18 Employment and Economic Development

18.1 Introduction

This chapter considers the Simandou Mining Port's impacts on employment and economic development during construction and operation (1). Potential impacts include changes to:

- employment levels;
- work skills and experience;
- opportunities and capabilities within the local supply chain;
- economic development and diversification;
- boom-bust between construction and operation;
- price inflation and economic vulnerability; and
- unmet expectations.

Following an assessment of the significance of these impacts, the chapter considers how the port will mitigate negative impacts as well as enhance positive impacts through the Simandou Project's Social Management Framework (SMF). A residual impact ranking is then assigned to each potential impact.

Further details of the chapter structure are as follows:

- Section 18.2 provides a description of the approach used for the assessment, including a description of how the study area has been defined and the criteria used to assess impacts;
- Section 18.3 presents the assessment of impacts from the port in the absence of further actions to mitigate negative impacts and enhance positive impacts;
- Section 18.4 describes the SMF and associated mitigation measures for impacts on employment and economic development, and then assesses the residual impacts after mitigation; and
- Section 18.5 provides a summary of findings.

The assessment in this chapter draws extensively on baseline information presented in Chapter 16: Socio-Economic and Community Baseline. For a full understanding of potential socio-economic and community impacts associated with the port, the reader should also consult the following chapters:

- Chapter 17: National Economy;
- Chapter 19: In-Migration;
- Chapter 20: Land Use and Livelihoods;
- Chapter 21: Social Structures and Community Life;
- Chapter 22: Community Health, Safety, and Security;
- Chapter 23: Labour and Working Conditions;
- Chapter 24: Ecosystem Services; and

(1) This assessment does not consider a closure phase, as full ownership of the port is anticipated to transfer to the Republic of Guinea between 40 and 50 years after its opening, when the cost of the port has been fully amortised. References in the assessment to the "end" of the operation period (or, alternately, port lifetime) refer to the time of transfer. Prior to its transfer, the port will be owned by a special purpose infrastructure company owned jointly by Simfer and the government, with the government holding a stake of up to 51%. There is no plan to remove the port infrastructure upon closure of the Simandou Mine. Potential impacts associated with closure of the Simandou Mine are considered in Volume I: Simandou Mine SEIA.
18.2 Approach

18.2.1 Study Area

Development of the port will have a wide range of effects on socio-economic and community conditions over geographic areas ranging from the immediate area around the port to the whole of Guinea. The port study area for impacts on employment and economic development has been defined at two levels: regional and local \(^1\). The regional level extends over the prefecture of Forécariah. The local study area comprises four sub-prefectures within Forécariah, including Forécariah Centre (the location of the prefecture capital, Forécariah), Maférinyah (the location of the proposed port), and Kaback and Kakossa (which immediately surround the location of the proposed port).

Within the local study area, select communities have been grouped into six clusters of “Project Affected Communities” (PACs) based on anticipated similarities in their experience of impacts due to proximity to Project infrastructure or activities. A detailed discussion and map of the PACs is located in Chapter 16: Socio-Economic and Community Baseline (see Table 16.2 and Figure 16.1).

18.2.2 Legal and Other Requirements

This assessment has been prepared in line with applicable Guinean laws and development policies as well as international and Rio Tinto standards. Details regarding specific legal and other requirements relevant to the assessment of socio-economic and community impacts, including impacts on employment and economic development, can be found in Chapter 16: Socio-Economic and Community Baseline.

18.2.3 Prediction and Evaluation of Impacts

The significance of potential impacts on employment and economic development is evaluated taking into account the magnitude of the change in baseline conditions and the sensitivity of affected receptors, following the general methodology presented in Chapter 1: Introduction. Further details regarding the methodology as applied in this chapter are described below.

18.2.3.1 Magnitude

The magnitude of each potential impact on employment and economic development (both positive and negative) is ranked on a 4-point scale ranging from negligible through small and medium to large. Factors taken into consideration in determining the magnitude of potential impacts include the following.

- **Scale of the impact**: A potential impact that could affect a large number of people or over a widespread area is considered to be of large magnitude. On the other hand, a potential impact that could affect a small number of people or over a small area is considered small.

- **Duration of the impact**: A potential impact that is expected to persist for the 40 - 50 year operational lifetime of the port would be considered large. A potential impact that is expected to last for only a short time \(eg\) a few months at the start of construction) is considered small.

- **Intensity of the impact**: A potential impact that could lead to a fundamental change in a population’s way of life compared to baseline conditions is considered large. Conversely, a potential impact that would result in only subtle changes in conditions is considered small.

Note that in cases where a potential impact features a level of intensity warranting a high degree of attention by decision makers, a large magnitude ranking may be applied, even if the impact is expected to be of a small scale or short duration.

---

\(^1\) The port’s significance at the national level, in the context of overall Simandou Project, is discussed in Chapter 17: National Economy.
18.2.3.2 Sensitivity

The sensitivity of affected receptors (in this case, people and the communities within which they live) relative to potential impacts on employment and economic development is ranked on a 4-point scale ranging from negligible to low, medium and high. In practice, all people are considered to be of at least medium sensitivity so the negligible and low grades are not used.

Sensitivity is determined by the characteristics of the population who are potentially adversely affected or gaining benefit. Specifically, it is related to the population’s resilience – that is, their capacity to cope with changes while maintaining their livelihood and social wellbeing. Resilience is often related to the extent to which people can access suitable resources such as assets, social networks, or other means by which they can derive livelihoods and upon which they depend. More sensitive receptors tend to lack resources that could help them respond to or manage changes which may affect their wellbeing. Often, this sensitivity, also commonly referred to as vulnerability, can be exacerbated if receptor rights to those resources are not recognised or protected.

Factors that tend to increase sensitivity include:

- old age, youth, female gender, minority ethnicity, or religion;
- poor social and socio-economic status at birth;
- lack of access to land resources;
- lack of access to opportunities for income generation and employment;
- limited livelihood opportunities and livelihood alternatives;
- remoteness from urban centres and main communication infrastructure;
- poor quality and limited access to services (e.g., health, amenities);
- limited access to, and use of, natural resources including water;
- poor food security and reliance on subsistence farming;
- dependence on unique natural resources;
- limited education and skills;
- poor health or disability;
- absence of support networks; and
- marginalisation (i.e., degree of access to services and formalised rights).

Conditions in Guinea place women in general as a highly sensitive (vulnerable) group. This also holds true for women in the port area, though their role in the fish trade means they are generally more economically empowered than women in other parts of rural Guinea (see Chapter 16: Socio-Economic and Community Baseline). Gender is therefore specifically taken into account in determining sensitivity, and the impact assessment and mitigation measures give specific attention to women and gender equality.

18.2.3.3 Significance

Table 18.1 below outlines the overall approach to evaluating the significance of potential impacts on employment and economic development. Based on considerations of magnitude and sensitivity, the table assigns a significance ranking ranging from not significant to critical for negative impacts and not significant to major for positive impacts.

For significant impacts, mitigation measures are identified with the objective of enhancing positive impacts and reducing the significance of negative impacts, and residual impacts are evaluated taking into account the proposed mitigation. The assessment has adopted a deliberately conservative approach to residual impacts as the full details of mitigation for impacts on employment and economic development are yet to be determined as part of development of the Project Social Management Framework. In practice, it is anticipated that the significance of residual impacts will reduce with the detailed development and implementation of mitigation measures.
<table>
<thead>
<tr>
<th>Sensitivity (vulnerability) of receptors</th>
<th>Magnitude of Impact</th>
<th>Change in economic or social conditions is within the normal range of conditions found in the study area.</th>
<th>Affects a small area or a small number of people relative to the total area or population within the area of influence and / or is of short duration (less than 1 year). Perceptible difference from baseline conditions.</th>
<th>Affects a substantial area or number of people relative to the total area or population within the area of influence and / or is of medium duration eg full construction period (3 years+). Clearly evident difference from baseline conditions.</th>
<th>Affects the majority of the area or population in the area of influence and / or persists over many years (eg Project lifetime). Change dominates over baseline conditions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Impacts</td>
<td>Magnitude of Impact</td>
<td>Negligible</td>
<td>Small negative</td>
<td>Medium negative</td>
<td>Large negative</td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td>More developed communities with greater capacity to change; better access to employment and commerce, resources, services; less vulnerability, greater level of education and skills.</td>
<td>Not Significant</td>
<td>Minor</td>
<td>Moderate</td>
<td>Major</td>
</tr>
<tr>
<td><strong>High</strong></td>
<td>Less developed communities with lower resilience to change; more reliant on traditional / subsistence lifestyles; less access to resources, services; more vulnerable or otherwise disadvantaged people – eg poor, women, old, minorities, unskilled, low education / skills base.</td>
<td>Not Significant</td>
<td>Moderate</td>
<td>Major</td>
<td>Critical</td>
</tr>
</tbody>
</table>

| Positive Impacts                      | Magnitude of Impact | Negligible                                                                                      | Small positive                                                                                    | Medium positive                                                                                 | Large positive                                                                                 |
| **Medium**                            | More developed communities with greater capacity to for change; better access to employment and commerce, resources, services; less vulnerability, greater level of education and skills. | Not Significant | Minor | Moderate | Major |
| **High**                              | Less developed communities with lower resilience to change; more reliant on traditional /subsistence lifestyles; less access to resources, services; eg more vulnerable or otherwise disadvantaged people – poor, women, old, minorities, unskilled, low education / skills base. | Not Significant | Moderate | Major | Major |

