



Participatory planning and monitoring

Session 1

Participatory approaches to corporate-community relations in the extractive industries:

Concepts, tools, benefits and risks

Overview

This presentation provides a brief overview of the core content of the training required to use co-planning and co-monitoring tools for multi-directional accountability, transparency and participation.

This overview is associated with a complete facilitator's guide that provides hands-on experience with the material presented here.

This presentation is for informational purposes alone and its distribution is not adequate to initiate a participatory planning and monitoring exercise.

Module Sessions

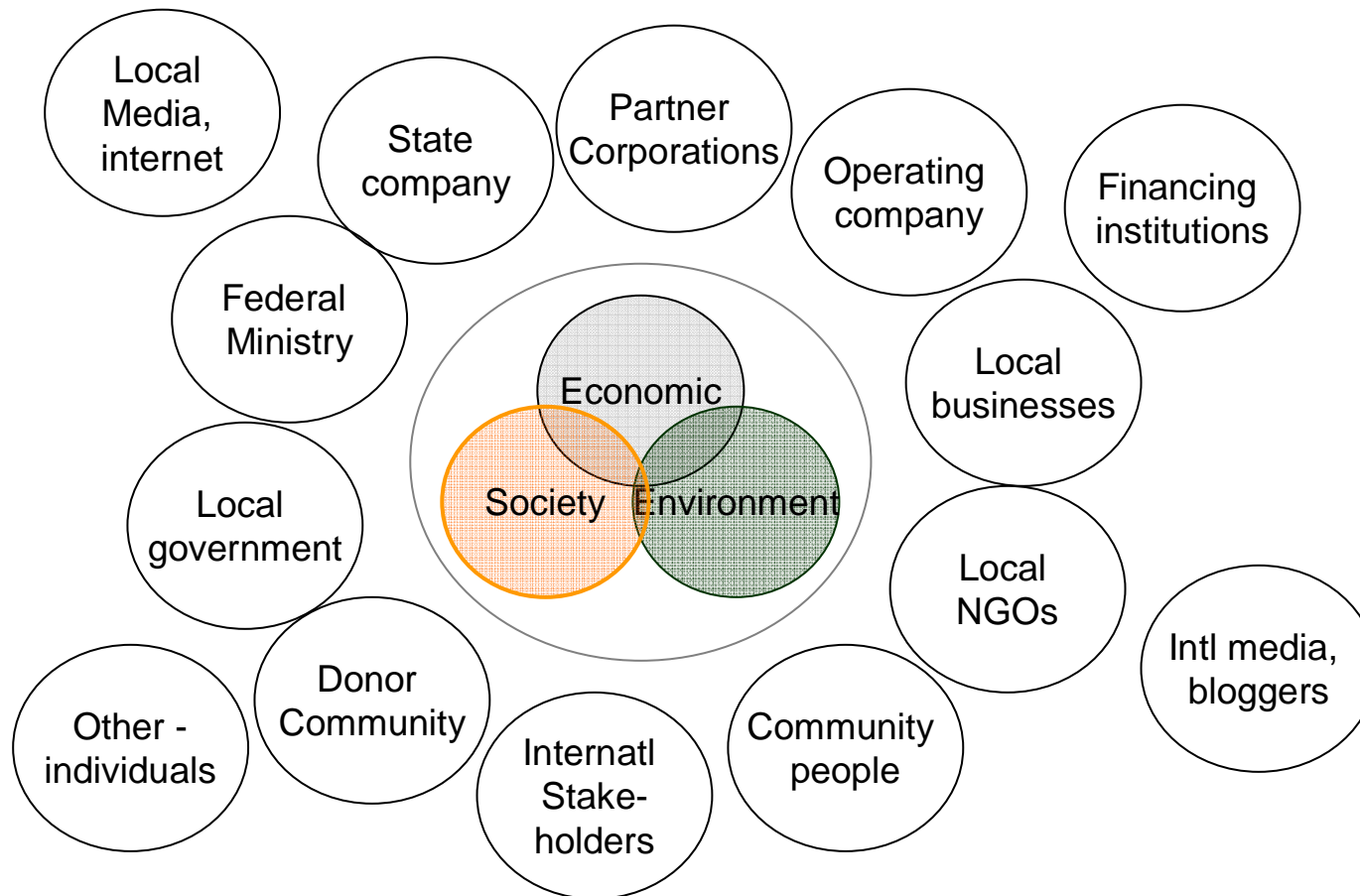
- 1. Key concepts, benefits and risks of participatory approaches**
- 2. Participatory planning tools for the extractive industry project cycle**
- 3. Hands-on co-planning process in a natural resource context**

