



Sustainable development

Role of extractive companies

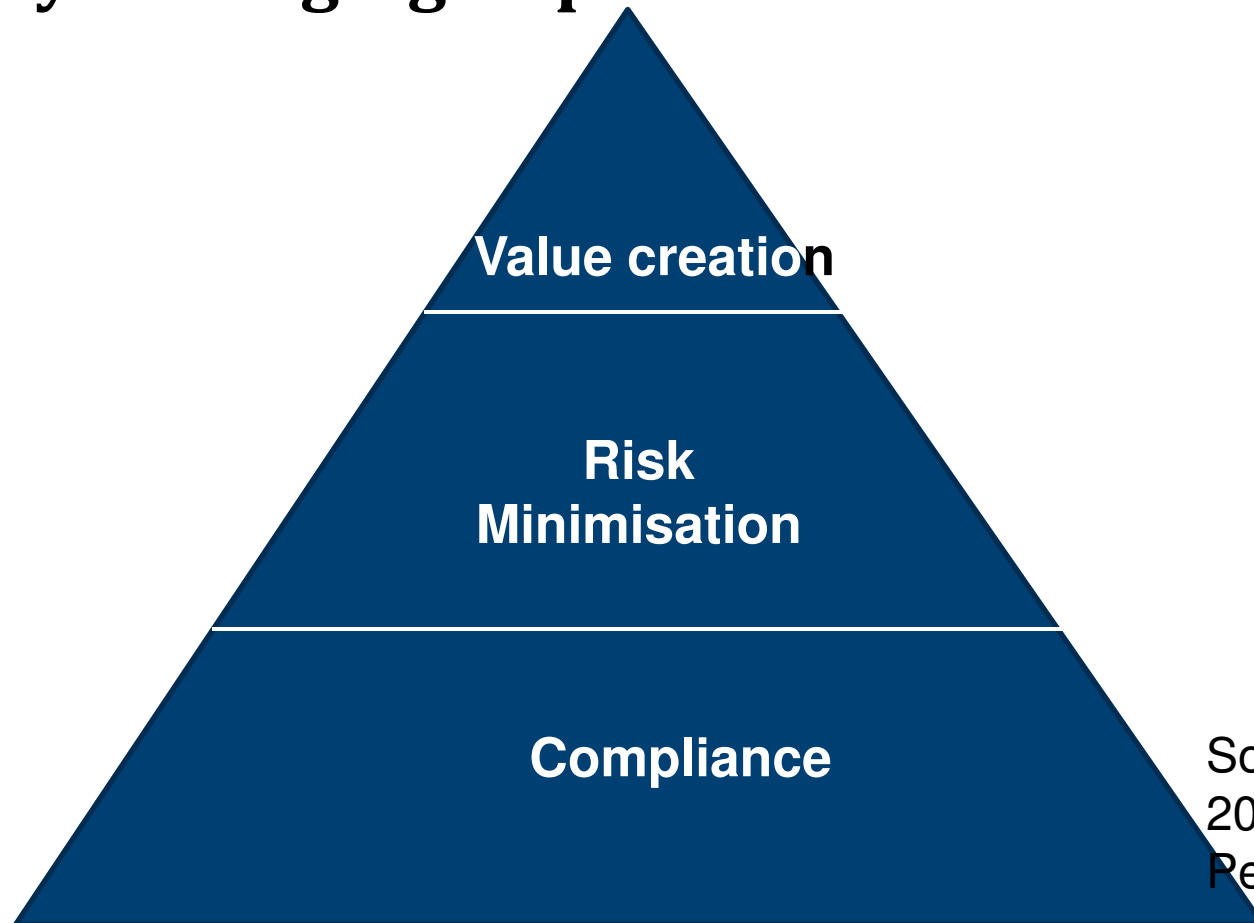
Let's talk about

1. **Why** are companies doing it and what are they trying to **achieve**?
 2. In **what** ways are companies contributing to sustainable development?
 3. **How** well? (Challenges and recommendations)
-

1. Why are companies investing in development?

- Because they **must** (legal requirement)
 - Because they **can**
 - Because they believe that it will **help them to..**:
 - Mitigate risks (reputational, social...)
 - Perform better (a healthier workforce, improved roads, etc...)
-

1. Why: Managing Impact on societies



Source: Nelson J.
2000 Business of
Peace

2. What: Companies contribute to sustainable development through...

CORE BUSINESS

- Generating investment and income
- Creating jobs
- Developing human resources
- Providing appropriate products and services
- Building local business systems
- Sharing international standards
- Supporting technology development and transfer
- Establishing physical and institutional infrastructure

ADDED SOCIAL VALUE

- Social investment
 - Community development
- Advocacy and policy dialogue

3. How well? -Challenges

- Doing the right thing:
 - Balance between core business and social investment
 - Consultations
 - Right people in the right jobs
 - Aligning with national strategies and capacities
 - Measuring impact of and returns on community investments
 - Finding the boundary between company and state responsibility
-



3. Recommendations: Please avoid

- Not complying or mitigating risks while supporting community development
 - Using community development as a tool to mitigate risks and impacts (the “placebo gazebo” effect)
 - Aligning community development funding with project cycle
 - Replacing the state
-

3.Recommendations: Please make sure

- ... that your core business activities are sustainable for the country and not only for the company
 - ...that you are complying with national and international legislation and best practices, e.g.
 - UN Guiding Principles on Business and Human Rights
 - ... that you mitigate risks and impacts associated with company operations
 - ...that you work in partnerships
 - ...that you develop performance indicators
 - **See communities as an asset!**
-

Examples of DFID's work

- Supporting EITI
 - The Kenya Extractive Industries Development Programme
 - Facility for Oil Sector Transparency & Reform in Nigeria
 - Democratic Governance Facility of Uganda
 - Promoting transparency and accountability in the oil sector in Ghana
 - East Africa Oil & Gas Skills Facility (planned)
 - African Legal Support Facility
 - Dialogue with extractive companies
-



Community development

- **Assist** communities **identifying** shared issues, experiences and needs which extend beyond individual or sectional interests to the wider community
- **Assist** communities **to find** relevant and accessible **ways** of organising together
- **Assist** communities **to find** local **solutions** to local problems and to turn these into appropriate community action
- **Assist** in developing communities **capacity** for local action and participation in democracy through learning, awareness raising and skill sharing
- **Assist** communities in **asserting more control** over their own lives, over the environments they live in and over the policies that affect them, in a just, equitable and sustainable way.

Source: Forrester, DFID, 2004



Sustainability

- Tending to present needs without compromising the future-
i.e. a place where people want to live and work now and in
the future.
 - As defined by O/G & mining- relates to the sustainability of
the business
 - Different companies use the term differently
-