Note: “Negligible” and “low” sensitivities are not applicable to employment and economic development impacts as all people are considered to be at least moderately sensitive to both positive and negative effects.
18.3 Assessment of Impacts

18.3.1 Overview

This section presents an assessment of potential impacts on employment and economic development in the port study area during construction and operation. The primary impact assessed here is employment creation by the Project and within the supply chain. Further potential impacts relating to this include changes to:

- work skills and experience;
- opportunities and capabilities within the local supply chain;
- economic development and diversification;
- boom-bust between construction and operation;
- price inflation and economic vulnerability; and
- unmet expectations.

In assessing impacts, this section applies the methodology described in Section 18.2.3 above, taking into account relevant aspects of the socio-economic and community baseline (see Chapter 16: Socio-Economic and Community Baseline) and the port description (see Chapter 2: Project Description).

Findings from the assessment are described in Sections 18.3.2 through 18.3.8 below.

18.3.2 Employment Levels

The creation of employment opportunities will be an important positive socio-economic impact arising from the Simandou Project as a whole. These opportunities include direct employment by the Project, indirect employment through the Project’s suppliers, and induced employment generated through spending and associated job creation in the economy. Direct, indirect, and induced employment opportunities are illustrated in Figure 18.1. The benefits of Project employment are already underway, with the employment of approximately 2,500 Guinean Nationals as of the first quarter of 2012, 770 of whom are directly employed by Simfer and the remainder through contractors and sub-contractors. The total figure represents a 60% increase in employment of Guinean Nationals from the previous year.

Expectations around employment are very high, particularly among the youth. Questions regarding employment opportunities were raised at all meetings held as part of the Project SEIA stakeholder engagement process.
18.3.2.1 Construction Phase Impacts

Construction phase impacts will include direct employment as well as indirect and induced employment. Each type of employment is considered in the sub-sections below.

Direct Employment

Large numbers of people will be employed during the construction of the Simandou Project, with December 2011 estimates noting an average of 13,000 full time equivalent (FTE) jobs being provided between 2012 and 2015, with a peak of up to 15,600 FTE jobs at the construction phase’s most intensive period and a scaled down construction workforce continuing until 2017. Of these jobs, about 24% will be related to construction at the port (i.e., approximately 3,900 at the peak).

During construction, the majority of workers will be employed by contractors through the Project’s Engineering, Procurement and Construction Manager (EPCM). Project positions will require a range of skill levels during construction from unskilled (20%), to semi-skilled, to highly skilled (70%), to management (10%). Examples of unskilled workers include junior traders and operators or general labour, semi-skilled workers include mechanics, maintenance personnel, service personnel, and administrators and skilled workers include technicians, planners, and electricians. The extent to which positions will be available to Guinean Nationals depends on the level of skills and expertise required in the context of the skills and experience in the country. It is estimated that approximately 50% of positions could be available to Guinean employees. The remaining 50% are likely to be filled by foreign workers with skills and previous experience on projects of this type.

If the proportion of skilled and unskilled employment opportunities is the same at the port as across the Simandou Project, then approximately 780 unskilled and 1,170 semi-skilled and skilled Guineans are predicted to be employed at the port at the peak of construction. The Project will give priority to Guinean Nationals resident in the local study area for these unskilled functions, insofar as they meet job requirements.
The prefecture of Forécariah has a population of approximately 135,800, approximately half of which are estimated to be of working age. Thus, approximately 68,000 workers from the study area would theoretically be potentially available to fill the 1,950 direct jobs anticipated to be filled by unskilled and skilled Guineans during construction (in addition to a number of indirect and induced jobs, as noted below).

However, without mitigation measures, the likelihood that residents from the study area will be able to access many skilled positions is low. Opportunities are anticipated to be more accessible to people in communities like Maférinyah and Forécariah and to experienced Guinean Nationals from other parts of the country who would move into the area than to people in more rural settlements. There is also the possibility that Guinean expatriates may return to Guinea should management jobs be available. The lack of opportunity for those in rural settlements is due to the fact that skill levels are low and education services are limited (with a greater concentration in more urbanised locales) in the study area. Literacy levels in the Kindia Administrative Region (the region governing Forécariah) are just under 23%, less than half the literacy rate in Conakry. Data from surveys in local settlements reflect even lower rates of competency in French, which is used in Project agreements; for example in PAC 3, 6% of male heads of households and 1% of eldest spouses or female heads of households were proficient in the language.

The in-migration study (see Chapter 19: In-Migration) predicts that there will also be substantial influx of opportunistic job seekers (as opposed to those hired by the Project in advance as suggested above) to the port area, particularly to locations where there are larger settlements and good road access. This will also increase competition for employment opportunities. In-migrants skilled in construction work from within Guinea or abroad (including those from neighbouring countries with a history of in-migration to the area, such as Sierra Leone) could have an advantage in seeking work positions on the port and reduce the employment potential for local residents. The study area’s proximity to Conakry, a region with higher skills levels than other areas in Guinea, may further reduce opportunities for residents to access semi-skilled and skilled positions.

Indirect and Induced Employment

Indirect employment includes people working for enterprises providing goods and services to the port – i.e. the suppliers. Induced employment refers to the jobs created through spending in the local economy by both direct and indirect employees of the port.

The study area’s proximity and road-based accessibility to Conakry suggests that indirect employment through the construction supply chain is likely to be extensive for small-scale goods and service providers. The settlements in the immediate vicinity of the port are located alongside a secondary road that runs from the national highway N4 in Maférinyah (PAC 1) via Madinagbé and Senguelen to Touguiyiré (PAC 3). The secondary road serves as a key transport route for many goods and services and provides a reliable route for suppliers to get their goods into the study area. While these communities feature relatively undeveloped industrial and service sectors and small-scale and informal businesses, the transportation linkages to Conakry and Maférinyah-based procurement chains ensure that suppliers have a mechanism to allow for the efficient flow of goods and services between the study area and the markets where these goods are available during the construction phase.

Induced employment is likely to be of a higher degree due to the increased spending power in the local study area resulting from direct and indirect employment. The development of plantations and a more commercialised fishing market, and access to Conakry has led to the emergence of a cash-based economy in the study area. The waged employment opportunities provided by the port will likely increase the availability and use of cash in the study area. As cash becomes more readily available, more consumers will be able to participate in the local economy, which will help further develop local and regional trade and businesses and create new employment opportunities.

However, local spending by Project personnel may be limited during construction since the majority of workers will be provided with accommodation, food, and other services by the port contractors. Additionally, foreign workers and Guineans moving into the area to work on the port are likely to remit the majority of their income back to their place of origin. To the extent that Guineans are employed, their revenue will remain within the Guinean economy but to a lesser extent in the study area.
An indirect and induced employment multiplier has been estimated for the Simandou Project based on the preliminary macroeconomic model (see Chapter 17: National Economy). Preliminary results from the model suggest that for every FTE job created during construction, a further 5.29 jobs will be created across Guinea. Construction on the port, assuming approximately 3,900 direct jobs, is therefore estimated to generate approximately 21,100 indirect and induced jobs across Guinea. Of these jobs, a proportion will arise in the local and regional economy. The proximity of the port to principal towns within the prefecture and sub-prefecture (ie Forécariah and Maférinyah in PAC 1) makes the study area a viable source of employment during the construction phase.