Common characteristics of the local extractives context

- Weak local governance
- Legacy of conflict
- Struggles over distribution of the benefits of extractive development
- Uncertain land tenure
- Perceived lack of legitimacy of the laws and regulations which govern multinational corporate mining activity
- Varied institutions of culture and history in isolated areas
- Complicated network of relationships within communities
- Population migration into economic zone of opportunity
- Companies as de facto governance and/or service providers

Multiple actors in the extractives context

Local-Global Interactions



Key concepts for participatory planning and monitoring

- **Participation**
- **Participatory approaches**
- **Engagement**
- **Accountability**
- **Social license to operate**
- **Corporate community investment**

These concepts have special relevance to the multiple actors in the natural resource context.

Concept

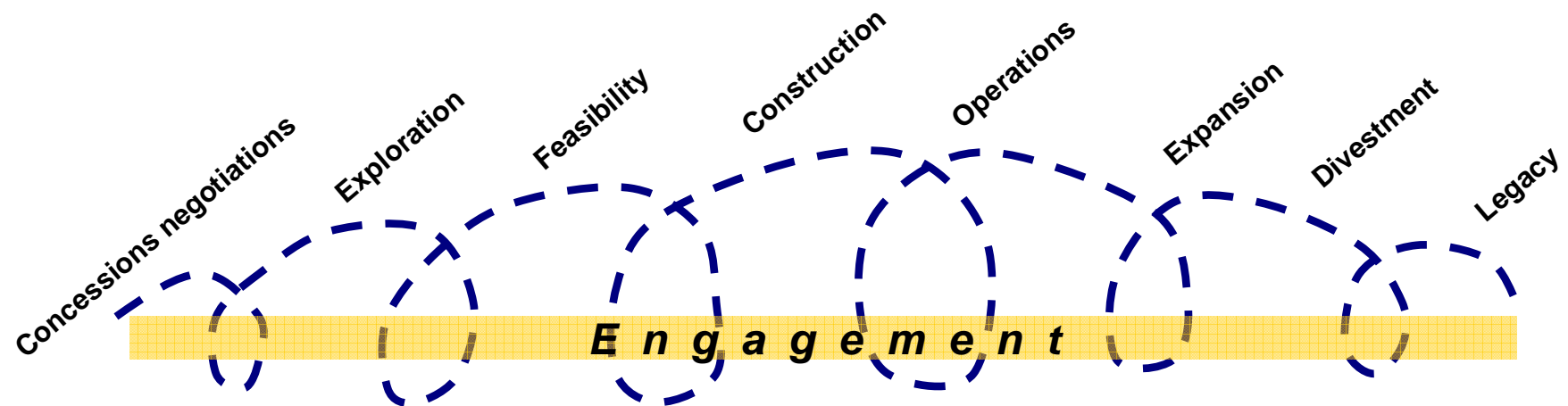
Multidirectional Accountability

Social accountability - “an approach towards building accountability that relies on civic engagement, i.e. in which it is ordinary citizens and/or civil society organizations who participate directly or indirectly in exacting accountability from various power-holders.”
(World Bank, 2004: 3).



Concept Engagement

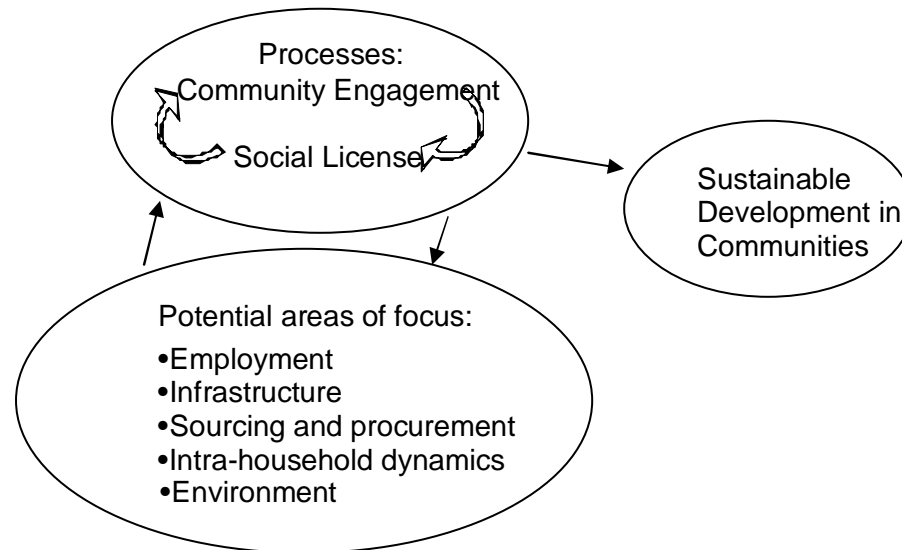
Engagement - the strategic management of relationships with stakeholders, throughout the project cycle.



