

# The role of business in territories: Getting a social licence to operate through benefit sharing and avoiding harm

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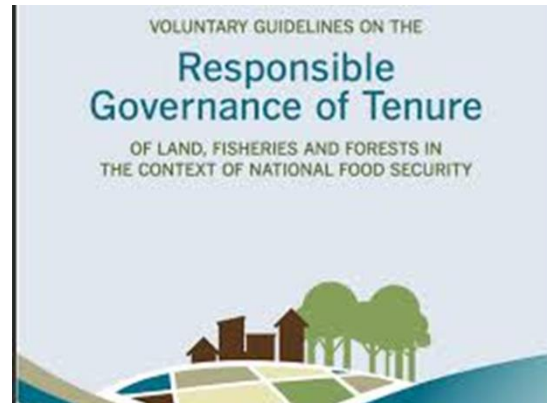
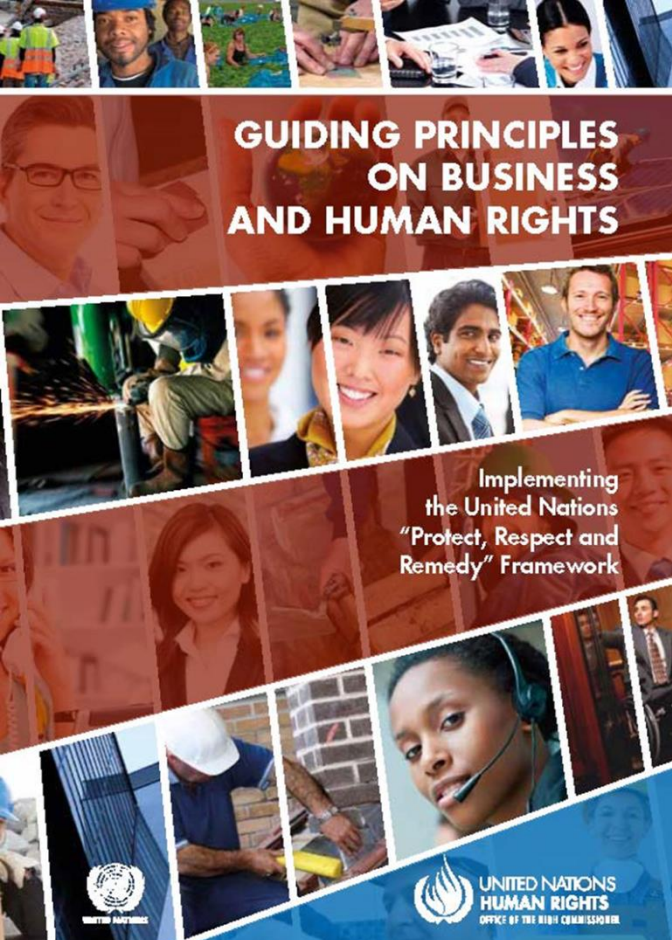


# (not) breaking the rules

- In business and governance, and the relationship between companies and communities, breaking the rules does not normally lead to innovation, it typically results in corruption and conflict.
- Unfortunately, the rules are not always effective, not complied with, and not adequately enforced.

# There are lots of rules

- National laws (host and home country)
- International standards
- Corporate standards
- International industry groups
- Financial institutions (banks)
- NGO and community expectations (social licence to operate)



## OECD Guidelines for Multinational Enterprises

2011 EDITION



## United Nations Global Compact







# Mining in South America





# Gas extraction in Groningen The Netherlands







**Above the clouds, below  
the dam**

The Nenskra dam in Svaneti, Georgia





Uganda, involuntary resettlement due to oil developments

<http://ugandajournalistsresourcecentre.com/hoima-district-compensation-rates-201617/>

**People are pushed into  
fighting against big projects  
to protect their rights,  
their livelihoods, their culture,  
and way of living**



# Social impacts of windfarms and solar farms

- Landtake and displacement of people
- Destruction of spiritual sites
- Landscape issues
- Labour issues
- Noise and flicker (wind)
- Water use (solar)
- etc



# Even REDD+ is contested





# Over 200 forms of protest

- Die-in
- Digital sit-in
- Flash mob
- Picketing
- Protest art
- Protest camp
- Sit-in
- Street march
- Street theatre
- Ad-busting, vandalism
- Activist shareholding
- Barricade, lockdown
- Blockade
- Boycott
- Ecotage
- Hacktivism
- Lawfare
- Sabotage

Hanna et al. 2016 “Conceptualizing social protest and the significance of protest action to large projects”, *Extractive Industries and Society* 3(1), 217-239.

<http://dx.doi.org/10.1016/j.exis.2015.10.006>

# How projects can be affected

- Physical damage
- Lost production
- Loss of legal licence
- Court actions (cost to defend)
- Fines by regulators
- Court awarded compensation demands
- Loss of reputation
- Stockmarket reaction
- Lost access to new sites
- Extra conditions imposed
- Increased cost of insurance & finance
- Staff time and Board time
- Diverted attention








A cartoon illustration of a blue goat-like creature with a pink flower in its hair, wearing a yellow patterned shirt and a red beaded necklace. It is pointing its right index finger.