The creation of up to 3,900 direct jobs (approximately 780 of which are expected to be accessible to local unskilled labourers and 1,170 semi-skilled and skilled Guineans) and an estimated 21,100 indirect and induced jobs during construction will have an effect of a small magnitude in the study area. The increased number of job opportunities in the local study area, particularly those associated with induced employment, is anticipated to result in a significant change in the way of life for many households. However, the proportion of opportunities relative to the local population may be limited by population growth; similarly, the duration of the opportunities will be limited the relatively short period of construction. The sensitivity of the affected population is considered high, as the greater percentage of unskilled jobs in the phase enhances the possibility that the broader population will benefit, including those with low skill levels. The port is thus anticipated to result in a moderate positive impact during construction.

18.3.2.2 Operation Phase Impacts

As in construction, operation impacts will include direct employment as well as indirect and induced employment, which are considered in the sub-sections below.

Direct Employment

By the time the Simandou Project as a whole reaches full capacity in 2020, it is expected to have an operational workforce of approximately 5,400 personnel. Of these, approximately 1,320 workers are expected to be based at the port, including 980 direct employees and 340 contract staff responsible for security, catering, housing, and cleaning.

Local workers are expected to be qualified to fill many unskilled positions, while a limited number of Guinean Nationals from the study area will be sufficiently qualified for skilled positions. The skilled workforce may therefore need to be recruited from elsewhere in Guinea (including in nearby Conakry), and, if needed, from outside of Guinea.

Expatriate employment will be avoided to the extent possible as part of the Project’s commitment to foster employment for Guinean Nationals. The Simandou Project aims to increase the proportion of Guinean employees to total employees from approximately 70% at the start of operation to more than 90% by 2020, with an increasing proportion of managerial and skilled positions being filled by Guineans over time. However, the majority of the skilled workforce is likely to be recruited internationally at first should suitably qualified Guinean Nationals not be available.

Indirect and Induced Employment

The employment multiplier as estimated by the Project through its preliminary macroeconomic model predicts that for every FTE job created during operation, a further 4.72 jobs will be created in the supply chain across Guinea. Therefore, if this multiplier is applied to all components of the Project, the 1,320 FTE jobs at the port could result in an additional 6,200 jobs in the wider economy. It is also likely that due to immigration the population in the local study area will have grown over the operation phase, with an associated spending increase in the local economy, and the expansion of existing or growth of new businesses to provide goods and services to meet the demand. Given the longer duration of operation, more jobs during this period are likely to remain in the local and regional economy than during construction. Continued
infrastructure development in the study area will help buoy the capacity of local businesses to supply goods and services locally, which will likely increase the potential for local procurement and spending.

The creation of an estimated 1,320 direct jobs at the port and 6,200 indirect and induced jobs over the approximately 40 – 50 year port operation period will have an effect of a medium magnitude. Fewer people are expected to benefit from job opportunities during operation compared to construction; however, the majority of opportunities that arise will likely extend into the medium and long-term. The indirect and induced employment opportunities created by increased spending and demand in the local economy will further result in a large degree of change from baseline economic conditions. The sensitivity of the affected population is considered medium, as the majority of jobs will require skilled labour and thus may be accessible to only a limited segment of population possessing high skill levels. The port is anticipated to result in a moderate positive impact during operation.

### 18.3.3 Work Skills and Experience

The direct and indirect employment on the port will provide the opportunity for people to improve their work skills and experience, not only through on-the-job training but also courses and training in topics such as Health, Safety and Environment (HSE) standards. The port will also offer exposure to the requirements and ways of work of a multinational corporation, enhancing the population’s capabilities to better participate and compete in a global economy and aid the development of a knowledge based workforce in the study area. As most people from the study area as well as most Guineans will begin from a relatively low base, the port has the potential to have a significant impact on livelihoods and lifestyles, including improving the population’s potential future employability.

#### 18.3.3.1 Construction Phase Impacts

The current reliance of most livelihoods on fishing and agriculture means that any skills and experience gained on the port could be beneficial for future income-earning opportunities in a broader range of sectors, such as construction, transportation, security and other trades. Despite the short-term nature of construction contracts, these enhancements to the workforce profile as a result of direct and indirect employment are likely to widen opportunities, with potentially longer term effects, particularly for those individuals able to acquire or improve to semi-skilled or skilled positions. The exposure gained by the people who take up more skilled positions will also be beneficial but accessible to relatively few local people.

The opportunities offered by the port to enhance the population’s work skills and experience during construction are expected to have an effect of a small magnitude given the short duration and limited skills development opportunities for construction phase jobs. The duration of employment may differ between individuals, depending on positions for which they were hired and associated training. The sensitivity of the affected population is considered medium, as those individuals able to benefit from additional skills uplift and experience will be those who were already able to obtain employment. Accordingly, it is expected that there may be a minor positive impact during construction.

#### 18.3.3.2 Operation Phase Impacts

During operation, fewer jobs will be available than in construction, particularly unskilled positions, as described in Section 18.3.2.2. Thus, fewer people may be able to enjoy an enhancement of skills and experience through direct employment on the port. However, those who remain with the port have the potential to gain skills and experience over the long-term, which could elevate their status in the port, deepen their skills over time, and increase their employability elsewhere. The Simandou Project’s commitment to increasing the percentage of Guinean Nationals in the workforce over its lifetime will also mean training will continue to be provided for national recruits. In addition, the skills and experience acquired or enhanced by employees during the construction phase may increase their capabilities for indirect or induced employment opportunities that are expected to arise locally, regionally, and nationally as a result of the Simandou Project.
The opportunities offered by the port to enhance the population’s work skills and experience during the operation phase are expected to have an effect of a small magnitude. Fewer employment opportunities positions will be available at the port, but employees who remain or are hired during this period can benefit from increased and extended training and experience, leading to deepening skills and the transfer of more skilled positions to Guinean Nationals. Additional skills and experience may be gained among local communities from the predicted indirect and induced employment opportunities. The sensitivity of the affected population is considered medium, as those individuals best able to benefit from additional skills uplift and experience will be those who were already able to obtain employment. Accordingly, it is expected that there may be a minor positive impact during operation.

18.3.4 Opportunities and Capabilities within the Local Supply Chain

The port will generate large contracts for the purchase of equipment and other goods and services. The majority of these contracts will be for specialist goods and services, which can currently be provided by few businesses in Guinea. Many contracts will therefore need to be sourced internationally. There is, however, still potential for a level of procurement from smaller businesses at the local, regional, and national levels which will be significant for the Guinean economy.

For Simandou Project purposes, a “local supplier” is defined as a business enterprise, including a sole trader, small and medium enterprise (SME), or corporation, principally owned by permanent resident(s) of Guinea with the primary business activity being undertaken within Guinea.

Without support, local suppliers are largely anticipated to have limited capacity to meet the standards of quality and scale required by the Simandou Project. However, where they are able to take up opportunities to be part of the port's supply chain, enterprises can expect long lasting and sustained benefits. These benefits could include enhanced experience and training for employees (particularly in meeting stringent international standards for quality, health and safety, and environmental management) and increased delivery capacity.

The close proximity of the port to Conakry provides additional chances to enhance opportunities and capabilities within the local supply chain. In Maférinyah sub-prefecture, for instance, there are several farmers associations that regularly supply businesses in Conakry. The development of the public infrastructure system in the study area will help continue to promote the flow of goods and services between suppliers in Conakry and local markets, such as Sangbon (PAC 6) and Maférinyah (PAC 1), and buyers of these goods and services in the port area.

18.3.4.1 Construction Phase Impacts

During construction, the port will require highly technical capital goods and services, and it will procure these through contracts lasting several months to several years. Although most of the port specific products will need to be sourced internationally, requirements such as civil engineering services, food supply, maintenance services for non-technical aspects, security services, buildings and facilities maintenance, general vehicle maintenance, employee transport, and land management are able to be procured from some Guinean companies. Worker camp accommodation will also provide specific opportunities for local suppliers in the services described above as well as in catering, cleaning and laundry.

At a national level the procurement spend, although relatively limited, will increase the contribution to the Guinean economy (see Chapter 17: National Economy). Local supply programmes have already been initiated for the development of the Simandou Mine to maximise national procurement wherever practicable and this will be continued for the Project as a whole. In 2011 the Project spent more than US$ 25 million on goods and services within Guinea. The Project also committed to enhancing local procurement with small and medium enterprise capacity-building and advisory services delivered through its ‘Guinea Buy Local Programme’ (GBLP), a programme developed in partnership with the IFC.
In the study area, direct procurement is expected to be limited due to the largely undeveloped economy (with the majority of businesses related to the production and trade of agricultural goods, fish, and salt winning) and the low capability and capacity of service providers to meet the needs of the port. While some businesses in the study area may eventually be in a position to enter the port’s supply chain, in part through participation in Project training programmes, few are expected to do so in the early phases of construction. In cases in which local businesses cannot supply the necessary goods and services, there may be the possibility to procure those goods and services instead from businesses located in Conakry.