Concept

Social License to Operate

Social license to operate – an ongoing process of implicit approval from communities where companies operate, which permits the relevant company(ies) to operate with legitimacy.



Implications for companies and communities

Participatory approaches mean a shift in:

- Corporate culture and roles
- Community channels of communication
- Strategic thinking
- Business practices and communication

To achieve:

- ✓ Jointly defined problem and solution
- ✓ Shared resources and responsibilities
- ✓ Leveraged cash, expertise, systems and networks

Features of participatory approaches

- Distributed source of expertise
 - Community opinions as important as that of technical experts.
 - People determine for themselves what they need and they know better than development professionals.
 - Values learning and growing.
- Time scale of parties
 - May slow down company schedules in the short-term
- Accommodates changing conditions, changing needs, priorities and changing expectations.
- Actions and implementation are collaborative; responsibility is shared
 - Multi-party ownership and multi-party monitoring. Companies cannot just pay taxes and relinquish responsibility; communities must live up to their side of promises, including active participation.
- Long term process, but indicators of progress and co-monitoring can demonstrate achievements.

Why practice participatory approaches?

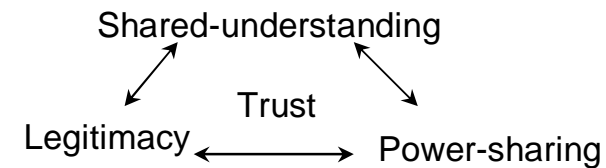


Nonparticipation



Co-planning and monitoring

- No shared understanding
- Lack of legitimacy
- No power sharing



Potential benefits for companies

- Improve / maintain local social license to operate
- Enhance employee morale and retention
- Reduce risk of conflict and delays / ensure stable operating environment
- Prospect of faster permitting and approvals
- Reduce risk of global criticism and reputational damage
- Help obtain project financing
- Ensure more effective use of corporate resources
- Help meet regulatory requirements for local benefit from extraction
- Local knowledge can complement and enhance technical expertise
- Improve employee satisfaction and motivation
- Increase productivity

Potential benefits for communities

- Greater voice in planning and decision-making.
- More likely that development outcomes meet the needs and aspirations of local communities.
- Sustainability and increased self reliance, and strengthened local institutions over time.
- Access to resources, including new ideas, technology, skills.
- Potentially stronger economic base, which could contribute to rural capital formation.

Risks and challenges

For communities

- Building shared understanding and trust requires significant investment of time
- Expected benefits are not clear, and are usually only realized after many social and economic costs have already been borne by communities
- Risk of being 'co-opted' into appearing to support something they do not
- Changing power relationships
- Losing independence and ability to criticise
- Different expectations and language

For companies

- Building shared understanding requires significant investment of time and resources
- Relinquishing control over how resources are allocated can be counter-intuitive and uncomfortable
- Higher cost outlays which may not be recoverable
- Obligation schedules and procurement concerns
- Different expectations and language
- Requires skills and capacity for working across cultures and with communities

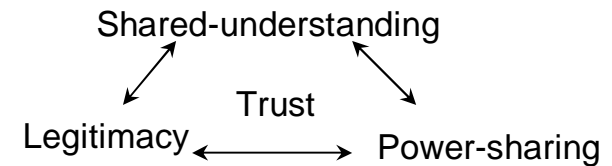
Spectrum of community-company engagement



