

Chapter 4: Engage Communities on CI

“Our relationships with local communities around the globe are complex and dynamic. We know that the relationships we build are fundamental to the success of our business.”

—Richard O’Brien, CEO, Newmont Mining Corporation¹⁹

As discussed in Chapter 1, good stakeholder engagement is an essential prerequisite for community investment. As a general rule, a company should try to establish ongoing engagement on its overall operations—and the issues of highest concern to local stakeholders—*before* engaging communities on CI. Making investments in community development when there are major outstanding issues or inadequate relations established may otherwise prove counterproductive. Under such circumstances, stakeholders can sometimes perceive community investment as a company “pay off” in order to avoid addressing the real concerns of the community. As a result, even when these investments do generate local benefits, they may not generate the type of goodwill and trust the company is seeking.

Focusing on the *quality* of stakeholder engagement is important in that it helps to lay the foundation for mutual respect and trust that will affect all aspects of company-community relations, including CI. An integrated approach to engagement, which includes CI, will usually deliver the best results. This assumes that company actions incorporate the following:

- Effective management of all aspects of company-community interface, including grievance channels
- Cross-functional coordination and accountability across business units for community relations
- Meaningful stakeholder engagement processes, especially during key stages of the CI process
- Capacity building of stakeholders to effectively participate in and drive CI

For detailed guidance on how to undertake stakeholder engagement in private sector operations, please see IFC’s *Stakeholder Engagement Handbook*.²⁰

INDICATORS OF COMMUNITY ENGAGEMENT EFFECTIVENESS²¹

- Communities say they have access to the information they need on issues that affect them
- Communities say they feel listened to and that the company takes their concerns and grievances seriously
- Communities express satisfaction with their level of involvement in decisions that affect their lives
- Community elders and leaders state that they feel respected by the company
- People wave back when greeted
- The same grievances do not arise over and over
- Company staff feel welcome visiting local communities
- Women and minority groups in the community say they feel their interests are taken into account
- There is a high level of participation in consultation meetings
- There are no disruptions due to community unrest

Table 4.1: Invest in Building Trust with Local Communities²²

	Trust Builders	Trust Breakers
Benefits Distribution	<ul style="list-style-type: none"> • Company is reliable and predictable; it follows through on its commitments/promises • Community members have direct access to the company decision makers who determine benefits distribution • Company is seen as trying to generate maximum benefits for local people • Community is well-informed about future prospects or plans • Company is clear about criteria for distribution of benefits and applies them consistently • Community is fully aware of company criteria 	<ul style="list-style-type: none"> • Company does not follow through on its promises • Company does not respond to letters or community requests • Company deals with “representatives” who lack community support • Company makes deals in secret • Company plays groups with different interests off against each other
Management of Project Impacts	<ul style="list-style-type: none"> • Company acknowledges the potential impacts of its operations, takes responsibility, and works with communities to prepare for and manage these • Company is seen helping out people with small problems that are beyond its immediate interests • Company maintains an accessible and responsive grievance mechanism • Communities are regularly consulted and have a say in solving problems as they arise 	<ul style="list-style-type: none"> • Company addresses symptoms of problems rather than root causes • Company provides little information about likely project impacts, day-to-day operations, decision-making processes, or future plans • Company is paternalistic in solving problems rather than working with communities to come up with joint solutions
Behavior	<ul style="list-style-type: none"> • Community meets company staff in informal and personal settings even when there is no “business” to be discussed • Company staff respect local culture, social and religious norms, and values • Traditional leaders are treated with respect • Company shows respect for culturally significant sites • Company uses language that people understand • Expatriates speak at least a few words of the local language • Staff do not seem hurried or impatient with local people (take time to listen in meetings, drive slowly through villages, greet people, and so forth) • Company regularly acknowledges it needs community involvement for a project to be successful • Company reports back regularly to the community on follow up and next steps 	<ul style="list-style-type: none"> • Company only engages with the community when it wants something or when the community behaves in an obstructive manner • Company staff violate cultural and religious norms and values • Company managers use technical or legalistic language that communities don’t understand • Company staff behaviors are seen as arrogant, flashy, and/or wasteful • Company is seen to maintain close relations with oppressive or corrupt authorities • Company only visits communities when accompanied by security forces and/or has an armed presence at the company gate • The company consults the community but then provides no feedback nor disseminates results

