

## **Building beneficial relationship for all sides**

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A mayor challenge in sustainable development is to provide positive benefits for every stakeholder. I know it is easy to write that but it 's difficult to put it into practice.

One of the most important groups of stakeholders is the local community. The way mining companies manage their relationship with society is a critical factor in the success of their activities. Companies have come to realize that close relations with the local community is important to enhance community capacity to deliver social services, to promote growth of the local economy and to allow the traditional cultures and lifestyles of local people to flourish, particularly after mine closure.

Some mining companies formulate their relations with their communities through negotiated agreements, such as the Cominco-NANA Agreement (Red Dog), the Raglan Agreement between Falconbridge and Makivik Corporation and the Musselwhite Agreements between Placer Dome, First Nations groups and government shareholders. These agreements cover several elements such as preferential employment opportunities for local people, education and training commitments, financial compensation, preferential business opportunities, environmental commitments.

Many companies have developed social investments programs in the communities affected by or near to their projects such as: participating in alliances with other business that have community involvement activities, giving money or organizing employee volunteer, contributing to government programs that promote community development in the locality or region, establishing and facilitating community development initiatives through corporate foundations.

OK, but how can mining companies cause positive impacts for all provide sides including companies themselves? Certainly there is a successful strategy which benefits for all sides involved: constructive input from each of the three main groups of participants – government, private enterprise and society.

Cooperation between government, industry and NGOs for sustainable development can be grouped into several categories: Cooperation between the government and industry via negotiated agreement when the government delivers initiatives, cooperation between the government and industry, when the government assigns nongovernmental organization for delivering initiatives, companies establish nonprofit organizations through which they direct initiatives, cooperation between the industry and already established nongovernmental organizations, when nongovernmental organizations deliver initiatives.

Tri-sector partnerships enable mining companies in the process of trust building that lies as a foundation principle of corporate social responsibility and they enable greater agreement on delivery of specific initiatives for the benefit of society and the environment. The success of tri-sector partnerships depends on the strengths, competencies and resources, which businesses, governments and civil society can bring together. Mining companies

could contribute their expertise in supply chain and project management, engineering and infrastructure and logistical expertise to the partnerships. Governments can provide strategic co-ordination and expertise in public services, Civil society organization could contribute their capacity to mobilize community participation. Tri-sector partnership could help building trust and confidence in relationships between the industry, government and civil society organizations, by allocating roles and responsibilities between the partners and defining expectations from each other.

Partnership approach to social investment offers a number of valuable benefits. Firstly, bilateral “corporate-community” partnership helps to moderate increasing community expectations of unconditional belief that might lead to conflicts and potential disruption to operations. Secondly, partnerships between the company and civil society that include government agencies have helped to improve the long-term physical and political sustainability of social investments. Thirdly, the partnerships have helped to define local priorities for social investment, assign responsibilities, apportion costs, establish accountabilities and resolve conflicts. Fourthly, partnerships improve understanding and trusts. Fifthly, the partnership may guarantee the success of social investment and may help to protect both local and global corporate reputation. In addition, the benefits of tri-sector partnership to companies include potential cost-saving via leveraging resources, skills sharing, reduce dependency, networking and collaboration.

In other words, benefits for all sides involved.