Nonparticipation

- No shared understanding
- Lack of legitimacy
- No power sharing

Co-planning and monitoring



	No action	Inform	Consult	Involve	Collaborate	Empower
Description	<ul style="list-style-type: none"> • Industrial sabotage, hostage taking • Company ignoring local knowledge 	<ul style="list-style-type: none"> • Create linkages with different actors to open information flows • Naming, shaming and faming 	<ul style="list-style-type: none"> • Civil society organization • Register complaints with local authorities 	<ul style="list-style-type: none"> • Stakeholders are co-decision makers 		
Tools	<ul style="list-style-type: none"> • Heightened security • Third party facilitation stakeholder engagement 	<ul style="list-style-type: none"> • Training/ hiring/ sourcing strategies • Information sharing • Community suggestion boxes 	<ul style="list-style-type: none"> • Community monitoring • Community scorecards • Citizen report cards • Good Neighbor Agreements 	<ul style="list-style-type: none"> • Co-planning committees and partnerships • Community forums • Co-budgeting • Co-evaluation • Co-monitoring 		

Participatory planning and monitoring

Session 2

Participatory planning and monitoring tools and mechanisms for the project cycle

Range of participatory tools and mechanisms

- **Participatory planning**
- **Community forums**
- **Good neighbor agreement**
- **Community suggestion boxes**
- **Participatory budgeting**
- **Community scorecards**
- **Citizen report cards**
- **Community monitoring**

Training and capacity building, access to information, and mutually agreed-upon metrics for monitoring are integral to each of the tools.

For short case study examples of these tools, see the background paper.

Tools and mechanisms:

1. Participatory Planning

Members of local communities contribute to plans for company activities potentially relating to business and to local development.

- Builds trust when company is responsive to community inputs
- Provides easy and direct way to increase likelihood of benefit from business activities to communities—placement of roads, extending feeder roads, electricity access, building designs, as well as employment and procurement policies and practice.
- Creates multi-stakeholder ownership and responsibility.
- Improves outcomes and provides access to local knowledge.

Tools and mechanisms:

2. Good Neighbor Agreements

Good Neighbor Agreements are co-produced commitments constructed and agreed between companies and communities.

- With specific performance targets and timeframes, they can be limited to certain issues such as pollution, or apply to a wider range of community concerns.
- Often there is historic traditional basis for such agreements and social sanctions and enforcement capabilities may exist within a host community.
- Transparency can strengthen the degree of accountability on the part of all stakeholders.

Tools and mechanisms:

3. Community Forums

Single or multi-stakeholder community groups gathering voluntarily for discussion on a previously agreed upon topic, to provide information and receive feedback, or for other relationship-building activities that are made explicit. Effective communication strategies are required to ensure balanced participation.

- Include company and community representatives as well as other actors including local government and NGOs. Focused efforts are required to ensure inclusion of low-power holders such as women, youth, or certain ethnic groups.
- Could provide an excellent platform for participatory planning, often moving on from looking at isolated project decisions to co-planning a longer-term strategy for local and regional development.

Tools and mechanisms:

4. Community Suggestion Boxes

Suggestion box placed in an easily accessible public location. Members of a community may submit anonymous complaints, suggestions or questions. Box is opened publicly at pre-determined times (such as weekly) and a response is provided to each suggestion.

- Especially helpful when there is a good grievance mechanism already in place.
- Prompt and genuine responses build shared understanding and trust.
- Informs the company about issues of concerns to stakeholders.
- Provides a safe way for stakeholders to communicate with the company.
- Where appropriate, may be supplemented with hotlines, internet forums and/or interactive radio discussions.

Tools and mechanisms:

5. Participatory Budgeting

Processes by which citizen-delegates decide on or contribute to decisions regarding the allocation and monitoring of expenditures of all or a portion of public resources. Also applicable to company resources allocated for community development.

- Ensures funds are spent in ways that benefit local people according to their own priorities.
- Disclosure of funds available and engagement in the decision-making process builds realistic expectations of resources and possibilities.
- Local ownership promotes civic engagement and controls corruption.
- Representation is key, and other tools such as the community scorecard and citizen report cards may be used to ensure legitimacy of representatives.

Tools and mechanisms:

6. Citizen Report Cards

Short surveys with questions developed through participatory discussion and used to measure perceptions of adequacy and quality of public services. Potentially applicable to the extractive industry context. Survey responses are supplemented with a qualitative understanding.

- Based on feedback directly from the population intended to benefit.
- Provides a widely accepted type of measure of effectiveness that is quantifiable.
- May be repeated to show progress.
- Can build trust and shared understanding as results are disclosed in language and format that is widely accessible.
- Process can take time (months) and survey questions need to be well grounded in community discussions.

Tools and mechanisms:

7. Community Scorecard

Focus groups identify indicators of success for a given project or service. Target beneficiaries and service providers rate the effectiveness of service based on the agreed upon indicators.