WHY ENGAGEMENT FOR CI IS DIFFERENT

Engaging with local stakeholders on community investment differs in one important way from the ongoing stakeholder engagement processes a company normally conducts in other aspects of its operations. While most consultation activities seek stakeholder feedback on key issues and project impacts to enable the company to improve its *own* actions and decision making, engagement on CI must promote *stakeholder-driven* action and decision making. In other words, a company needs the active participation and leadership of local stakeholders to generate successful, sustainable community investment. This means that the approach and methods used in this type of engagement need to generate a much more intensive level of stakeholder involvement and ownership of the process.

Adopting a community-driven approach often calls for a significant shift in mindset on the part of both the company and local communities.

Is the Company Ready to Engage on CI?

Adopting a community-driven approach often calls for a significant shift in mindset on the part of both the company and local communities. For a company, moving from a central role (in decision making and delivery of CI benefits) to a supporting role in a multi-stakeholder process (partnering, facilitating, co-funding) necessitates readiness on a number of levels:

- Willingness to give up some control in exchange for greater local ownership and sharing of risks
- A shift away from “do-it-yourself” to helping ensure that things get done
- A long-term commitment to an iterative process
- A significant up-front investment in expertise, facilitation, and capacity building
- Patience and recognition that results take time
- Support from senior management on all of the above



© T. Pollett

CORE PRINCIPLES OF COMMUNITY-DRIVEN DEVELOPMENT (CDD)²³

Local participation: The participation of households and communities in development decision making is based on the proven fact that local people are capable agents of their own destiny. Even when illiteracy is high and education low, local populations are fully able to explain and assess the reality of their lives, to make rational decisions about resource management, and to plan and manage their own futures. Thus, local participation in any development intervention is fundamental to successful change.

Community empowerment and ownership: Sustainable development is not possible without a local sense of ownership and empowerment. Many past development failures resulted from a top-down decision-making process. When project interventions are designed without local participation, communities are treated as passive recipients of outside assistance. CDD assumes that local communities can prepare and manage their own development plans and interventions, and this ownership is the foundation of community empowerment. Capacity-building interventions are often required to support such processes.

Representation and social inclusion: It is necessary to acknowledge that all communities are heterogeneous, not homogeneous. Not all community households and members have the same access to power and resources—some are more privileged; some are more marginalized because of age, gender, class, caste, ethnicity, and other factors. CDD emphasizes that sustainable development must include all groups in a community in the process of change.

Governance and transparency: Just as sustainable development must include all social groups in a community, all decisions must conform to widely-accepted rules of public interaction and governance. Under CDD, development activities—including self-assessment, development planning, project implementation, and evaluation—are transparent and accountable to community members and other stakeholders.

How a Company Engages Can Determine the Success of CI

“How” a company engages will likely determine the success of CI. The way dialogue is initiated with communities around the topic of CI can have long-term implications for the relationship. Some ground rules include:

- Engage in ways that encourage trust and collaboration (e.g., openness, transparency, respect, inclusiveness)
- Position the company as a partner in a multi-stakeholder process rather than as the principal actor responsible for delivering local development
- Manage expectations
- Involve government and other key stakeholders early on
- Keep track of commitments made, and follow through
- Ask communities which representatives they trust, and work with those wishing to make a positive contribution
- Verify the views of stakeholders’ representatives with the broader community to ensure accountability
- Respect traditional systems and processes for community decision making
- Report back regularly and disseminate outcomes

SUPPORT COMMUNITY PLANNING PROCESSES

Engagement around CI is really about a company helping to support and facilitate a process of community planning. In many respects, the community's own planning process—which empowers community members to define their own futures, identify their own opportunities and assets, and do their own prioritizing of areas for potential community investment—parallels the internal processes of self-assessment, diagnostic, and visioning undertaken by the company in Chapter 2. (Company strategy and community priorities will subsequently come together in Chapter 6 to determine which areas are best suited for company-community collaboration.)

Community planning is a means to bring people together to define a collective vision and to agree on a set of priority areas or interventions that becomes their development action plan. Companies should not see the results of community planning as something they are obligated to support regardless of their nature. Instead, the objective should be to work toward a joint vision, recognizing that the company will only play one part in the development process, and that other actors—including government, civil society, donors, and communities themselves—will also need to play their parts.