## Nimby

Nimby is a product of tofu and love beads. A tireless advocate of the downtrodden, she believes in truth, no matter how it's defined and justice so long as there's no judgment. Her favorite philosopher would be Camus because of the trail of positive thinking he blazed for all.

## NOT IN MY BACK YARD!

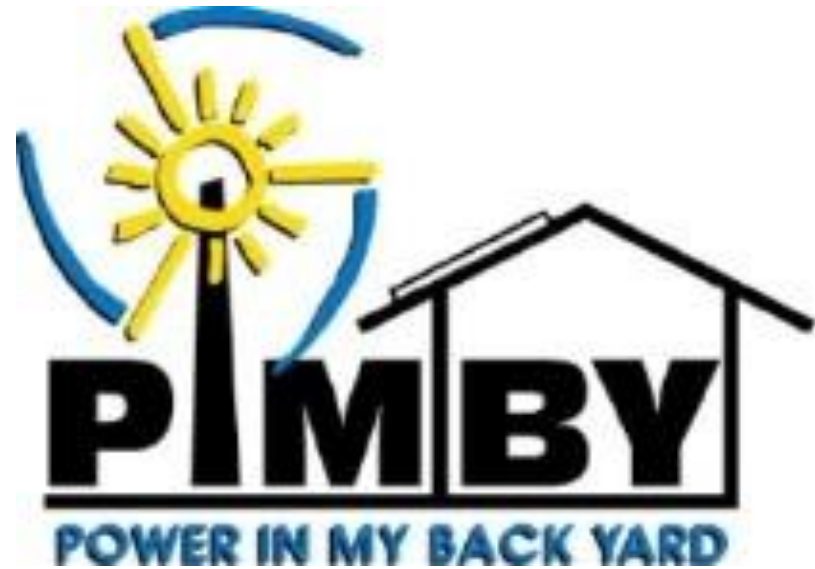
Put it in someone else's without any political power

thanks from the nimby 

NIMBY became demonised by developers and they used it to discredit and denigrate opposition to projects



Please In My BackYard





Organizations  
need to listen  
to their  
stakeholders.....

Going from NIMBY to PIMBY requires that businesses/projects rethink how they engage with communities.



- treat communities with respect;
- implement genuine effective community engagement processes;
- demonstrate the social value of the project;
- provide local benefits (social investment);
- commit to and implement effective social and environmental management;

## And more....

- Have sufficient numbers of competent social performance staff (community relations) who are adequately resourced;
- Be fair, act in good faith;
- Empower communities;
- Be part of the community and be vested in the community;
- Ensure transparency and accountability;
- Ensure broad community support before and during any project.



# Shared value (not shareholder value)



Redefining the role of the  
company.....

the business of business is  
to contribute value to  
society and the company



# Benefit sharing (non financial) 1

- providing jobs for impacted people;
- local content and local procurement arrangements;
- provision of training, mentoring and other support programs;
- modifying project infrastructure and facilities to ensure they can also service local community needs (shared infrastructure);

# Benefit sharing (non financial) 2

- making project equipment available to local authorities to assist in public works;
- various good neighbour, good corporate citizen initiatives;
- area development – ensuring the local population benefits from things like upgrading roads, flood protection, public services, and community facilities;
- Improved public services (healthcare, education).



# Financial benefits (partnering)

- a percentage share of project revenue;
- establishment of a community development fund (social investment fund);
- equity sharing in any project-created enterprises;
- special taxes/levies paid to regional and/or local governments;
- provision of free or discounted utility supply to impacted peoples;
- allocation of shares (co-ownership).

# So what does all this mean for territory?

- Shared value means that companies are expected to contribute to communities
- All international standards expect companies to contribute
- Benefit sharing is expected by communities and necessary to get a social licence to operate

## However.....

- Companies must obey the rules
- Companies should not usurp government
- The sustainability (durability) of any community investment project needs to be carefully considered
- Effective partnerships are needed.



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# Follow-up readings

- Vanclay, Esteves, Aucamp & Franks 2015 *Social Impact Assessment: Guidance for assessing and managing the social impacts of projects*. Fargo ND: International Association for Impact Assessment, <http://bit.ly/SIAguidance>
- Vanclay & Hanna 2019 Conceptualising company response to community protest: Principles to achieve a social license to operate. *Land* 8(6), 101. <https://doi.org/10.3390/land8060101>
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- Vanclay 2017 Principles to assist in gaining a social licence to operate for green initiatives and biodiversity projects. *Current Opinion in Environmental Sustainability* 29, 48-56.
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- Smyth & Vanclay 2017 The Social Framework for Projects: A conceptual but practical model to assist in assessing, planning and managing the social impacts of projects. *Impact Assessment & Project Appraisal* 35(1), 65-80.
- Jijelava & Vanclay 2017 Legitimacy, credibility and trust as the key components of a Social Licence to Operate: An analysis of BP's projects in Georgia. *Journal of Cleaner Production* 140(Part 3), 1077-1086.
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- Franks & Vanclay 2013 Social Impact Management Plans: Innovation in corporate and public policy, *Environmental Impact Assessment Review*, 43, 40-48.
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