During construction, the port is expected to bring opportunities to, and improve capabilities within, the local supply chain through its provision of procurement contracts for a number of goods and services. The contracts are considered to have an effect of a small to medium magnitude, given the limited numbers of non-technical contracts accessible to local suppliers. The sensitivity of the affected population is considered medium, including only those business owners and employees who possess the capability and capacity to take advantage of available opportunities. As such, it is expected that there may be a minor to moderate positive impact during construction.

18.3.4.2 Operation Phase Impacts

It has been estimated that by 2023 the Simandou Project’s annual requirements for materials, facilities, and services, including payments to contractors, will equate to US$ 745 million. The potential exists for Guinean businesses to develop and grow to meet these direct procurement needs during the port’s operation phase, particularly through the Project’s continued investment and application of the GBLP. In addition, local suppliers who will have been involved in the port during the construction phase will have experience with the Project’s procurement requirements and be better able to meet port needs during operations.

In the study area, access to Project training initiatives will likely help businesses become better able to meet anticipated increases in demand for goods and services from those directly or indirectly employed by the port, and thus improve their participation in indirect procurement within the port supply chain.

Port operations are expected to bring increased opportunities and capabilities within the local supply chain, both through direct contracts with the port as well as indirect procurement opportunities to meet growing local demand for goods and services. Supply chain opportunities are considered to have an effect of a small to medium magnitude, given limited numbers of non-technical contracts accessible to local suppliers but also increased general demand from the port over a long duration. The sensitivity of the affected population is considered medium, including only those business owners and employees who possess the capability and capacity to take advantage of available opportunities; this resilience is expected to further increase over time with continued exposure and training relative to Project requirements. As such, it is expected that there may be a minor to moderate positive impact during operation.

18.3.5 Economic Development and Diversification

Project procurement and expenditure from workers during port construction and operation is expected to result in the growth and diversification of the economy in the study area. Increased income from direct and indirect employment will also allow for improved living conditions for local households; those benefiting from port employment opportunities are likely to experience significant uplift in their economic status in particular, especially if longer-term employment opportunities are gained. In addition, in-migrants to the area are likely to bring different goods, services, and knowledge, which may be shared and transferred locally.

As noted at stakeholder engagement events for the SEIA between September and October 2011, economic development and diversification will mostly be experienced as a positive impact for the majority of stakeholders (i.e., those who value change and development, specifically the youth). However, the port will be unable to provide employment to the entire local community, and not everyone may have the opportunity to
create a business that would benefit from induced commercial opportunities. Many residents in the study area may therefore not be able to benefit from the development opportunities associated with the port.

18.3.5.1 Construction Phase Impacts

During construction, there will be opportunities for economic development and diversification as local communities aim to respond to growing and changing consumer demand.

It is anticipated that households in the local study area, for example, will have an opportunity to expand their current income generating activities. Main sources of income include the sale of fish and market garden crops, salt-winning, animal husbandry, and trade. Population growth is anticipated to increase demand for market garden crops; similarly, it is anticipated that proteins will become a larger part of diets with increased incomes due to employment opportunities, suggesting that fishing and animal husbandry also have growth potential. Currently, fish sellers can command 5 000 and 6 000 GNF (US$ 0.70 - 0.84) per kilogram for the highest quality fish. In the case of animal husbandry, chickens fetch a market price between 20 000 and 30 000 GNF (US$ 2.80 - 4.20) and goats and sheep can range from 70 000 to 100 000 GNF (US$ 9.80 - 14.00). With an average household income in the local study area of US$ 1 540 per year (US$ 4.22 per day), even small increases in sales could prove beneficial. However, it is recognised that increased demand could also affect food security, particularly in the case of vulnerable populations. See Chapter 20: Land Use and Livelihoods for a consideration of this potential impact.

Furthermore, a number of households in the settlements along the road between Touguiyiré (PAC 3) and Maférinyah (PAC 1) engage in trade as their main source of income due to the proximity of Touguiyiré, a local trading hub, and Sangbon (PAC 6), the site of a bi-weekly market. A rising population, continued adoption of a cash-based economy, and build-up of local infrastructure during port construction could promote the further expansion of these activities. In addition to trade, service industry businesses such as hotels and restaurants may develop in response to in-migration as well as increased spending, despite the limitations mentioned in Section 18.3.2.1 regarding limited spending by Project employees and remittances to migrants’ areas of origin.

In-migration is also anticipated to result in the presence of people with different knowledge and experience who will not only supplement existing economic activities but also introduce other goods and services that will diversify the local economy.

Construction is expected to bring increased opportunities for economic development and diversification, particularly at the local level. The new opportunities are considered to have an effect of a medium magnitude, given that they will last for the duration of construction with the potential to extend throughout the port lifetime. The sensitivity of the affected population is considered medium, as only those able to exploit new opportunities through producing foodstuffs in excess of their subsistence requirements or mobilising resources such as credit and business skills are expected to benefit most. As such, it is expected that there may be a moderate positive impact during construction.

18.3.5.2 Operation Phase Impacts

During operation, the needs of the population will continue to grow and become more sophisticated. The demand will be driven by increased disposable income. The economy will adapt to meet the demands for goods and services, therefore resulting in on-going economic development and diversification.

The linkages established between the study area and areas of strong economic activity in the region will likely continue to support economic development once operations commence. The connection to Conakry, Maférinyah and Forécariah (PAC 1) as markets for the procurement of goods and services will help continue to improve the local infrastructure. Furthermore, the increase in local business and trade activity that occurred during construction may slow during operation but businesses will likely learn to develop and refine their own operations so that they can run more efficiently.
The operation phase is expected to positively impact the study area in terms of economic development. The opportunities for growth and diversification are considered to have an effect of a medium magnitude, given the range of needs and demands across the study area and increased capacity among individuals in mobilising resources to meet that demand. The sensitivity of the affected population is considered medium as those able to exploit new opportunities through resources are expected to benefit most. As such, it is expected that there may be a **moderate** positive impact during operation.

**18.3.6 Boom-Bust between Construction and Operation**

As described in Section 18.3.2 above, there is a distinct differential between worker numbers and the levels of skill required between construction and operation. A number of temporary employment contracts will come to an end after construction, and the number of indirect and induced jobs created during construction will also decrease with falls in demand for goods and services.

The extent of this impact will depend on a number of aspects as listed below.

- The extent to which employment during construction has been taken up by people from the local and regional study area versus foreigners and Guinean Nationals from outside the study area who are anticipated to return to their domiciles at the end of construction. The out-migration of these workers will likely have implications for spending on local goods and services and the development of economic activities in the study area. As previously discussed, residents of Guinea will mostly likely take up less skilled construction jobs, whereas more skilled positions will be internationally sourced.

- The extent of in-migration to the area during construction and the number of in-migrants that have gained employment during this time who may not necessarily return to their domiciles at the end of construction. As discussed in Chapter 19: In-Migration, a significant amount of in-migration is expected during construction, particularly to Maférinyah and Forécariah, with migrants principally looking for employment opportunities.

- The extent to which the local economy has developed and to which this economy is dependent on the port. Shrinkage in direct employment and indirect employment through procurement opportunities will lead to a significant decrease in economic activity and associated benefits. A shrinkage can also have knock-on effects for induced employment in small commerce activities, which are anticipated to arise in response to demand from direct and indirect employees for goods and services. Again, this effect is likely to be felt most acutely in the more developed towns such as Maférinyah and Forécariah (PAC 1).

**18.3.6.1 Impacts between the Construction and Operation Phases**

The port transition from construction to operation will result in a decrease in employment opportunities with a “boom-bust” effect. This effect is considered to be a medium magnitude, given the short-term nature of the contracts and the progressive downscaling of the construction workforce over time. The sensitivity of the affected population is considered high, given study area individuals’ generally low ability to adapt to changes in workforce requirements. In addition to lacking the skills to meet workforce requirements during operation, these workers may be unable to find similar positions in the local area but also unwilling or unable to return to their former livelihoods. As such, this process is expected to result in a **major** negative impact between construction and operation.

