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BUILDING SOCIAL LICENSE TO OPERATE through community engagement: the WUSC-Rio Tinto Alcan partnership in Ghana

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WUSC – World University Service of Canada – is a leading Canadian non-profit organization in international development, committed to building a more equitable and sustainable world. WUSC works with a unique and powerful network of post-secondary institutions, private-sector partners and volunteers to provide education, employment and empowerment opportunities that improve the lives of disadvantaged youth around the world.

KEYWORDS

- MINING SECTOR
- MULTI-STAKEHOLDER PARTNERSHIP
- COMMUNITY ENGAGEMENT
- NGO
- SOCIAL LICENSE TO OPERATE

Presenting the case study of the WUSC-Rio Tinto Alcan partnership in Ghana, this article focuses on the benefits and challenges of a multi-stakeholder partnership between an NGO, a mining company, governments and local communities. Strong community empowerment, alignment of multiple stakeholders' interests, and the contribution of an expert development NGO definitely contributed to the success of the project, while also strengthening Rio Tinto's social license to operate.

INTRODUCTION

International companies working in developing country contexts must navigate complex social and economic landscapes to ensure effective and sustainable operations. Crucially, working effectively in developing countries requires positive, mutually respectful relationships between companies and community members – relationships that recognize the important role that international investment can play in regional and local economic growth, and that communities play in providing needed human resources and infrastructure.

Good community relations also are at the crux of efforts to secure and sustain a social license to operate for international companies. These relations can be enhanced through Corporate Social Responsibility (CSR) programs, when carried out in close collaboration with local communities. Community-driven CSR programs can provide an effective and more sustainable avenue for companies to contribute to the wider socio-economic development of people in areas in which they operate – ensuring that their presence in the country leaves a positive impact for future generations.

Companies can enhance the effectiveness of their CSR and community relations programs by partnering with non-governmental organizations (NGOs) that have the needed sector, local governance and community development expertise. As a Canadian international development non-profit with more than seven decades of such experience in more than 50 countries – including Ghana – World University Service of Canada (WUSC) has placed innovative, cross-sector partnerships at the centre of its development work. From 2006 to 2014, we formed one such partnership with Rio Tinto Alcan to strengthen its local CSR program in Ghana, and to ensure more sustainable development outcomes for WUSC's target beneficiaries.

This article will analyse the partnership's outcomes, key challenges and success factors, in order to contribute toward the knowledge base for cross-sector initiatives between mining companies, NGOs, governments and local communities.

1. THE GENESIS OF THE PARTNERSHIP: RIO TINTO ALCAN'S COMMITMENT TO LOCAL DEVELOPMENT

Headquartered in Montréal, Québec, Canada, Rio Tinto Alcan (RTA) is the bauxite and aluminum subsidiary of the Rio Tinto group¹. In 1974, Rio Tinto began its extraction activities in Ghana by forming the Ghana Bauxite Company Ltd (GBC) as a joint venture with the Ghanaian government. In this context, GBC started to operate a mine in Awaso, located in the Western district of Bibiani-Anhwiaso-Bekwai (BAB), a rural area with a population of 134,000.

As a mining company operating in developing countries, ensuring local acceptability has always been an important objective for RTA. Local buy-in from nearby communities was a particularly high priority at the time of WUSC's initial engagement with RTA in Ghana, as RTA had recently experienced strong opposition to a mining operation in the Indian region of Orissa. Civil society mobilisation in both India and Canada against their Orissa operations had resulted in RTA abandoning its mining project in that region.

As a result of the events in Orissa, RTA resolved to revitalize its CSR efforts, most notably through the hiring of a new Sustainable Development Director who had an established career in the NGO sector. A subsequent internal review of RTA's CSR strategy found that it primarily focused on short-term results that were largely unsustainable. Many of its projects revolved around one-off hard infrastructure investments that responded to specific community demands, but did little to encourage local ownership and had few follow-up plans.

In 2006, in line with a renewed vision for CSR that focused more on long-term impacts and sustainability, RTA launched a three-year Social Sustainability Initiative in the BAB district of Ghana that aimed to address several key barriers to health and education as identified by local communities. This work was designed within the larger framework of the BAB district's strategy for contributing to the Millennium Development Goals (MDGs)².

