

## FACT SHEET ON COMMUNITY DEVELOPMENT

### Background

- The World Bank Group plays a key role in extractive industries—not only by providing financing and minimizing its environmental footprint but, perhaps more significantly, by helping to ensure that revenues from extractive industries contribute to the development of surrounding communities, thus helping to make a project socially sustainable.
- In the past, communities living in project regions received few benefits. In addressing this problem, the World Bank has focused on channeling government and private revenues into development or linkage projects for communities.
- IFC's financing combined with its commitment to sustainable development makes an invaluable contribution to the success of large, complex projects in challenging markets: ensuring environmental and social benefits, expanding links between large projects and small and medium enterprises (SMEs), supporting community development, and strengthening corporate social responsibility.
- These initiatives include capacity building programs in such areas as health care, education, agricultural and agribusiness support, training and support for microenterprises in the project zone, technical assistance to banks and training of loan officers, campaigns to provide information about SME opportunities, and HIV/AIDS prevention campaigns.
- Examples include the [Chad-Cameroon Petroleum Development and Pipeline Project](#), the [Mozal Aluminum Project](#) in Mozambique, the [Baku-Tbilisi-Ceyhan \(BTC\) Pipeline](#), and the [Yanacocha Gold Mining Project](#) in Peru.

### Chad SME Initiative

The World Bank Group launched an SME Initiative in Chad in July 2001 to ensure that the private sector shares in the benefits of the Chad-Cameroon petroleum development and pipeline project. The initiative is managed by a full time IFC coordinator based in Chad. Results include:

- Establishment of FINADEV, Chad's first accredited commercial microfinance institution, in which IFC holds a stake; IFC's technical assistance has resulted in over 3,500 micro loans.
- Establishment of the Support Training and Entrepreneurship Program (STEP), with field officers operating in Chad; about 200 entrepreneurs have been trained to date.
- Creation of an SME credit facility in partnership with the European Investment Bank and Financial Bank Chad.
- Technical assistance for agribusiness enterprise creation in southern Chad, in partnership with Africare; results include creation of seven microenterprises, training of about 400 people, and seven supply contracts for vegetable, fish, pig, poultry, sheep, and cattle farms.

### Mozal SME Initiative

- The Mozal Community Development Trust, created as part of the financing package, spends \$2 million annually on social and community initiatives. It undertook a groundbreaking HIV/AIDS awareness program for which IFC provided matching funds through through its ["IFC Against Aids" pilot program](#) to ensure continuation among Mozal's target population.
- IFC is building partnerships between Mozal and local businesses to maximize subcontracting opportunities for SMEs with the help of a Maputo-based SME coordinator. This initiative builds on an existing program that [links local small businesses to the Mozal Smelter](#), particularly businesses participating in the Mozal linkages program, [Mozlink](#), which is supported by [a capacity building program that will train consultants](#) in quality, safety, and production.

## **BTC SME Initiative**

- Technical assistance targeted to 30 Azerbaijani SMEs that are potential suppliers, helping improve their ability to win long-term contracts.
- An energy efficiency/alternative energy project in parts of Azerbaijan and Georgia.
- A project in Georgia to help SMEs make locally developed technologies commercially viable.
- Support to SME suppliers in Turkey to enable local SMEs to win more contracts and business; this is modelled on the Enterprise Centre in Azerbaijan, which is based in regions where the BTC pipeline is being constructed.
- A project in Azerbaijan to train providers of business services to SMEs.
- Corporate governance and leasing operations in Georgia and Turkey through IFC's Private Enterprise Partnership.
- A \$37 million [community investment program \(CIP\)](#) and [environmental investment program \(EIP\)](#) are being implemented in affected villages in all three countries. Designed in consultation with local communities and stakeholders, the projects will deliver lasting benefits and encourage participation and contributions from local communities.
- The CIP targets several sectors including income and employment creation, infrastructure, health and sanitation, capacity building, and agriculture. BTC Co. has partnered with a number of international NGOs (for example, CARE, Save the Children) in Azerbaijan and Georgia, and with local NGOs to implement the programs in Turkey.

## **Minera Yanacocha SME Initiative**

- A \$1.5 million SME linkage program to develop a diversified and sustainable economic base that extends beyond mining. Key program areas include supplier development, capacity building, and access to finance and focuses primarily on the agribusiness, light industry, and construction sectors, as well as artisanal products.
- Swisscontact, TechnoServe, Aid to Artisans, and other partners are responsible for implementing program components in their areas of expertise. An SME coordinator in Cajamarca ensures that the program generates maximum impact and leverages all stakeholders.
- Local SME suppliers of goods and services are participating in quality management training focused on international standards in safety and in environmental and business practices to strengthen their overall business standards and enable them to win more supplier contracts awarded by Minera Yanacocha and other regional companies.
- Building capacity of local farmers to supply agro-products to the mine's canteen, as well as to neighboring hotels and restaurants and national supermarket chains.
- Local artisans in the ceramics and textile sectors are receiving technical training to upgrade their skills and production capacity and are receiving marketing assistance to link their products to domestic and international markets.
- Advisory services, such as business plan development and financial management, are being provided to local microenterprises and SMEs, in an effort to help them access finance and become part of the formal financial sector.

## **Additional Resources**

- [SME Capacity Building Facility](#)
- [SME Linkages](#)
- [Large Mines & Local Communities: Forging Partnerships, Building Sustainability](#)

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