**18.3.7 Price Inflation and Economic Vulnerability**

Increased expenditure in the study area will have the potential to trigger inflation in local prices. This can especially be an issue in settlements located closest to port activities, which can experience substantial changes in economic activity. This has already been experienced in communities near the Simandou Mine, such as in Moribadou where significant inflation in the cost of rice was seen during initial in-migration to the
area in 2008. As the port evolves, types of resources that may experience cost increases could include land, construction materials, fuel, food, and transportation. Land pressures due to the port’s acquisition of land for direct activities as well as in-migration could also diminish the availability of agricultural goods and housing, further increasing prices (discussed further in Chapter 20: Land Use and Livelihoods).

18.3.7.1 Construction Phase Impacts

The risk of price inflation in the local study area will be highest during construction, particularly at its peak, as this phase will cause an increase in the demand for goods and services over a relatively short term, with limited time for residents and authorities to anticipate and adapt to the needs of an expanding population. The risk of price inflation will likely be somewhat mitigated by the Project’s controls on interactions between workers and the local population, and the fact that constructions camps will provide basic necessities (eg housing, food) for employees. The impact from price inflation is most likely to be felt in areas where there is high in-migration and economic activity such as the towns of Maférényah and Forécariah (PAC 1) and villages of Touguiyiré, Senguen, Sounganya and Madinağbé (PAC 3), as well as surrounding settlements that source their produce from the market towns. In general, it is expected that households with low levels of disposable income and limited opportunities to generate additional income will be most affected by price increases.

Land speculation is also an increasing source of concern in the local study area. Given the importance of land in the production of local goods and the fixed quantity of land, speculation can not only contribute to rising prices of land but also local goods should land held by speculators not be put to productive use and limit supply. This phenomenon is likely to worsen due to the study area’s proximity to Conakry, increasing its attractiveness to both buyers and sellers wishing to create or maintain ties with the nation’s capital. In-migration will also likely increase speculation and, subsequently, inflation.

The proximity of the port to Conakry – which is located 66 kilometres from the port site by road and accessible via the road at Touguiyiré as well as the Morebaya River – may help mitigate some of the potential price inflation concerns, as Conakry will provide another market for people in the study area (whether direct consumers or middle men traders) to source goods and services and help meet any potential shortfall in supply.

During construction, the port is expected to impact prices, in particular in the areas of high demand for goods – including land – and services due to in-migration and economic activity. This is considered to have an effect of a large magnitude, given trends both near the Simandou Mine, where strong demand and limited supply has resulted in increased prices, and those related to speculative land purchases near the port to date. The sensitivity of the affected population is considered medium to high. Segments of the local study area population may find it difficult to adapt to price increase should their incomes not adjust in line with prices and their purchasing power erode. However, communities are expected to have some ability to adapt to the increase through the procurement of goods and services from other areas of areas of economic activities such as Conakry. As such, it is expected that there may be a major to critical negative impact during construction.

18.3.7.2 Operation Phase Impacts

Following the initial construction boom, the demand for goods and services is likely to level out or even decrease as the operation phase begins. Over time, throughout the operation phase, the increased demand is likely to be partially met through local and regional market adaptation and an associated increased supply of goods and services. Prices should therefore level off again after a few years. The easing of prices should contribute to reducing the negative impacts on the population and the economically vulnerable over time. The general level of prices is likely to remain higher than the original prices, particularly where demand remains high but supply remains relatively static (eg the property market), particularly in places of high in-migration such as Forécariah and Maférényah (PAC 1), and Touguiyiré, Senguen, Soungaya and Madinağbe (PAC 3). While prices will likely ease during the operation phase, it is likely that household income will decline as well. The fall in prices of goods and services and the reduction in Project employment...
during operation will impact the earnings of those who have directly or indirectly become reliant on the Project as a source of income. The reduction in income will impact the purchasing power of households and their ability to acquire essential goods.

During the port’s operation phase activities, prices are likely to stabilise or ease down as producers are able to meet increased demand better in the study area. The activities are considered to have an effect of a medium magnitude. Price levels will likely be higher throughout the study area and decreased economic and employment activity will impact household income from Project and Project-related activities, which will may further dampen purchasing power and the array of goods and services that households can afford. The sensitivity of the affected population is considered medium because although consumers will likely face a higher general price level, they will have access to better resources and markets to help them deal with changes in price. As such, it is expected that there may be a moderate negative impact during operation.

18.3.8 Unmet Expectations

There are high expectations amongst the local community for employment with the Project, including the port. However, it is likely that the skilled technical personnel required for many jobs during the construction and operation of the port are not available in the study area and are generally scarce in Guinea. Many study area residents may be further limited by low levels of education (with only 23% of adults having achieved some level of formal education) and a general absence of formal or on-the-job training opportunities to acquire the requisite skills.

An influx of in-migrant job seekers into the area, both foreign and Guinean Nationals from other parts of the country will significantly increase local competition for employment opportunities. It is possible that some of these migrants will have gained skills in the mining or port industries and construction in other projects in Guinea and elsewhere, which will be an advantage in seeking work positions within the port.

The results of stakeholder engagement and community feedback indicate that the youth will have particularly high expectations of waged employment with the Project. In addition to the enthusiasm and the sense of entitlement to work that is often felt by youth (1) globally, young men applying for jobs will be aware that they are fit and strong and thus more suited to manual labour and construction jobs. This perception will be compounded by a sense of entitlement to jobs created in the region, which has the potential to result in tension (and potentially violence) against any in-migrants competing for the same employment opportunities.

18.3.8.1 Construction and Operation Phase Impacts

Activities throughout the port’s lifetime may result in increased tensions and conflict within and between communities, and between original residents and in-migrants in particular, around real and perceived access to Project opportunities. This could in turn have an impact on relationships between the Project and populations within the study area who feel excluded from the port’s benefits.

Tensions associated with unmet expectations for the life of the port will fluctuate over the course of its lifetime, as the economy adjusts to its natural equilibrium and accommodates the operational profile. The magnitude of the impact is therefore considered medium. The sensitivity of the affected population is considered high, due to the population’s low ability to adapt, the context of very high expectations, and the large scale in-migration expected into the area. As such, it is expected that there may be a major negative impact during construction and operation.

(1) Defined for the purposes of this assessment as persons approximately 15 to 24 years of age.
18.4 Mitigation and Residual Impacts

18.4.1 Overview

This section presents Project mitigation measures for potential impacts on employment and economic development. As noted in the impact assessment above, these impacts include changes to:

- employment levels;
- work skills and experience;
- opportunities and capabilities within the local supply chain;
- economic development and diversification;
- boom-bust between construction and operation;
- price inflation and economic vulnerability; and
- unmet expectations.

As background to the mitigation measures presented, this section first describes the Social Management Framework through which the Project will address socio-economic and community impacts. The section then summarises all mitigation measures for impacts on employment and economic development. Finally, the section assesses the residual impact significance for each specific impact following the application of mitigation measures.

18.4.2 Framework for Mitigation Measures

To mitigate adverse socio-economic impacts and enhance positive benefits among the communities in which it operates, the Project has developed a Social Management Framework. The SMF falls under the Project's Regional Development Strategy (RDS) and is designed to help to fulfill its objectives.

18.4.2.1 Regional Development Strategy

The RDS identifies the ways in which the Project can facilitate and support linkages between the entire region affected by the Simandou Project and national and local development initiatives in Guinea. The Project aims to extend benefits beyond the life of the Simandou Mine by integrating sustainability considerations into all Project decisions and partnering with local and international organisations on development issues. The objectives of the RDS are for the Project to:

- avoid a net adverse impact on socio-economic conditions;
- become a catalyst of growth so that the Project, the government, donors and other investors can direct resources to well planned development initiatives in a coordinated way; and
- to the extent possible, ensure that local development aspirations are met.

Stakeholder involvement is considered critical to the Project’s alignment with Guinean development objectives. Accordingly, the Project will establish a dedicated multi-sector forum (referred to at present as the ‘Regional Development Forum’) in 2012 representing the Project, various levels of government, communities, and other stakeholders. The Project will also provide funding for the first regional economic plan. Thereafter, the Project envisions that its role would be that of a catalyst and long term stakeholder rather than owner, and that funding for the process in the mid- and long-term would be delivered through a fund established for this purpose (referred to at present as the ‘Simandou Development Fund’).

18.4.2.2 Social Management Framework

The SMF provides a structure for the detailed design and implementation of the Project’s social mitigation measures, which will be captured in a series of Social Management Plans.

