

CSR Snapshot #2 - Managing requests for community support

Companies establishing a presence in an economically depressed area may decide to make contributions to the surrounding community as part of building a positive relationship with local stakeholders. When done well, these contributions can bring lasting, much-needed benefits to local communities.

Sometimes, however, a company may feel as though it is faced with a constant stream of requests from local stakeholders to provide funding for a variety of projects and services. In response, some companies reduce their community engagement in an effort to minimize requests. Distancing a community, however, can lead to other challenges for a company, and may ultimately increase social risk exposure. Fortunately, there are some practical steps a company can take to manage requests for community support.



Practical tips for getting it right

Requests for support, including donations for community projects, are a collateral part of many large mining projects. Providing support on an ad-hoc, reactive basis, however, without a broader framework, leaves a company vulnerable to possible spiralling costs. There are a number of simple and practical actions a company can consider to **manage expectations** around requests, **do more for less money**, and more **strategically link** requests to business goals and a long-term community vision.

Myth busting

Donations to projects tend to be weak conflict-prevention tools and do not lead to a company being better “liked” unless they are accompanied by a broader engagement approach. In fact, a poorly designed approach to donations can lead to more conflict between “haves” and “have-nots” within a community.

Managing expectations

How the company introduces itself to the community conditions the relationship. If managers try to gain local support by “selling” tangible benefits such as jobs, contracts or projects, the company may be setting itself up for ongoing unrealistic expectations.

Develop a tool for saying “yes” or “no”

A simple but effective way to manage expectations around requests for donations and projects is by drafting a one-page, official company policy that briefly details areas of support (geographic and thematic), the company’s donation principles and implementation

criteria. Ideally, this document would align with any existing area development programs. Publicizing such a document allows the company to refer to it to justify what requests the company can or cannot honour. A good practice is to ensure that the document is recognized as authoritative by using stamps or the signatures of senior management.

The Business Case

Clarity on requests for community support can lead to:

- a) **Better ongoing relations** as the company and communities focus on issues of common concern;
- b) **Increased predictability** of costs; and
- c) **Reduced exposure to legacy issues** as a result of perceived promises.

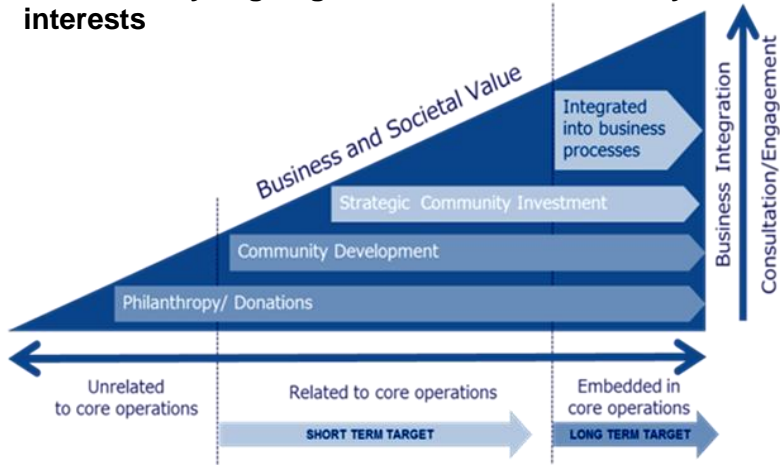
What is your CSR policy?

Publication of a large dollar amount spent on local initiatives may seem like a good way to demonstrate good corporate citizenship, but philanthropy is not “CSR”. There are more effective and less costly ways to contribute to a local community that a company may want to consider:

a) **Build multipartite partnerships.** As often as possible, activities and projects should take the shape of a tripartite partnership between a company, the community and local authorities. For example, communities can provide labour, land or materials, authorities can provide technical oversight, and the company can fund outstanding elements. Experience has shown that when all three contribute, a project is more likely to have local support, be a better “fit” with the local reality, and have lasting benefits.

b) **Take a cross-departmental approach.** Many companies have found it an effective practice to ensure that donations and community projects are not the sole responsibility of the Community Relations function. Geologists can provide speeches at schools, health and safety staff can provide safety awareness in the community, the finance department can provide basic financial management training to local businesses, the catering contractor can provide support to local producers, etc. Involving staff in the delivery of projects or activities is not only cost effective, it can often lead to increased staff morale and job satisfaction.