- Provides quick means to assess effectiveness of a service.
- Draws on the knowledge and experience of both recipients and service providers.
- Facilitates joint development of plans to address outstanding issues and to expand successes.

Supporting Processes:

Training and capacity building

Active and meaningful participation and monitoring on the part of company representatives and members of local communities requires skills and knowledge.

- Examples of areas covered in such skills and knowledge development include financial literacy, participatory methods, and understanding of the impacts of extraction and lessons from other places.
- Investing in these skills and knowledge can enhance the ability of all stakeholders, including the company, to participate constructively in decision-making.

Supporting Processes:

Access to information

The widely accepted Extractive Industries Transparency Initiative (EITI) calls for companies and governments to disclose information about revenues and benefits in an understandable way, and to have the information verified by a third party.

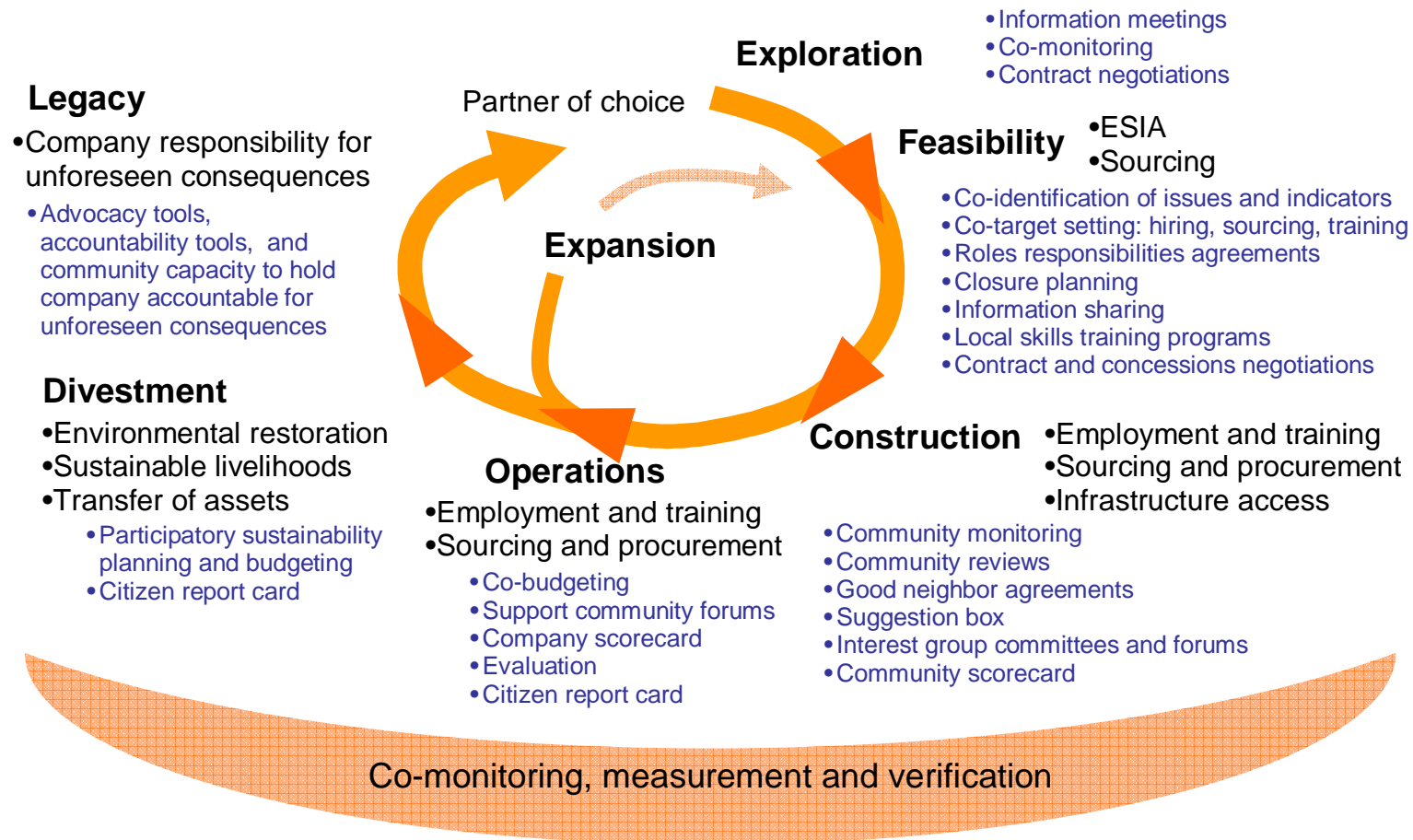
- Disclosing information about revenues and benefits is one of the most powerful ways to manage expectations.
- When communities are able to scrutinize budgets, revenues and payments, they are also able to negotiate better for longer term and realistic solutions.
- Transparency also promotes trust among companies, governments and communities.