In 2007, to support this initiative, RTA reached out to WUSC to partner with the local District Assembly (BABDA), and implement a two-year pilot education project at the Kanaso Public School, near RTA's operating site. To foster a strong partnership between RTA and WUSC, both organizations conducted reciprocal in-depth due diligence processes, which identified common principles and goals for future collaboration. This resulted in a formal partnership in 2008, and work in BAB district that succeeded in enhancing the local educational environment and the quality of teaching within the school.



This success, coupled with RTA's new approach to CSR, led to a longer-term partnership between WUSC and RTA, enabling further collaboration for community development in BAB district. In 2010, WUSC and RTA signed a formal agreement to launch a new, scaled-up initiative, the Bibiani Anhwiaso Bekwai District Development (BABDD) project, which aimed to improve education, employment and governance outcomes in 12 BAB district communities.

In this initiative, each partner had a demonstrated role and clear added-value. While RTA had the financial resources to implement this large-scale project, it had limited in-house capacity to ensure effective collaboration with local communities. WUSC had recognised expertise in education, employment and community development programming, and had been working with Ghanaian communities since 1996. Through the RTA-WUSC partnership, WUSC was able to leverage RTA resources to increase development

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¹ The Canadian mining company, Alcan, merged with Rio Tinto in 2007, becoming Rio Tinto Alcan/RTA. For simplification purposes, this article will primarily use the acronym “RTA”, indistinctive of the period to which is being referred.

² For more information: <http://www.un.org/millenniumgoals/>

outcomes in the region, while RTA was able to ensure improved local acceptability through community-driven CSR.

Surprisingly, this initiative was not threatened when RTA sold its 80% share of GBC to the Chinese company, Bosai Minerals Group, and ended all operations in Ghana in 2011. Immediate local acceptability was no longer the main motivation behind RTA's commitment to fund the BABDD initiative. Rather, this initiative helped RTA to ensure a long term legacy in Ghana. As an RTA official put it, "We wanted to demonstrate the model of a multi-stakeholder approach in West Africa, to show other West African countries what can be done... We also work in Cameroon and Guinea so the idea was that this project would showcase our commitment to leave operations in a responsible way."³

2. KEY SUCCESS FACTORS OF THE PROJECT

WUSC was the key implementing partner of the BABDD initiative, which operated from January 2011 to March 2014. There were four main objectives of the initiative and the WUSC-RTA-BABDA partnership:

- **Enhanced governance and service delivery:** Strengthening the District Assembly and the local committees in responsiveness, accountability and transparency.
- **Strengthened quality of services:** Improving educational quality, access to clean water, and hygiene practices.
- **Economic growth and employment for youth:** Training young people in locally-relevant trades to improve income and employability.
- **Gender equality:** Ensuring equal participation of women and men in decision-making committees and in all training activities, as well as equitable access to resources and services.

³ In Roberge (2013): "L'histoire du partenariat RTA-EUMC-ADCI", p. 6

Communaury-based meeting organized by WUSC



RTA contributed \$300,000 CAD to the BABDD initiative, which WUSC and RTA used to secure an additional \$500,000 CAD from the Canadian International Development Agency (CIDA⁴). Including WUSC's in-kind contribution (dedicated staff and volunteers), the total budget for the project amounted to \$960,000 CAD. CIDA's contribution was part of a broader government-led initiative to encourage responsible and innovative CSR practices among the growing Canadian extractive sector working in developing countries.

Three key factors explain the success of the project: strong community engagement and local empowerment; the mobilization of multiple stakeholders and the alignment of their respective objectives; and the contribution of an external and expert development NGO.

2.1 STRONG COMMUNITY ENGAGEMENT AND LOCAL EMPOWERMENT

The overall philosophy that guided the project was the belief that community engagement and empowerment were foundational to sustainable development outcomes. In practice, this meant that broad objectives were established by WUSC, RTA and CIDA, while strategies on how to achieve these objectives were developed with and by local committees and District Assembly (DA) representatives. This grassroots strategy, which made local populations actively involved in the project's design and implementation, as opposed to recipients of exclusively top-down decisions, was crucial to achieving project outcomes. Capacity building of local partners, training, and technical assistance were the key tools WUSC used to empower community leaders.