As illustrated in Figure 18.2, the SMF groups social mitigation measures into a number of programmes under four themes: Urban and Rural Planning; Employment Creation and Livelihoods; Community Health, Safety, and Security; and Cultural Heritage and Awareness. These themes serve to highlight linkages between mitigation measures developed for different impacts and to promote coordination of efforts during detailed
mitigation design and implementation. The Social Management Plans will describe detailed actions, indicators and targets for each theme to be achieved through their respective programmes.

The detailed design and implementation of the SMF will be influenced by a number of factors.

- **Prioritisation**: The Project will prioritise mitigation measures that address negative impacts and risks, with special attention given to negative impacts anticipated to be of major or critical significance. Implementation timeframes will take into account the Project schedule and apply urgency in delivering measures that meet immediate needs in the first year of a given phase (eg construction), which may then be enhanced and expanded in subsequent years to encourage broader and lasting benefits. The Project will also consider appropriate target populations for mitigation, first prioritising Project affected communities (both those affected directly by Project activities and indirectly by in-migration pressures) and vulnerable groups within those communities over other potential beneficiaries. Recognising that impacts, risks, and affected populations (including vulnerable groups) may change over time, the Project will adapt its prioritisation process to findings from ongoing monitoring as necessary.

- **Alignment**: Where possible, the Project will align its mitigation with the development policies and plans of local communities and government authorities (eg Local Development Plans, Poverty Reduction Strategy Paper) and objectives identified in relevant development forums (eg Simandou Development Forum, the Village Support Programme [PACV]). However, broader efforts to positively transform Guinea’s socio-economic environment will fall under the responsibility of the RDS. While it is anticipated that the RDS and SMF will work together to maximise the value of the mitigation by identifying appropriate partnerships and avoiding programmatic gaps or overlaps with other development entities, the SMF will initially maintain Project attention on the timely mitigation of negative impacts in Project-affected communities.

- **Stakeholder Engagement**: The Project will engage a variety of stakeholders to consult, exchange information, and work in partnership on detailed mitigation design and implementation. Consultation with Project affected communities in particular will be a critical factor in the design of the Social Management Plans. Any concerns regarding mitigation measures or Project activities will be managed through the Project Grievance Procedure (see Annex 1G: Simandou Project Grievance Procedure) and the outcomes arising from grievance resolution will inform the evolution of mitigation. In addition, the Project will support capacity building within government and civil society organisations to enhance their capabilities over time to participate in mitigation design, implementation, and monitoring. The Project Stakeholder Engagement Plan will describe the processes by which these engagements and partnerships will be managed. The Project will regularly review the efficacy of its engagement and partnerships and adapt activities when appropriate to support the achievement of its mitigation targets.

Mitigation measures for impacts on employment and economic development will be implemented through the SMF’s Employment Creation and Livelihoods theme. These programmes include:

- Employment and Work Readiness;
- Local Procurement;
- SME Development; and
- Agriculture and Food Security (1).

Each of these programmes and their associated activities are discussed below.

---

(1) Resettlement and Livelihood Restoration, the remaining SMF programme within the Employment and Livelihoods Creation theme, specifically targets resettled individuals and households and will be guided by the Project’s Resettlement and Compensation Action Plan Framework (PARC Framework; see Chapter 20: Land Use and Livelihoods) with the objective of meeting IFC Performance Standard 5 and other requirements. While it is anticipated that the Resettlement and Livelihood Restoration programme will coordinate closely with the other programmes listed here, it is not considered further in this chapter.
Figure 18.2 Simandou Project Social Management Framework

- Vision and Objectives
- Organisation
- Funding
- Programmes
- Schedule
- Communication
- Monitoring and Evaluation

Programme Development

- Project Affected Peoples
- Impacts and Risks
- Project Phase

Alignment

- Development Policies
- Regional Development Forum
- Studies and Analysis

Urban and Rural Planning

- Resettlement and Livelihood Restoration (PARC Framework and Implementation)
- In-Migration
- Employee Housing
- Infrastructure

Employment Creation and Livelihoods

- Agriculture and Food Security
- Local Procurement
- SME Development
- Employment and Work Readiness

Community Health, Safety, and Security

- Community Health
- Community Safety and Security
- Human Rights

Cultural Heritage and Awareness

- Tangible Heritage
- Intangible Heritage

Stakeholder Engagement

- Capacity Building
- Consultation, Information Exchange, and Partnerships
- Grievance Management

- Government
- Donors
- Communities
- Civil Society and NGOs
- Private Sector
18.4.3 Employment and Work Readiness

The Employment and Work Readiness programme will include a number of recruitment and employment preparation activities. The programme can be divided into three categories:

- recruitment and retrenchment, which focuses explicitly on recruitment (and retrenchment at the end of Project phases) from communities for direct Project employment;
- vocational training, which prepares individuals with specific skills required for direct Project employment or advancement; and
- education, which provides communities with opportunities to enhance their general knowledge and skills for waged employment (with the Project or elsewhere) and entrepreneurship.

Recruitment and retrenchment activities, while incorporated into the SMF, will be managed by the Simandou Project Human Resources Department, but closely coordinated with the Communities and Economic Development Departments.

18.4.3.1 Recruitment and Retrenchment Activities

The objectives of the Project’s recruitment activities are to:

- adopt a management hierarchy for maximising national and local employment, particularly for those living in the study area; and
- ensure a transparent and fair recruitment procedure and processes by the Project and its contractors.

To accomplish these objectives:

- the Project will develop, keep under review, and update an Employment Plan with the objective of increasing national employment and transferring operational positions from expatriate staff to Guinean Nationals once the necessary skills and experience have been acquired;
- the Employment Plan will include annual targets for employment and training of Guinean Nationals. Employment targets will be set and tracked for women, and the Project will use affirmative action to ensure women have equal access to training. The Project will also monitor the participation of young people up to 24 years of age;
- the Project will preferentially hire unskilled labour from local communities using a transparent process for distribution of opportunities developed in consultation with the local community and taking into account other impacts on individual settlements. Resettled households will have priority access to vocational training and employment;
- the Project will not employ children under the age of 16 (minimum working age in Guinea) and will only employ young people between 16 and 18 in suitable roles;
- the Project will establish Local Employment Offices at key locations to facilitate access to employment opportunities for local candidates with appropriate skill sets. A database of people looking for work will be maintained and will identify candidates’ place of origin. The location of Local Employment Offices and Project policy in this regard will be communicated widely in relevant areas including via communication activities targeted at potential in-migrants;
- there will be no recruitment ‘at the gate’ and all recruitment will be managed from the Project’s Local Employment Offices; and
- all recruitment and employment policies and procedures will be publicly disseminated throughout key locations in the Project area in local languages.
To minimise the impact of job losses between phases, the Project will:

- offer a certificate of employment experience and training to construction workers at the conclusion of successful employment; and

- develop a Retrenchment Plan that takes into account changes to direct, indirect, and induced employment during transitions between Project phases. Through the Plan, the Project will develop and implement:
  
  - communication of timetables to prepare employees and the broader community of Project phase transitions and implications for direct, indirect, and induced employment. (Communication activities with the broader community will be included in the Project Stakeholder Engagement Plan.);
  
  - outplacement services and skills training for retrenched staff; and
  
  - assessments of the Project supply chain (including both indirect and induced businesses) prior to the next phase to determine regional and local economic linkages with the Project. Following those assessments, the Project will develop appropriate responses to support businesses’ capacity to meet new demands or expand into alternative markets (eg industry referrals, access to finance, vocational training for SMEs).

18.4.3.2 Vocational Training Activities

Improving the technical skills of potential Project recruits will be essential in maximising access to employment opportunities. To support skills uplift, the Project will develop and implement a Work Readiness and Vocational Training Plan in consultation with local stakeholders, including women’s groups. The Plan will:

- identify the skill needs of the Project and skills gaps in the local community;
- provide training for local people to meet Project needs; and
- identify and focus on the particular needs of women and youth and design trainings to encourage their participation (1).

The Project will also establish and equip Work Readiness and Vocational Training Centres in key locations. Partnerships with the local administration and international agencies will be pursued in order to enhance programme delivery.

18.4.3.3 Education Activities

To support the promotion of education and skills uplift among local communities, the Project will:

- implement a scholarship programme to encourage the study of subjects of relevance to Project needs;
- work with government authorities to expand schools and other education facilities and programmes (eg literacy) in key locations; and
- work in partnership with government authorities and relevant organisations where available and appropriate (eg donors, civil society and NGOs) to establish a plan for sustainable educational development in the Project area, with a focus on empowerment of women and youth.