Use Participatory Methods

Participatory processes are among the best ways to cultivate stakeholder involvement and ownership. These processes can contribute throughout the entire cycle of CI: from planning, assessment, visioning, and prioritizing to project design, implementation, and monitoring. Although participatory processes may take more time and/or require additional resources in terms of expertise and facilitation, they can have significant beneficial effects on the outcome (e.g., promoting mutual learning and building trust).

Community planning processes normally draw on a set of Participatory Rural Appraisal tools. While these tools facilitate data collection, the emphasis is on the *process* and the valuable discussions, learning, and sense of community ownership it generates. Each tool can be used on its own. However, since each works in slightly different ways, it is worth using at least two or three different tools to collect and triangulate information, and to generate discussion. Common tools include:

- Household surveys
- Semi-structured interviews
- Focus group discussions
- Seasonal calendars, timelines, and trends
- Resource mapping and village maps
- Venn diagrams
- Poverty and vulnerability mapping
- Preference, matrix, and wealth ranking

Participatory processes are among the best ways to cultivate stakeholder involvement and ownership.

Integrate Gender Perspectives

There is growing evidence that women's participation in community investment programs facilitates better and more broad-based development outcomes. Many good practice companies take deliberate steps to ensure that women are included in the engagement process, and that gender perspectives are taken into account in planning and decision making.

NEWMONT (GHANA) - GENDER MAINSTREAMING PROGRAM²⁴

Newmont Ghana Gold Limited began developing a new gold mine in the Brong Ahafo Region of Ghana in 2005. A key priority was to ensure broad stakeholder acceptance of the company in an area where 68 percent of households are female-headed households and classified as "vulnerable."

While women comprised 51 percent of the population, there were few women on the various community engagement bodies established to represent the project-affected population with regards to compensation and community decision making. To address this gap, the company engaged a gender specialist to lead an awareness-raising and "recruiting" campaign to encourage more women to join these consultative bodies.

As a result of the campaign, a 75-member Women's Consultative Committee (WCC) was set up. It consisted of a cross-section of women, including local business leaders, teachers, assembly members, and household farmers from the Ahafo area districts. Leadership training was provided to the members of the committee. The WCC holds regular meetings with the company on issues relating to environmental management, new infrastructure, educational, economic, and training opportunities, and women's involvement in local development. Following each meeting, committee members organize community meetings with larger groups of women to disseminate the information and get feedback.

Since the WCC was launched, there has been a significant increase in women's representation on various committees (from less than 10 women in 2008 to about 45 by the first quarter of 2010). The WCC has become a successful organization, running various capacity-building activities for its members and other women in the community. One result is that the members of the WCC are now being trained in entrepreneurship and on how to establish and manage the microfinance revolving fund that they set up in response to their identified need for business credit.

Another interesting aspect of the program is a "gender sensitization" component for men in the communities. Although many men and chiefs were supportive of the WCC, some questioned the special focus on women. Because the success of the WCC initiative required buy-in from both men and women to avoid any potential backlash, community drama and training techniques were used successfully to generate understanding and broad support. As a result, in September 2009, 32 women stood for elections and 27 were elected to represent their communities on a newly constituted Community Consultative Committee (another initiative by the company to enhance stakeholder engagement).

Work through Multi-Stakeholder Mechanisms

Bringing stakeholders together through formal or informal mechanisms for discussion, planning, and decision making around CI initiatives can be an effective way to build consensus and work through potential concerns or conflicts. Companies are increasingly turning to multi-stakeholder processes, mechanisms, and partnerships as the preferred approach to development action.

LONMIN (SOUTH AFRICA) - LESSONS FROM THE REKOPANE DEVELOPMENT FORUM²⁵

Lonmin is a producer of platinum group metals operating in South Africa. The company has embarked on a multi-stakeholder effort to help bring prosperity and sustainable development to the local communities in which it operates. Alongside Lonmin, there are three key stakeholder groups—the traditional authority, local government, and local mining companies—that share the same vision for socioeconomic development.

While these stakeholders have long been operating in the same geographical area, they often worked in isolation as there was no formal platform for communication and engagement. It is against this background that Lonmin identified an opportunity for the creation of a multi-stakeholder forum.