Objectives related to governance and service delivery were pursued through the training of DA officers, improving coordination, and capacity-building. The quality of services were improved by training responsible government officials and by creating active local committees comprised of community members to manage water access, sanitation, and education initiatives. Finally, men, women and young people were encouraged to participate in the project, and awareness of gender equality issues was raised through gender training that targeted both community members and officials, and through dialogue on local gender issues and gender-sensitive policies. Overall, 102 community-led initiatives related to governance, community management, education, water sanitation and employment were conducted over the duration of the WUSC-RTA partnership.

⁴ Although the Canadian International Development Agency is now known as Global Affairs Canada (GAC), it will mostly be referred to in this article as CIDA.



2.2 MOBILISATION OF MULTIPLE STAKEHOLDERS AND ALIGNMENT OF THEIR OBJECTIVES

The BABDD initiative was made possible thanks to innovative collaboration between different stakeholders. This type of close, collaborative partnership between the private, public and non-profit sectors happens infrequently given their very diverse, sometimes conflicting business models, objectives and organizational culture.

RTA's inclusive approach to collaboration was critical to the success of this partnership. RTA's approach stemmed from an underlying belief that leaving a positive legacy in the country would require substantial local ownership to ensure a lasting impact. RTA had already ended its

operations in Ghana by the time the project began, which resulted in little presence of its officials in the region during the project's implementation. However, RTA remained in constant contact with WUSC staff in Ghana and Canada throughout the project's implementation.

One of the project's main objectives was to enhance the governance and service delivery provided by public authorities, requiring strong collaboration with these key actors. WUSC and RTA, as a result, ensured the alignment of project objectives with the local authorities' development framework (BABDA Medium Term Development Plan for 2006-2009 and 2010-2013). This alignment with public policy objectives allowed synergies and efficiency that had not occurred in RTA's previous community activities, when RTA's CSR strategy consisted of one-off infrastructural projects. Prior projects were not typically integrated into local plans, and therefore not supported by public money or community involvement, jeopardizing their future sustainability. For instance, if a newly built school was not part of the local development strategy, public authorities were unlikely to provide funds for teachers or furniture.

Additionally, collaboration with CIDA was implemented within the Canadian government's new CSR framework, adopted in 2009 (see opposite box). This policy document aimed, inter alia, at developing local governments' capability to manage their local resources more effectively. CIDA tested this objective by supporting five pilot partnerships between NGOs and mining companies that strongly depended upon local government inclusion and leadership.

CIDA'S SUPPORT TO NGO-MINING SECTOR PARTNERSHIPS

The Canadian extractive sector is one of the largest in the world, and is very active in developing countries. In response to this global involvement, Canada's government adopted a CSR strategy for its mining sector in 2009. Under the CSR strategy, CIDA supported five pilot projects co-financed by mining companies, and implemented by Canadian international development NGOs. The three first pilot projects that CIDA supported were the WUSC-RTA partnership in Ghana, the Plan Canada-IAM Gold partnership in Burkina Faso, and the World Vision Canada-Barrick Gold partnership in Peru. The two other partnerships supported within this framework were within the Andean Regional Initiative (ARI), a broader strategy in Peru, Colombia and Bolivia to enhance and empower local communities. These two initiatives were based in Peru and were respectively led by WUSC and UNACEM (a Peruvian cement company), and CARE and Barrick Gold. The total contribution of CIDA to these five projects was \$26.7 million¹.

¹ <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/CAR-929105317-KGD>

2.3 THE PROJECT'S ACCELERATOR: THE CONTRIBUTION OF AN EXTERNAL EXPERT INTERNATIONAL DEVELOPMENT NGO

WUSC's collaborative approach, its development expertise and international reputation made a significant contribution to the success of the project.

