COMMENT

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Firms need not 'give back', but should intentionally invest in communities and be encouraged to create long-term opportunities that will outlast the life of the original project

SHARING THE BENEFITS OF PROJECTS

Kenya is at a critical stage in its economic transformation agenda. According to the Ministry of Industry, large investment projects planned for East Africa are set to create unique opportunities and open new markets in Kenya, Uganda and Ethiopia.

According to global consulting firm Frost & Sullivan, an estimated $55.6 billion (Sh5.7 trillion) worth of investment into infrastructure development has been planned for Kenya.

Industries expected to benefit include oil and gas, mining, agriculture and retail, accelerating Kenya's economic development envisioned in Vision 2030.

According to Mo Ibrahim Foundation's 2018 African Governance index, since 2008 the African average score for Sustainable Economic Opportunity increased by 0.1 point, just 0.2 per cent, despite a continental GDP increase of nearly 40 per cent over the period. Despite economic output growing, there was little growth in how people sustainably create new opportunities.

Central to ensuring sustainable economic transformation and development is the relationship between investors, both public and private, and the communities in which projects are being implemented. The involvement of various stakeholders is however limited, since certain decisions in management of a project can only be made at the expertise level.

However, decisions on community investment programmes can be made by involving representatives of various community groups. This is important so the solutions for the community come from the community themselves. Additionally, communities are more receptive if solutions are not "imposed" on them.

Full participation allows stakeholders to see first-hand the impact and achievability of social programmes, their links to other opportunities and helps mitigate risks. Critically, it allows for visibility, inclusivity and ownership of decisions.

Too often, stakeholder relationship management (SRM) by organisations is limited to dealing with issues as they arise, instead of taking a proactive approach in identifying potential issues or conflict. Today, SRM is more sophisticated, with organisations investing time and resources to make it central to project development.

This requires recognition that human resources, the people of a project, underpin its success and investing in stakeholder engagement early will help mitigate and manage issues later. More organisations are building sustainable, long-lasting partnerships with community stakeholders. This allows communities to be involved and to understand a project's impacts with the goal of ensuring the community partners in shaping the benefits investments bring.

Another important aspect requiring change is how companies interpret community programmes. Traditionally, companies have used the concept of Community Social Responsibility (CSR) to 'give back' to society. This needs to change. Companies need not 'give back', but should intentionally invest in the community. Companies should be encouraged to create long-term opportunities for communities, leading to sustainable economic opportunity that has potential to outlast the life of the original project.

In East Africa for example, investments in improved agricultural opportunities and education will have long-lasting impacts. An example is the Kwale Mineral Sands project, which has set up agricultural development that is transforming the lives of cotton farmers. These farmers will have a constant and reliable source of income even when the project life is over. It's these investments, as the original project, will create a lasting legacy.

SHARED VALUE ILLUSTRATES THAT AS THE FIRM IS GROWING, SO IS THE COMMUNITY

Shared value for any organisation illustrates that as the company is growing, so is the community. It is still a fairly new concept in the extractives sector. However, through the Mining Act 2016 and best practices, this is becoming ingrained in the sector.

More organisations and governments are embracing 'shared value'. Harvard Business Review says, "Shared value is not social responsibility, philanthropy, or sustainability, but a new way for companies to achieve economic success."

Shared value is a dynamic force for good, creating value for both shareholders and society, hence, creating a win-win scenario for all stakeholders. This is what shared value is all about, sustainably growing while transforming the lives of the impacted communities.

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