The Rekopane Development Forum (RDF) was formed in May 2008 with the following objectives:

- Identify gaps and overlaps in current and planned local development projects
- Jointly plan and implement projects
- Jointly achieve project outcomes and common goals
- Build sustainable relationships to improve community well-being

Since its establishment, the forum has proven to be an effective mechanism for collaboration. RDF defined key areas for collaboration and provided an important focal point for information sharing about community development programs within the greater Lonmin community.

A number of key lessons emerged from the process:

- A Memorandum of Understanding (or other guiding document) that clarifies roles and responsibilities helps to manage project collaborations and to enhance accountability amongst forum members.
- Selection of projects for implementation should focus on those that are realistic and for which there is general commitment and a capacity to deliver.
- Alignment of projects with local development plans for the area, as well as with the strategic plans of the company and other stakeholders, is vital to getting collaboration off the ground.
- It is important to consider how facilitation of a multi-stakeholder forum will be managed. In the case of Lonmin, local stakeholders chose to facilitate the RDF on a rotational basis, with the hosting party sending out the invitations, agenda, presentation materials, and minutes after the meetings. Such arrangements have worked well thus far.
- While representation from a strategic level (middle to senior management) is needed, an operational representative is needed to facilitate the process. (The “strategic” representative should have the authority to speak and make project-related decisions on behalf of the organization, while the “operational” representative will be responsible for ensuring tasks related to forum decisions are carried out on the ground.)
- Formal channels should be built to ensure that the activities of the development forum are properly communicated back to local communities.

A good participatory assessment process empowers local communities to examine the various ways in which their own assets and strengths can be leveraged to achieve their development goals.

FIVE PHASES OF COMMUNITY PLANNING FOR CI

There are a number of approaches which enable information gathering for development planning while, at the same time, building community ownership through a process of active discussion, debate, and self-reflection around the issues raised. Companies frequently engage experienced NGOs, consultancies, and other organizations with expertise in participatory techniques, facilitation skills, and local knowledge to conduct this process. Typical community planning around CI has five phases:

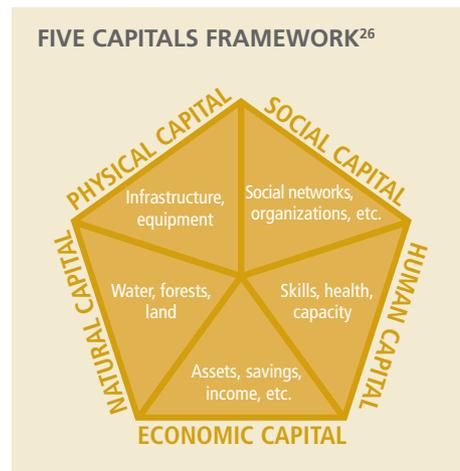
1. Establishing the dialogue with communities (raising awareness of the need/opportunity for change)
2. Participatory assessment of community assets (analysis of present state/baseline conditions)
3. Facilitation of community visioning (brainstorming and agreeing on a desirable future state)
4. Prioritization and ranking (of actions or interventions to achieve the community's vision)
5. Action planning (defining practical steps to achieve the vision)

Establishing the Dialogue

The way a company (and facilitation team) initiate the discussion on CI with communities is critical for setting the right tone and managing expectations. This is an important opportunity for the company to frame the issues and share its own thinking—its vision and values, how it sees its own role in helping to promote sustainable local development, and how it wishes to engage and work with communities, local government, and other partners to achieve shared goals. It is also a good time to set out some initial parameters for company support and seek community input.

Assessment of Community Context and Assets

When it comes to identifying potential areas for community investment, good practice has moved away from traditional surveying of community “needs” and “wants” (which inevitably results in long wish lists and the expectation that the company is responsible for meeting these needs). Instead, more strategic approaches seek to reframe the conversation by encouraging communities—through participatory assessments—to consider their own existing resources and assets and to uncover opportunities to build upon these inherent strengths to meet their development goals.



