ACR Aboriginal Programs Project Program Template

Program Area: 4.0 **Community Relations**

4.2 Building and Sustaining Positive Community Relationships **Sub Program:**

4.2.7 Template: Sustaining Communities by Improved Business Practice

World Bank International Finance Corporation (IFC) Sponsor(s)

Objective

The World Bank International Finance Corporation (IFC) prepared the Community Development Resource Guide as a tool to help prioritize development needs and suggest innovative solutions to bridge the gap between business and communities.

Description

The Guide helps companies establish effective community development programs for communities located near or affected by their operations. There are three reasons why companies do community development work: to earn a local license to operate; to create strategic advantage; to address specific business issues. Engagement with communities goes far beyond consultation and dialogue - companies may also have to demonstrate that communities will derive development benefits from their operations. Community development is not just an add-on to doing business. The Guide promotes sustainable economic growth, environmental protection, education, skills building, and the health and welfare of the community people. It states that Companies plan community development programs strategically by:

- defining objectives;
- understanding the expectations of communities and other stakeholders;
- forming internal partnerships to promote community development across business units;
- including community development in the company's mission.

This Guide covers the following aspects of Community Development: the Business Case; Defining Community; Defining Community Development Program Areas; Linking Core Business Activities with Community Development; Partnerships for Local Development; Options for Program Structure; Participation and Sustainability; and Case Studies.

One of these aspects of the Guide, Linking Core Business Activities with Community Development, may be of particular interest to ACR members. This involves integrating development impact concerns into decision-making processes throughout business operations. This is done by:

Maximizing Local Employment

- hiring preferences for local employment;
- raining begin training community member to take on skilled employment including: apprenticeship programs, certification programs; University scholarships, training partnerships. The Company may partner with local government for training programs;
- Employee Development programs training to equip local employees with skills for new responsibilities within the company or provide general livelihood skills.

<u>Local Subcontracting</u> means sourcing products and services locally through subcontracts with local companies. Promoting local contracting and/or building the skills and capabilities of local businesses maximizes local impact.

Micro-enterprise development programs are often linked to specific business needs such as catering and construction services. Offer market research support and skills development so that local sub-contracting can be developed into more sustainable competitive programs that aren't dependent solely on one company.

Supplier development programs are a means to maximizing subcontracts to local companies in order to develop skills of local businesses to meet a company's purchasing needs.

Tips to promote local subcontracting:

- ➤ if possible to allow local businesses adequate preparations time;
- break contracts into smaller pieces to encourage greater local competition;
- shape contract to make them compatible with the capabilities of local businesses;
- offer technical assistance and training to local contractors;
- encourage outside contractors to partner with local businesses when awarding contracts;
- assist potential contractors in acquiring credit;
- help local businesses write their company profiles; and
- provide guidance and direct local business owners to sources of management and administrative support services.

Maximizing Benefits form Infrastructure Development

Including local communities in early planning helps maximize community benefits such as road building or water supply, from the company infrastructure development.

Benefiting from Employee Involvement

Involving employees in community development programs can help community members benefit from one of the company's greatest resources. Employees often have skills that could be of great service to community members and promote positive relations.

Integrating Community Development Concerns into Business Decision-Making Processes

This integration is a long-term goal that is difficult to achieve. It involves:

- building ownership of community development issues among employees and management through dialogue, training and employee volunteering;
- > integrating community development concerns into strategic business planning; and
- including community development impact in the performance measurements of business units and employees.

Implementation

Some of the key elements for implementation and management of this program are set out below:

- though companies acknowledge that they have a role to play in community development, many have limited experience in dealing with community and social issues;
- > effective Community Development involves making commitments including:
 - i. getting strong commitment form the CEO and senior management to take on a positive community development role;
 - ii. hiring staff with the relevant experience in community development;
 - iii. building awareness of community development issue and needs with employees and managers;
 - iv. hiring local staff with knowledge of community issues;
 - utilizing core competencies of the business, including products, political and business contacts, employee skills, training, financial management, human resources, and other resources in support of community development;
 - vi. assuming responsibility and accountability for the community development programs and strategies adopted; and
 - vii. identifying incentives/operational practices that promote and encourage community development.

Timeframe for Results

The Projects are tiered - depending on the stage of the Project.

Initial Phases (seismic to pre-construction of field facilities) - local community capacity building type projects. Timeframe for results is weeks to months.

Construction of field facilities to decommissioning phases require longer term community investment and more extensive funding and are often managed by external groups. Timeframe may be several months to years.

Measurable Criteria

These include:

the demonstration of sound business performance to investors due to environmental and social sustainability measures may increase the company's social index investor rating;

- earn local license to operate without protracted delays and negotiations;
- raise awareness of unforeseen issues and avoiding unnecessary conflict and hostility that can otherwise do damage to a company's bottom-line or lead to destruction of property or violence, negative publicity, work stoppages and strikes, possible legal actions and boycotts;
- higher recruitment of employees from within the local area and building business links with people and companies in the local area;
- facilitation of public consultation for issues such as compensation, regulatory compliance, environmental concerns

Budget

The budget depends on scope of the activities contemplated. A number of departments in a Company may contribute varying amounts to the overall budget.

Partners and Sponsors

Some types of community development programs can be managed by company departments designed for the purpose (e.g., Community Relations), by a Non-Government Organization or through a Foundation. Other types of programs may be better managed by line departments within a company (e.g., purchasing, marketing, human resources) or by cross-functional partnerships between departments within a company.

Experience with the Program

This Guide was published in 2000, but the World Bank and similar organizations have been advocating these Business Practices for many years.

Community Development Programs have the potential to add immense business value to companies.

General Applicability

This program is a model which can be used by any resource sector companies who recognize the need to prioritize, learn from and build on successes in community development.

Additional Information or Support

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World Bank IFC Guide: http://www.ifc.org/enviro/Publications/Community/IFC_CDR_Guide.pdf

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