As my member of the WUSC Ghana team explains: *"We were the key implementers so a lot of the day-to-day decision-making or judgment fell to us. We shared ideas and incorporated ideas from the other partners too, so that what we implemented reflected what they wanted to achieve as well. We were facilitators. We reached out to different stakeholders and brought it back and then synthesised and then shared it back"*⁵.

For example, with the support of WUSC, the District Assembly encouraged RTA to enlarge the project from the five communities around Awaso mine to the entire catchment zone, which included twelve communities in total. By broadening the scope, RTA and WUSC added an additional 23,700 beneficiaries to the initiative.

⁵ In Roberge (2013): "L'histoire du partenariat RTA-EUMC-ADCI", p. 11

In broadening the scope and development outcomes of this initiative, WUSC was able to leverage CIDA funding only available for CSR projects that were co-led with an NGO. From RTA's perspective, WUSC's credibility as an international development partner was critical to securing this additional funding.

Established NGOs, such as WUSC, often have the trust of local communities and officials, built through years of long-term collaboration, advancing local development priorities. Partnering with WUSC helped RTA to signal to community members that it was committed to the effective and locally relevant implementation of this project.

WUSC was the key liaison between the project's stakeholders, supporting regular communication to ensure ongoing inclusivity of perspectives. Although RTA and WUSC had gone through a detailed process of due-diligence before engaging with each other, and CIDA had undergone nearly one year of in-depth analysis before agreeing to co-fund the project, the three organisations came from such diverse backgrounds that frequent communication and mutual learning was crucial throughout the entire project – much of this was facilitated by WUSC.

3. OUTCOMES AND IMPACTS OF THE PROJECT

3.1 SOCIO-ECONOMIC IMPACTS

Although some concerns for the sustainability of the project were raised, overall, the impact of the BABDD initiative was assessed as positive by an internal WUSC-RTA evaluation.

To address the project's governance objectives, Community Action Plans were elaborated and implemented in the twelve targeted communities,

with local community members. Workshops were organised to train local officials and District Assembly managers in community engagement.

The quality of services was enhanced through training and technical assistance for community members. Water sanitation committees, for instance, facilitated the construction of 112 new water points. Education committees worked to enhance education outcomes through the development of planning documents, the creation of student clubs, teacher training, and improved coordination through school boards.

Economic development objectives were addressed through training 325 young people in four potentially profitable agricultural activities previously identified by a market survey (poultry, piggery, bee-keeping and cocoa nursery). However, since these training sessions were held in the last six months of the project, their revenue-generating impacts could not be quantified.

The project's cross-cutting gender equality objectives were ambitious but not fully realized. For the objective of 50% female participation in committees and professional trainings, the result was 40% female participants in committees and 35% female participants in professional training. However, gender-sensitivity training promoted discussion of gender equality issues amongst District Assemblies, contributing to the capacity of DAs to integrate gender issues into their programming.

3.2 IMPACTS ON RTA AND OTHER MINING COMPANIES

RTA's contribution to the project not only resulted in benefits to the local community, but also to RTA itself. These benefits are various:

- **Optimization of operations and HR issues at local level:** Even though RTA left the area a few months after the project started, this type of community development work can help companies to improve their operations locally (lowering absenteeism, facilitating local recruitment, etc.).
- **Relations with local and regional authorities:** Should RTA have continued operations in the area, the BABDD initiative would have undoubtedly enhanced RTA's relations with local authorities. As RTA had and still has mining activities in West Africa (Cameroon and Guinea), this successful experience in Ghana could enhance its regional social license to operate in neighbouring countries with similar socio-economic issues.
- **Reputation at corporate level:** RTA's support for this project in Ghana demonstrates its admirable commitment to leave a positive legacy in its areas of operation, improving its standing as a responsible corporate citizen. An additional reputational benefit arises from RTA's partnership with a respected NGO.

Children in front of a school sponsored by the program. ©WUSK



- **Internal innovation:** RTA's work with WUSC also contributed to substantial internal learning and knowledge. This exceptional experience of partnership, enabled accelerated learning on how to work with the non-profit sector - a corporate skill that is replicable in other developing countries where the company operates. The Ghanaian project also invites RTA to rethink the way it implements its CSR strategy in other locales, and has been a great source of innovation for future community-based initiatives.