Add value by aligning business and community interests

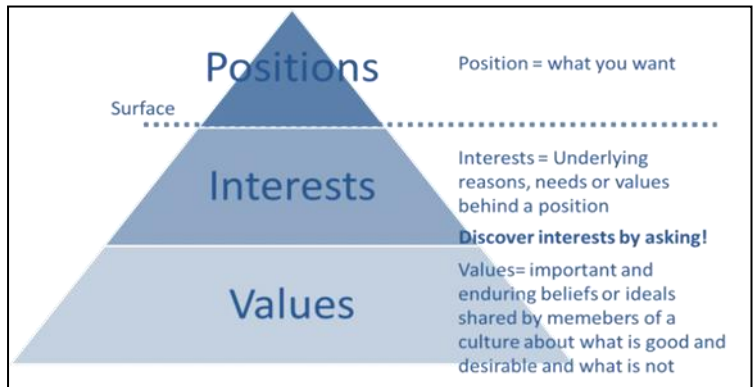


community projects (position) but what they really may want is a long-term, respectful relationship with the company (interest). This is especially true when dealing with people whose lives will be most affected by the company's presence. This will help the company to better understand and navigate among multiple interests.

As with hiring, it is critical that donations and projects are distributed in a manner that is seen as fair and transparent. Companies need to find out, from their local contacts, how to achieve this

c) Leverage inherent strengths. Companies often adopt an independent implementing role rather than taking advantage of their gathering capacity and their relationship with embassies or other donors to enact change. Using these resources can be an effective and cost-efficient way for a company to contribute to the needs of local communities.

There may be more to a request than meets the eye



Taking a strategic approach from the start

Parallel to drafting and implementing a support policy (the tool for saying “yes” or “no” noted above), companies have found it important to start a process with the community and local authorities to develop a **longer-term vision**. When stakeholders understand how the area will benefit from a company's presence over time, they are often less inclined to seek random, short-term solutions.

Evidence shows that **addressing the underlying interests of communities** often leads to lower local demands and better results. In other words, donations and projects undertaken in isolation from ongoing community engagement do not work. Ideally, over time, donations should be reduced to a minimum and replaced with a longer-term community investment approach. A short-term donations policy can best be viewed as part of a continuum of support and as one element of a strategic stakeholder engagement plan.

Shared longer-term community vision ("What do you want the community to look like by 2025?")	
FROM	TO
What do we want?	What do we need?
Company and community are sitting on opposite sides of the table making short-term demands of one another.	Company, community, and local officials are sitting side-by-side discussing long-term, shared objectives.
The company is being pushed into reactive mode.	The company is in a position to take a more proactive approach.
All demands are on the company.	An opportunity is presented to include authorities, other partners and communities themselves.

Early on, a company should become informed about existing economic, social or environmental development programs that may be operating in the area, which may present useful partnership opportunities. This will help to ensure that company-supported activities are not duplicated or counter-productive. Canadian missions can provide information on these programs.

In the initial stages of such a process, companies have found it useful to find out what lies at the heart of the requests, i.e. the underlying interest. For example, demands for “stuff” can be triggered by a perceived lack of company attention. In such a case, donations or projects are sometimes a proxy; people ask for tangible

To keep in mind

- Focus on community benefits, not on individual benefits.
- Project designs should have an exit strategy.
- Where appropriate, bring government in so that the company is not substituting for government services.
- Free services can become undervalued and are often unsustainable in the long run; asking for locally appropriate user fees is a reasonable solution.
- The company is not a charity: link the donation and the community investment strategy to the business case.
- When making a donation, always make sure that it (a) supports the community goal and (b) is made in a transparent manner based on a fair and open process.

The Trade Commissioner Service can help!

Canada's global network of trade commissioners is available to help you prepare for and assess the market, provide key contacts, and assist in problem solving.

To reach a trade commissioner in your market, go to:

www.tradecommissioner.gc.ca

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