(1) Mitigation measures targeting youth will be directed towards young men and women approximately 15 to 24 years of age. However, this range may be adjusted upwards or downwards as determined to be appropriate for the Guinean context through ongoing stakeholder feedback, and as required by applicable Guinean laws (eg the minimum working age of 16 years may limit youth’s participation in certain employment or vocational training activities). See Chapter 16: Socio-Economic and Community Baseline for further details.
18.4.4 Local Procurement

The Project will give preference to procuring goods and services within Guinea, provided that suppliers meet Project requirements for delivery, quality and health, safety, and environment (HSE) standards, and that local access to goods and services is maintained. Local suppliers are defined as sole traders, small and medium enterprises (SMEs), or corporations, principally owned by permanent resident(s) of Guinea with the primary business activity being undertaken within Guinea.

The Project aims to maximise local procurement through its ‘Guinea Buy Local Programme’ (GBLP), a programme developed in partnership with the IFC. Beginning in 2012, the GBLP will operate with a budget of approximately US$ 4 - 5 million over three years, with 70% of funding provided by the Project and 30% provided by the IFC. The Project will continue to support the GBLP or other local procurement activities in partnership, where available and appropriate, with the IFC or other donors, civil society organizations, or NGOs beyond this three year period to address needs throughout the Project lifecycle. As part of GBLP, the Project will:

- carry out an audit of local businesses and their capacity to meet Project needs, including those businesses in the study area, and maintain a database of local business information;
- establish relevant training and capacity building initiatives to support businesses’ ability to meet the Project requirements, based on audit results and needs assessments;
- adapt Project procurement documents to suit local businesses as far as possible within the standards required of the Project;
- provide incentives for Project contractors to purchase locally and partner with local businesses, including tender requirements regarding local procurement;
- establish local procurement and business development offices in central and accessible locations to enhance accessibility of information about contract and training opportunities, and promote opportunities through trade forums and other events;
- create an SME electronic portal to facilitate communication of contract opportunities and management training materials to SMEs;
- partner with relevant organisations where available and appropriate (e.g., donors, civil society and NGOs) to provide access for local businesses to finance and advisory services in order to develop their capacity to competitively supply to the Project. These services will be publicised in the Project area; and
- promote the GBLP to the government and local communities in a transparent and culturally appropriate manner, and disseminate procurement opportunities as early as possible, with clearly defined requirements for the goods or service to manage expectations.

The numbers of local businesses used by the Project at all levels will be tracked. Targets will be developed with the aim of increasing local procurement over time.

18.4.5 SME Development

The Project will support other SME development programmes for people and businesses not part of the Project supply chain, to help equip communities to take up wider economic development opportunities and promote induced employment. In undertaking these programmes, the Project will:

- conduct needs assessments to understand local demand and community priorities;
- partner with relevant organisations where available and appropriate (e.g., donors, civil society and NGOs) to maximise reach to vulnerable populations including women, youth, and the very poor;
consider a range of support for targeted beneficiaries, including skills training, access to equipment and other inputs (including through microfinance), and establishing market linkages; and

- aim to strategically connect SME development programmes to other Project mitigations, such as those related to agriculture and food security (see Chapter 20: Land Use and Livelihoods) and urban and rural planning (see Chapter 21: Social Structures and Community Life).

18.4.6 Agriculture and Food Security

The Agriculture and Food Security programme will mitigate potential impacts to land use and land-based livelihoods, while also facilitating strategic market linkages with the wage-based economy through other programmes within the Employment and Livelihoods Creation theme. Agriculture and Food Security activities are discussed in Chapter 20: Land Use and Livelihoods, with the exception of programme activities related to the potential impact on local prices, which are discussed here.

To address the potential impact on prices and economic vulnerability the Project will, in partnership with government authorities:

- monitor inflation statistics at the local and national levels (using indicators including local land prices and staple foods);
- monitor the availability of staple foods to meet both Project and local community demand; and
- develop appropriate interventions where inflation or limited food supply cause negative pressures to local communities and are identified to be linked to direct or indirect Project activities (e.g., Project food purchases, in-migration), taking into account the needs of identified vulnerable populations, such as the elderly and women.

18.4.7 Residual Impacts

Following the implementation of the mitigation measures above it is expected that the significance of impacts on employment and economic development will change as follows.

18.4.7.1 Employment Levels

The impact assessment determined that in the absence of Project mitigation the port would have a moderate positive impact related to employment levels during construction and operation (see Section 18.3.2).

As noted above, a number of Project mitigation measures commit to enhancing local communities’ employment opportunities. To support direct employment the Project will establish annual targets for the employment and training of Guinean Nationals (with specific targets for women). To support indirect and induced employment, the Project will provide a number of education and training opportunities as well as SME development support. Recognising the potential negative impacts brought by the downsizing of employment in the transition between the construction and operation phase, the Project will also develop and implement a Retrenchment Plan to facilitate the transition of workers into new opportunities in the market.

It is anticipated that, with the implementation of these mitigation measures, the Project will improve the ability of local communities to obtain direct employment opportunities, including those requiring particular skills. The Project will also improve SME capacity, which will bolster economic development and encourage further indirect and induced employment creation. As a result, during construction and operation, the residual impact on employment levels is expected to change to major positive during construction and operation.
18.4.7.2 Work Skills and Experience

The impact assessment determined that in the absence of Project mitigation the port would have a minor positive impact related to the enhancement of work skills and experience during construction and operation (see Section 18.3.3).

Project mitigation measures note a commitment to employing and promoting Guinean Nationals to skilled positions anticipated to initially be filled by expatriate staff, and to expanding the base of the trained population and providing opportunities for skills uplift beyond the Project workforce. Examples include establishing annual targets for the employment and training of Guinean Nationals, including women, as well as the creation of Work Readiness and Vocational Training Centres, scholarship programmes, and the GBLP. The Project has also considered phase-specific needs, including training construction staff for operational positions, offering a certificate of skills and experience to employees to record uplift for the benefit of future employers and providing training to staff and local businesses as appropriate to support employment transitions between Project phases.

It is anticipated that with the implementation of these mitigation measures the Project will reduce the work skills deficit present in the study area and provide local communities an opportunity to acquire and deepen skills during the port lifetime. As a result, it is expected that the residual impact on works skills and experience will be moderate positive during construction and operation.

18.4.7.3 Opportunities and Capabilities with the Local Supply Chain

The impact assessment determined that in the absence of Project mitigation to local supply chain opportunities and capabilities, the port would have a minor to moderate positive impact during construction and operation (see Section 18.3.4).

Project mitigation measures optimise opportunities and capabilities in several ways. These include an emphasis on the enhancement of potential SME employee skill sets and general business development support (e.g., vocational training and literacy programmes, GBLP emphasis on business plans and access to finance); targeted preparation of potential suppliers to meet Project procurement requirements (e.g., GBLP training on HSE and quality standards); management commitments to enhance local procurement through the identification of local suppliers (e.g., contacts database) and subcontractor requirements; and consideration of supplier impacts in subsequent phases through the Retrenchment Plan.

It is anticipated that with the implementation of these mitigation measures the Project will help integrate local businesses in its supply chain and other community supply chains through expanded knowledge of supply chain requirements and enhanced capacity to meet demand. As a result, it is expected that the residual impact on opportunities and capabilities with the local supply chain will be moderate to major positive during construction and operation.

18.4.7.4 Economic Development and Diversification

The impact assessment determined that in the absence of Project mitigation the port would have a moderate positive impact related to economic development and diversification during construction and operation (see Section 18.3.5).

By expanding a broad range of individuals’ skill sets and experience (including women and youth) and supporting small business growth through measures such as vocational training, leadership and education programmes, and the GBLP, the Project can encourage individuals’ increased employment and earning abilities as well as small business capabilities to meet changing consumer needs. (These activities may support, according to market demand and community interest, local populations’ existing skill sets, such as fishing and agriculture – see Chapter 20: Land Use and Livelihoods). These mitigation measures can then bolster both the demand and supply of goods and services. As a result, it is expected that the residual impact on economic development and diversification will increase to major positive during construction and operation.
18.4.7.5 **Boom-Bust between Construction and Operation**

The impact assessment determined that in the absence of Project mitigation the port would have a major negative impact related to a boom-bust event between construction and operation (see Section 18.3.6).