A good participatory assessment process empowers local communities to examine the various ways in which their own assets and strengths can be leveraged, supported, and improved to achieve their development goals and aspirations. Generally speaking, an assessment will typically cover the following:

- **Assessment of the local context through a CI lens** (demography, livelihoods, institutions, services, infrastructure, health and education, and so forth)
- **Identification of the various groups and sub-groups within the community** (how they interact; differences in their realities, interests, issues, and priorities; how these may conflict or converge)
- **Community strengths or “assets”** (what can the community contribute and what role can it play in driving its own development?)
- **Active facilitation to enable all voices in the community to be heard** and included in decision making (not just the most vocal or influential voices)

Figure 4.1: Community Assessment: Moving from “Needs and Wants” to “Assets and Opportunities”²⁷



Community Visioning: Opportunities and Constraints

Simply put, visioning is about anticipating a *future* reality and planning for it. The process assumes that the presence of the company and the project signifies change. Visioning helps the community, the company, and the local government come together to discuss what that change might look like, come to terms with it, and approach it collectively. The visioning process forms the basis for the identification of potential community investments. The preceding assessment process will typically result in a collective snapshot of the current reality and the underlying issues faced by various groups in the community, as well as the community’s strengths and assets. This knowledge then informs the visioning phase.

Ideally, this process should provide a platform for articulating a joint vision on the development of the local area; the nature of the relationship between the company, the local government, and the community in achieving this joint vision; and the supporting role that the company will play in the development process. The output of this stage is often both a collective vision and the identification of the potential interventions that are needed to realize this vision (within a designated timeframe).

KEY QUESTIONS FOR VISIONING

- What is the community's vision of its own development path?
- What development opportunities might the project bring and how can the community best organize itself in order to benefit?
- What are the root causes and constraints faced by the community that prevent the current situation from improving?
- What are the potential interventions needed to take advantage of opportunities and/or to address the challenges experienced by various groups?
- Who are the key actors in the area (government, companies, NGOs, donors, community organizations, and so forth) and what are their roles in supporting sustainable community development?
- Who is best placed to support the community in achieving its vision and in what capacities/areas?
- How does the community's vision compare with the company's vision of its own role in supporting local development?
- What might a "joint vision" among the company, the community, and other key actors look like?

Prioritization and Ranking

The fourth phase of community planning focuses on prioritizing a "shortlist" of actions or interventions identified during the visioning process (based on which are most critical to achieving the community's development vision). Prioritization can be a challenging process given the diverse interests and needs of various groups within and among local communities (e.g., between women and local youth, or fisherman and farmers). This exercise requires skilled facilitation: (i) to ensure that the ranking is done in a collective, inclusive, and transparent manner that avoids "capture" by any one group; and (ii) to bring the community together around shared interests and common goals.

As part of managing expectations, the company should be actively communicating the nature of its role in the CI process and the parameters of its potential support. At the same time, communities should be encouraged to think selectively about the areas where the company's support is best placed as well as the areas where the contributions of other actors can be effectively leveraged. The process should also consider which actions can be achieved by the community itself, and what, specifically, communities are willing to contribute in terms of their own resources and capabilities.

Some projects on the community's list may be a good fit with the company's strategic business objectives and core competencies, while others may not. However, the company can often play an important role in facilitating between the community and other potential partners (with whom the company has relationships)—such as suppliers, government ministries, or international organizations—to help communities get support for implementing development projects that fall outside the company's scope. (The overlap between community priorities and company priorities in the context of CI and the basis for selecting investment areas for company support will be discussed further in Chapter 6.)

Communities should be encouraged to think selectively about the areas where the company's support is best placed as well as the areas where the contributions of other actors can be effectively leveraged.

Action Planning

During this stage, the community moves from the prioritized list of potential areas for intervention to defining practical steps for achieving its vision. A typical action planning process may include the following steps:²⁸

- Translate community visions into long-term goals and shorter-term objectives
- Identify the highest priority activities to which resources will be committed
- Determine alternative solutions to address problems
- Determine broadly the roles and responsibilities of various parties
- Determine what additional information needs to be gathered
- Agree on timeline and practical actions to be taken



© R. Parker

“By promoting participatory planning...a sense of trust and respect between both sides begins to be built.”

—Veracel²⁹

VERACEL (BRAZIL) - SUPPORTING COMMUNITY PLANNING THROUGH SOCIAL NETWORKS³⁰

Veracel, an integrated forest products company based in southern Bahia, is a joint venture between Fibria of Brazil and Stora Enso of Sweden. One of the company's strategic goals is to build good relations with communities in the areas where it has eucalyptus plantations.