Supporting Processes:

Monitoring and measurement

- Identification of measures and co-monitoring with multiple stakeholders increases company credibility and builds trust.
- There are several examples of communities, companies and other actors jointly agreeing targets and indicators of progress.
- Trust and credibility in the monitoring process is often enhanced by allowing local communities to take the lead in data collection and analysis.
- Targets, tracked through agreed-upon indicators and metrics, ensure that company, community, government and other parties are all held accountable to their targets.

Tools and mechanisms in the project cycle



Questions for reflection

- Which tools / mechanisms might be useful in your context?
- What are the benefits and risks at each stage?

Participatory planning and monitoring

Session 3

Co-planning process in a natural resource context

Practicing co-planning

Sessions 1 and 2 introduced the concepts and tools, while session 3 sets up exercises to practice interacting with other perspectives.

In this overview, we provide a brief introduction to the many actors and issues that typically surface in a natural resource context. We also introduce key factors for success.

Potential actors in the natural resource context

Groups	Questions for discussion
1. Community representatives (include any local NGOs, associations, etc.)	<ul style="list-style-type: none"> • What are common problems for communities? • What kinds of changes tend to occur in communities around extractive operations?
2. Company representatives	<ul style="list-style-type: none"> • What are common problems for companies? • What kinds of changes tend to occur in communities around extractive operations?
3. Other stakeholders (include development donors, INGOs)	<ul style="list-style-type: none"> • What are common social, political and environmental characteristics of localities where extractive companies have operations?
4. Local government	<ul style="list-style-type: none"> • What are common social, political and environmental characteristics of localities where extractive companies have operations?
5. National government	<ul style="list-style-type: none"> • What are common social, political and environmental characteristics of localities where extractive companies have operations?

Common problems for local communities in the extractive context

- High expectations, but few jobs after construction phase, and these usually for skilled migrants.
- High inward migration in expectation of work – leads to social change which is unsettling for local communities.
- National government may receive revenues, but not always returned to the local level.
- Where share of revenues is returned to local level, often lack of capacity to manage effectively – money wasted, corruption.
- Lure of resources can bring external actors and violent conflict.
- Local environmental degradation.
- Human rights violations associated with security forces.
- Concerns that companies don't deliver on commitments made.
- Investment in development, but historically paternalistic rather than participatory– local people not involved in planning and implementing, so outcomes are not necessarily aligned with community needs or aspirations.

Common problems for companies in extractive sector development

- Potential for disruption at local level – demonstrations and protests, legal action, sabotage and hostage taking etc.
- Potential for reputational damage globally – due to increasing ability for local communities to network globally with NGOs based elsewhere.

Changes in the nature of this context in the last ten years:

- In the past, companies often isolated themselves from the local community ‘behind the perimeter fence’. Technological change – the information and communication technology revolution has:
 - Enabled local communities to become networked with global civil society.
 - Changed power dynamics – old model of very powerful company and relatively powerless local community has shifted – actors in local communities now have more parity vis-à-vis companies due to their ability to share information globally that may result in global reputational damage for the company.
- There has been increasing recognition of the concept of ‘social license to operate’ as distinct from a legal license to operate

Hands-on training exercise

- 1. Participants model a co-planning situation with corporate, community, NGO and local government actors.**
- 2. Participants receive role assignments and work out priorities within their community, and within the company. Questions to discuss:**
 1. What are your priorities?
 2. Which tools might be appropriate to consider using?
 3. What do you want to get out of your relationship with the community/company?
- 3. Community members then engage with corporate and donor actors to arrive at and design a basic strategy for introducing and using a participatory planning tool.**

Success factors for co-planning

Shared understanding and building legitimacy and trust may be accomplished through:

- Mutual respect
- Understanding the many actors
- Working within a dynamic community context
- Finding shared language
- Using appropriate communication styles
- Learning to work with shifts in power relations and changing levels of control
- Equity participation

Thank you

Comments on the background paper and training module are welcome and appreciated.

Comments to:

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