The Project will undertake a number of measures designed to lessen the impact of demobilisation including: providing training to construction phase employees so that they can be retained for work during the operation phase where suitable opportunities are available; providing construction phase workers with certificates of employment experience and training at the conclusion of successful employment; and developing a Retrenchment Plan that provides communication timetables, outplacement services, and skills training to staff, and also supports Project supply chain assessments to develop appropriate responses to businesses contributing to indirect and induced employment opportunities in the study area.

It is anticipated that with the implementation of these mitigation measures the Project will provide workers the skills and experience to seek a job during port operation, find other semi-skilled employment opportunities, or pursue their own business opportunities. As a result, it is expected that the residual impact between construction and operation will decrease to moderate negative.

18.4.7.6 **Price Inflation and Economic Vulnerability**

The impact assessment determined that in the absence of Project mitigation the port would have a major to critical negative impact related to local price inflation and economic vulnerability during construction, and a moderate to major negative impact during operation (see Section 18.3.7).

Project mitigation measures commit to enhancing Project understanding of potential inflation and changing economic status of communities through the monitoring of inflation at the local level and developing appropriate interventions that take into account the needs of identified vulnerable populations such as the elderly and women.

It is expected that with the implementation of these mitigation measures the Project will help control factors that may lead to price inflation and put in place procedures to support needs of the economically vulnerable. However, due to the difficulty in directly addressing inflation impacts, the residual impact on local price inflation and economic vulnerability is not expected to significantly change, though Project mitigation measures at the early period may provide some benefit. Therefore, the impact is expected to be moderate to critical negative during construction and a minor to moderate negative during operation.

18.4.7.7 **Unmet Expectations**

The impact assessment determined that in the absence of Project mitigation the port would have a major negative impact related to tensions associated with unmet expectations during construction and operation (see Section 18.3.8).

Project mitigation measures commit to ongoing consultation with local communities (including local authorities and traditional leadership, see Chapter 21: Social Structures and Community Life) and the clear communication of Project needs and schedule, including in local languages. The Employment Plan also establishes a transparent and fair recruitment procedure and processes by the Project and its contractors, and the creation of Local Employment Offices will create central and lasting locations for information sharing about the procedure and processes between the Project and local communities.

It is expected that with the implementation of these mitigation measures the Project will help moderate the expectations of local communities, by keeping them informed of Project activities and addressing their concerns. As a result, it is expected that the residual impact on unmet expectations will reduce to moderate negative during construction and operation. Minimisation is expected to be a function of the breadth (ie the population reached, including vulnerable peoples), depth (eg discussion of Project targets related to employment for local candidates, women, and youth; skill needs and training opportunities), and lasting continuity of communication (ie across all Project phases).
18.5 Summary of Findings

Potential impacts on employment and economic development by the port during construction and operation, and associated mitigation measures, are summarised in Table 18.2.
### Table 18.2  Summary of Potential Impacts on Employment and Economic Development

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>Phase</th>
<th>Impact Assessment</th>
<th>SMF Themes and Programmes</th>
<th>Key Mitigation Measures</th>
<th>Residual Impact</th>
</tr>
</thead>
</table>
| Employment levels  | Construction | Moderate positive | Employment Creation and Livelihoods  
• Employment and Work Readiness  
• SME Development  
• Local Procurement | • Establish targets for the employment and training of Guinean Nationals (with specific targets for women).  
• Provide education and training opportunities as well as SME development support.  
• Develop and implement a Retrenchment Plan to better facilitate the transition of workers into new opportunities in the market. | Major positive |
|                    | Operation | Moderate positive |                                                                                       |                                                                                                                             | Major positive |
| Work skills and experience | Construction | Minor positive | Employment Creation and Livelihoods  
• Employment and Work Readiness  
• SME Development  
• Local Procurement | • Establish annual targets for employment and training of Guinean Nationals (with specific targets for women).  
• Establish Work Readiness and Vocational Training Centres, scholarship programmes, and the GBLP.  
• Train construction staff for operational positions.  
• Offer a certificate of skills and experience to employees.  
• Provide training to staff and local businesses as appropriate to support employment transitions between Project phases. | Moderate positive |
|                    | Operation | Minor positive |                                                                                       |                                                                                                                             | Moderate positive |

Approximately 3,900 direct jobs and 21,000 indirect and induced jobs will be created during construction of the port. Approximately 1,320 direct jobs and 6,200 indirect and induced jobs will be created during operation. Only a proportion of these jobs are expected to be accessible to local population.

Employment on the port and in the supply chain will contribute to the enhancement of the population’s skills set and experience, leading to better future economic opportunities.
<table>
<thead>
<tr>
<th>Impact Description</th>
<th>Phase</th>
<th>Impact Assessment</th>
<th>SMF Themes and Programmes</th>
<th>Key Mitigation Measures</th>
<th>Residual Impact</th>
</tr>
</thead>
</table>
| Opportunities and capabilities within the local supply chain                        | Construction | Minor to Moderate positive | Employment Creation and Livelihoods  
  - Employment and Work Readiness  
  - SME Development  
  - Local Procurement |  
  - Emphasise enhancement of potential SME employee skill sets and general business development support (eg vocational training and literacy programmes, GBLP emphasis on business plans and access to finance).  
  - Prepare potential suppliers to meet Project procurement requirements (eg GBLP trainings on HSE and quality standards).  
  - Develop management commitments to enhance local procurement through the identification of local suppliers (eg contacts database) and subcontractor requirements.  
  - Consider supplier impacts during transitions between Project phases. | Moderate to Major positive |
| The port will create opportunities for local businesses through its supply chain throughout its operational lifetime, although suppliers' ability to meet procurement requirements will be limited. | Operation  | Minor to Moderate positive | | | Moderate to Major positive |
| Economic development and diversification                                               | Construction | Moderate positive | Employment Creation and Livelihoods  
  - Employment and Work Readiness  
  - SME Development  
  - Local Procurement |  
  - Expand a broad range of individuals’ skill sets and experience (including women and youth) and support small business growth through measures such as vocational training, leadership and literacy programmes, and the GBLP, to encourage individuals’ increased employment and earning abilities as well as small business capabilities to meet changing consumer needs. | Major positive |
| The port’s procurement activities, workforce expenditures, and increased incomes within the general population will result in economic growth and the diversification of available goods and services. | Operation  | Moderate positive | | | Major positive |
| Boom-bust between construction and operation                                           | Construction | Major negative | Employment Creation and Livelihoods  
  - Employment and Work Readiness |  
  - Provide training to construction phase employees so that they can be retained for operation phase employment where suitable opportunities are available.  
  - Offer a certificate of employment experience and training to employees.  
  - Develop a Retrenchment Plan that includes communication timetables, outplacement services, and skills training for staff as well as assessments and responses for businesses contributing to indirect and induced employment. | Moderate negative |
<p>| The transition from construction to operation will result in a significant downsizing of the workforce and procurement expenditures. | Operation  | Major negative | | | Moderate negative |</p>
<table>
<thead>
<tr>
<th>Impact Description</th>
<th>Phase</th>
<th>Impact Assessment</th>
<th>SMF Themes and Programmes</th>
<th>Key Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price inflation and economic vulnerability</td>
<td>Construction</td>
<td>Major to Critical negative</td>
<td>Employment Creation and Livelihoods</td>
<td>• Monitor inflation at the local level in collaboration with the government.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Agriculture and Food Security</td>
<td>• Develop appropriate interventions that take into account the needs of identified vulnerable populations.</td>
</tr>
<tr>
<td></td>
<td>Operation</td>
<td>Moderate to Major negative</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Employment Creation and Livelihoods</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Employment and Work Readiness</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmet expectations</td>
<td>Construction</td>
<td>Major negative</td>
<td>Employment Creation and Livelihoods</td>
<td>• Undertake ongoing consultation with local communities (including local authorities and traditional leadership) and clearly communicate Project needs and schedule (including in local languages).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Employment and Work Readiness</td>
<td>• Establish a transparent and fair recruitment procedure and processes by the Project and its contractors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• In the construction and operation phases, create Local Employment Offices for information-sharing about employment procedures and processes between the Project and local communities.</td>
</tr>
<tr>
<td></td>
<td>Operation</td>
<td>Major negative</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increased demand for goods and services from the port, its workforce, and larger population will have the potential to trigger inflation in local prices, potentially exacerbating the economic vulnerability of segments of the population.

Awareness of the port has triggered high expectations regarding employment and economic benefits among communities that, if not met, may result in tensions within communities (particularly between original residents and in-migrants) and could also spur negative attitudes toward the Project.