Beyond RTA, other mining companies working in West Africa also reaped benefits from the BABDD initiative. Chirano Gold Mine Ltd, Noble Gold, Asanko Gold Inc, and Kinross Gold Corporation visited the project sites and participated in several meetings with key stakeholders. The Canadian-based company Kinross used the BABDD initiative as a model for its own local CSR strategy. Companies outside this region can also benefit from this experience through the sharing of best practices. Such is the case for RTA and Kinross, who are both members of the Devonshire Initiative, a Canadian forum that brings together mining corporations and NGOs in order to enhance companies' CSR commitments.

4. THE CHALLENGES OF NGO-COMPANY PARTNERSHIPS IN THE MINING SECTOR

4.1 THE SUSTAINABILITY ISSUE

As with many other community relations projects, one of the key challenges of the BABDD initiative was its sustainability. The initiative was three years in duration, which did not leave much time to promote long-term sustainable change, built on the capacity of local government and communities.

The limited duration of the project was mainly the result of a lack of commitment of the new mine operator, the Chinese firm Bosai. In the original design of the project, WUSC would ideally have continued its relationship with Bosai after RTA left the area. In spite of WUSC having repeatedly opened up discussions in an attempt to engage the new mine owners, Bosai was unwilling to invest further in local development activities due to its precarious financial situation. The company is currently operating at a loss⁶. Although RTA, as a multinational corporation had the resources to support such an ambitious CSR project, Bosai is much smaller and may not have the required vision, capacities and resources in place.

⁶ Interview by the Canadian newspaper "The Star": http://www.thestar.com/news/world/2014/12/08/ghana-canadian-aid-project-goes-off-the-rails_1.html

4.2 THE REPUTATIONAL AND COMMUNICATION ISSUE

One of the key challenges facing the WUSC/RTA partnership was the issue of managing reputational risk. WUSC and RTA collectively learned many important lessons from this project. All stakeholders underestimated the degree of Canadian public interest and scrutiny the BABDD project would receive. WUSC, RTA and CIDA were all criticized in the Canadian media for their involvement in this project. This criticism formed part of a broader debate in Canada on CIDA's support to initiatives that involve private sector companies, particularly in the Canadian extractive sector. Some Canadian NGOs stated that they would never collaborate with any company; others that they would collaborate, but without accepting any private sector funding. Still others, such as WUSC, seek to collaborate with companies and will accept financial support, following a thorough due-diligence process, for initiatives that contribute to the improvement of CSR practices and broaden the development impact of private sector investments.

With the high level of interest this and the other CIDA – funded pilot projects generated, WUSC staff were suddenly exposed to media pressure for which they had not sufficiently been prepared. In response, WUSC engaged its members, board and staff to communicate details about the initiative, to promote an open and constructive debate, and to build a common understanding of our work in this area. WUSC also prepared joint op-eds in newspapers with the Chief Executive Officers at Plan and World Vision to articulate a shared point of view on these issues, raise awareness about the positive impact of private sector financing for development, and respond to criticisms expressed in the media⁷.

⁷ "NGOs are part of the mining conversation"; Plan, World Vision, WUSC, January 2012 <http://www.theglobeandmail.com/globe-debate/ngos-are-part-of-the-mining-conversation/article1360219/>

CONCLUSION

This article has drawn attention to the benefits and challenges of a multi-stakeholder partnership between an NGO, a mining company, a governmental development agency, and a local municipal government, using the case study of the WUSC-RTA-CIDA partnership with BABDD and local communities in Ghana.

Overall, the project has been positive, both regarding the interests of each stakeholder and the outcomes of the project with respect to its development objectives. Moreover, the collaboration enabled each partner to build internal knowledge and processes regarding cross-sector collaboration. Indeed, the most important outcome of the BABDD initiative is perhaps this creation of a model for cross-sector, multi-stakeholder partnerships that can be broadly replicated for positive development outcomes in communities worldwide.

A 3-YEAR
partnership

A total budget of
\$960,000 CAD

12
targeted
communities

23,700
beneficiaries