALYSES:

Framework recommendations that risk being ignored: The Framework states that "WCS shall put in place a Land Acquisition and Resettlement Action Plan (PAATRs) prior to commencing any land acquisition for the mine site in accordance with Chapter 7, Section 11 of the Basic Agreement" (section 3.1.7 page 26).

In light of this recommendation, WCS's land acquisition, compensation and resettlement policy framework is already experiencing violations in the field.



Advocates for
Community
Alternatives



Furthermore, the nature, absence and/or implementation of all legal, contractual and institutional mechanisms could limit or deprive local communities of their livelihoods or their ability to claim them. A multi-stakeholder group has validated the "Référentiel national", a national and cross-cutting reference instrument for the resettlement, compensation and indemnification of project-impacted populations in the Republic of Guinea, in October 2022. Although its formal adoption is still pending, the Référentiel reflects Guinean national law and is based in particular on international law and good international practices (GIP) such as the Voluntary Guidelines for Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (The Voluntary Guidelines). The Guidelines also recall that, in accordance with the United Nations Guiding Principles on Business and Human Rights (the Guiding Principles), projects have a responsibility to respect internationally recognized human rights. Among the relevant key obligations, the project promoter must restore or improve the livelihoods of the PAPs, and the Guinean state must ensure that this obligation is monitored and implemented.

As with Winning Consortium Simandou (WCS), Rio Tinto SIMFER has made the following commitments:

- Meet all requirements of Guinean law and international conventions to which Guinea is a signatory, and comply with IFC policy and performance standards (PS) on social and economic sustainability, in particular, PS5 on land acquisition and forced displacement.
- To support food security, improve access to food sources and livelihood opportunities, the Project is developing sustainable agricultural, fisheries and livestock programs.... Rio Tinto is also committed to respecting internationally recognized human rights, in accordance with the Guiding Principles.

Note: despite the fact that the project is still in its early stages, the risks to the livelihoods of local communities are significant.

Thousands of households risk losing their livelihoods and falling into extreme poverty. The mine occupies around 6,500 hectares of land to which the local population will have restricted access. This will displace activities important to their livelihoods, including grazing for livestock, hunting, firewood collection, timber, food and medicinal plants, as well as a few scattered crops. Most of the land occupied by the project will be sub-montane grasslands and forest in the Pic de Fon classified area, where many activities (grazing, firewood harvesting, commercial logging, fishing and fire use) will be prohibited. The loss of livelihoods, particularly agricultural land, is likely to exacerbate food insecurity in the project areas, especially given the already worrying situation and in a context of induced migration. Indeed, according to estimates, the project is likely to lead to a sharp rise in migration influx levels:

between 60,000 and 110,000 people are likely to move to the mining area in search of employment and economic opportunities. This land insecurity could lead to over-exploitation of the land in a context of ambiguity in the legal texts governing rural land - notably the absence of explicit recognition of individual and collective customary land rights in Guinean law.

CONCLUSIONS AND RECOMMENDATIONS

between 60,000 and 110,000 people are likely to move to the mining area in search of employment and economic opportunities. This land insecurity could lead to over-exploitation of the land in a context of ambiguity in the legal texts governing rural land - notably the absence of explicit recognition of individual and collective customary land rights in Guinean law.

If appropriate measures are not taken by mining companies and the Guinean state, the Simandou project will continue to present high risks to the livelihoods of affected populations, likely to worsen the living conditions of communities in terms of food and poverty. From this point of view, civil society players must be at the forefront, not only in monitoring the companies' commitments - such as the Environmental and Social Management Plans (ESMPs) drawn up for this purpose - but also in ensuring that all these negative impacts have been appropriately addressed for the benefit of the communities. With this in mind, we recommend the following:

TO THE STATE AND ITS DEPARTMENTS

- Make additional efforts to adopt the National Reference System on Compensation, Indemnification and Relocation of People Impacted by Development Projects as soon as possible;
- Organize independent monitoring missions to ensure that companies comply with their legal and contractual obligations to restore and improve communities' livelihoods, and that company practices respect the ESMPs and BPIs. Failure to do so will result in sanctions;

TO COMPANIES:

- Already comply with the provisions of the Standards;
- To respect their environmental commitments, in particular on the issue of livelihoods as defined by the relevant BPI;
- To WCS, to disclose in addition to the land acquisition framework any resettlement and compensation action plans (including the Preliminary Works Phase Resettlement Action Plan (PARPTP)) used to date for the Simandou project. To this end, to disclose the compensation frameworks and amounts currently used for land acquisition, if necessary disaggregated by locality;
- To WCS, to organize a meeting between representatives of the communities concerned by the "gap analysis" and participating NGOs (e.g. Action Mines) to discuss how to address the systemic land acquisition issues identified in the gap analysis;
- A WCS, to ensure that it responds promptly to complaints related to land acquisition in the gap analysis and to share updates with Action Mine on its progress in resolving these complaints. (See complaints mechanism). At a minimum, this should include compensation and livelihood support for anyone whose land or livelihood (e.g. fishing) has been affected during the construction phase;
- To WCS, define criteria for determining when to offer land-for-land compensation and a mechanism for implementing such an approach;
- WCS to define a mechanism to ensure that affected households receive legal advice and support before accepting negotiated settlement transactions;
- To develop, beyond financial compensation, sustainable programs and plans to support the restoration and improvement of community livelihoods;
- Develop training plans for farmers, fishermen and herders to strengthen their resilience.

DISCLAIMER: THIS DATA SHEET HAS BEEN COMPILED ON THE BASIS OF INFORMATION AVAILABLE AT THE DATE OF PUBLICATION AND WILL BE UPDATED AS AND WHEN REQUIRED.



Advocates for
Community
Alternatives