In 2006, the company launched a “Social Networks Program” in partnership with the Institute for the Development of Social Investment (IDIS) to establish an active dialogue with key stakeholders and to find collective solutions to local development challenges. The intention was to overcome any initial mistrust by the communities and to avoid creating dependencies. This was done through a participatory planning process that involved the following phases:

- **Social inventories** undertaken to study the socioeconomic context of the pilot areas and identify local organizations and leaders to support the creation of the networks
- **Community meetings and capacity building of local facilitators** to agree on network objectives and build a cadre of local facilitators to run subsequent workshops and mobilize new people and organizations to join the network
- **Participatory assessment of community assets, visioning, and action planning** was fundamental to the evolution of the program because it focused the dialogue on the potential of each locality to solve its own problems

Results of Community Planning: Through facilitated workshops and action planning, the networks identified a number of projects to help achieve their vision. This included the formation of a cooperative to produce sweets, a craftsmanship project, and a cassava flour production project.

The Company's Role: To help ensure project viability, Veracel convened a meeting to introduce the communities to companies, banks, and suppliers that could provide support for implementation. For example, one local bank provided financing for the flour production project, while the craftsmanship project formed a partnership with a local merchant. Veracel also engaged a consulting company to qualify craftsmen to use eucalyptus wood for the production of artifacts.

Outcomes: Overall, the process has helped the company to achieve its objective of building a constructive partnership with local stakeholders. The success of the pilot has inspired Veracel to extend the program to additional sites.

CHEVRON (NIGERIA) - COMMUNITY-DRIVEN DEVELOPMENT PLANNING APPROACH³¹

In 2005, Chevron Nigeria embarked on a new strategy to support the Niger Delta communities in its operating area. The new strategy, called the Global Memoranda of Understanding (GMOU), is a model based on community-driven development planning. Chevron Nigeria has signed GMOUs with eight Regional Development Councils (RDCs) that were formed to represent the interests of some 425 communities with an estimated 850,000 people who live near Chevron's onshore oil facilities and operations. The RDCs, supported by Project Review Committees, are responsible for planning and managing community development projects in their geographic areas.

Along with its new strategy, the company decided to revamp its approach to community investment, and adopted a Sustainable Livelihoods Assessments (SLA) approach to assess the development context within these communities. Each RDC engaged a team of local NGOs to conduct an SLA in its geographic area. With field work completed in 2006, these SLAs represent the most complete and current analysis of the needs of and development opportunities available to communities in the Niger Delta.

NGO Training and Sustainable Livelihood Assessment

Chevron invested in the training of local NGOs to carry out the assessments. While this was very time consuming to start with, it was itself part of the strategy to build local capacity. It also provided a set of trained third parties who could obtain information that was considered more objective than if the exercise had been carried out by a team of company staff. Twenty-nine NGOs from throughout the Niger Delta participated in a training on community-driven development and sustainable livelihood assessment (SLA) led by a leading Nigerian NGO and a U.S.-based NGO. Thirty-six trained NGO specialists were

"certified" then divided into 19 SLA teams based on their existing knowledge and working relationships with each RDC. Each team also trained and engaged community members as "co-facilitators" to participate in data collection, validation, and other steps. Over 125 people served on the SLA teams.

To familiarize community members and implementing NGOs with the process, pre-entry visits (including community sensitization), an NGO meeting with stakeholders, selection of local facilitators, and planning were undertaken after the initial training seminar. These meetings provided opportunities for community members to ask questions and articulate their own expectations.

SLA field work was conducted over six months. The teams triangulated information from various sources, including secondary data, transect walks, community mapping, focus group discussions, seasonal calendars, wealth ranking, problem analysis, and observations. The teams estimated that at least 850 community residents participated in these exercises or attended a town meeting to validate the research results. The discussions challenged communities to differentiate between "wants" and "needs," and to make hard decisions on projects that would spread benefits most equitably and have the highest chance of success.

After the field work was concluded, a first draft of each SLA was written up. Team members then debriefed each community and shared the draft assessments with them. Prior to the documents being finalized, community members were encouraged to make comments and inputs.

The SLAs then formed the basis for communities (RDCs) to prepare their individual Three-Year Action Plans, covering priority areas for development and delegating responsibilities.