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Institute for
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“Company-Community Trust Fund

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Santiago Porto is currently working as an associate consultant at the PeaceNexus Foundation, a Swiss organisation, which provides governments, non-profit organisations, business actors and organisation with expertise and advice, which they need to help stabilize and reconcile conflict-affected societies. Santiago Porto holds an MSc in International Business and Economic Development from the University of Reading (UK) and a BA in European Business Studies from the École Supérieure de Commerce de Bordeaux (Fr).

The specific challenge that this initiative aims to address is how to create conditions for real participation, constructive dialogue, accountability and problem-solving in situations of low trust and high power asymmetries between companies and affected communities in environments with weak regulatory frameworks. The “Company-Community Trust Fund” (the Fund) will contribute to creating these conditions by empowering affected communities and allied civil society organisations through funding and technical support so that they have the skill, knowledge and capacity to engage, monitor, negotiate and co-create solutions on a more equal footing with industry actors. Equally, the collaborative process required to establish the Fund can lead to greater levels of trust between the parties involved.

You define “Company-Community Trust Fund” as empowering affected communities and allied civil society organisation through funding and technical support so that they have the skill, knowledge and capacity to engage, monitor, negotiate and co-create solutions on a more equal footing with industry actors. In which situation would you recommend the creation of a Fund?

I would recommend the establishment of a Trust Fund in most cases. Where large companies operate and communities reside more often than not a great imbalance in terms of power, information and resources exists between the company and the communities. The Fund tries to address this inequity, which is pervasive especially in the South. The limitation of this mechanism is that it is not suited in situations where there is open conflict or there are protracted grievances.

What are the benefits for the stakeholders to engage in this mechanism?

One of the basic tenets is that, contributions have to come from the organisations that have the most resources, which are the companies. So you want companies to be the main contributor to the Fund. This is a question of fairness and sustainability. Some of the companies, we are talking about, have long-term investments in certain regions. If you want the Fund to be sustainable over time, the funding source has to be the company itself. It will be funding made available to civil society but ultimately benefiting the business. If you think about others funding it, e.g. a foundation (like PeaceNexus), an international donor or something similar, that's fine too, but in terms of sustainability, it is a bit more questionable.

The benefit for a company contributing to the Fund is that they will be able to decrease the power imbalance between them and the local actors. And that is clearly positive for a company. A company is always interested in negotiating and dealing with a counterpart that is organized, informed and empowered.

One of the core elements of the Fund is that it is meant to hold companies accountable but also make the other actors involved in the process also accountable vis-à-vis the funding they receive. The Fund promotes this accountability to each other and to the different constituencies the actors involved represent.

In summary the benefit for the company is that it is able to deal with actors that are informed, organized and more accountable to their own groups.

There are many Company-Community conflicts all over the world. How do you decide if a conflict is suitable for the creation of a Fund?

To establish the Fund, you require all actors to be willing to sit down and negotiate how the Fund can be managed, the type of activities it can support, etc. A lot of details have to be negotiated with the parties involved. To get to that negotiation table, you need a minimum level of trust and willingness between the different local actors. They have at least to consider talking and negotiating with each other.

In general it is probably suitable to set up a funding mechanism that addresses imbalances between communities and companies, but that is not possible everywhere. There might be instances, where the conflict is deep or open and it would be difficult for anyone to talk to each other and I think that's the limitation.

What happens if one party is not willing to negotiate the process?

If it is an open conflict it will be difficult to engage in this kind of discussions. If there is a lot of mistrust, a history of grievances between the different actors. In these cases it is very difficult to get to a point where the actors are comfortable enough to talk about establishing a Fund of these characteristics.

In general I would recommend the establishment of a Fund, but it is probably not possible in all situations.

Is there a successful example in the pilot testing of a Company-Community dialogue and if so which characteristics or parameters made it successful?

We have started with one such project in Morocco and it advanced in many ways. We came to realise how important the role of a third party organisation is to broker the deal, to provide information to the different actors, etc. This third party should understand the context and but be perceived as independent so it can provide individual advice to all the actors involved. This organisation can also be required to play an administrative role on financial matters or organize all the practicalities around it like managing the money, opening the bank accounts and deciding on how the money will be disbursed. Playing that role while demonstrating the value of the approach to everyone involved will probably achieve the intended results.

Is PeaceNexus doing this third party job?

Yes, at the moment we are doing the job because it is a relatively new concept and we are piloting it. Ideally it should be a local neutral party playing that role. PeaceNexus could support that third party (facilitator or a mediator) to play that role. This third party role is an essential role for sure. Another important element for this pilot phase is that PeaceNexus can contribute with some seed funding for the initial Fund, which means that actors will recognize that we are serious about this and committed to it, financially as well. Plus it adds more independence to the Fund if, initially at least, there is also funding from an independent foundation and it is not 100% Funds from a company. So that helps too.

Interview: Vera Hofer, ICP