

MODULE 3 Internal Assessment



Principal Authors

Michael Warner

Natural Resources Cluster Secretariat
Business Partners for Development
c/o CARE International UK
8-14 Southampton Street
London WC2E 7HA
bpd@uk.care.org

Daniel Johnston, with Norman MacLeod

Hope Johnston and Associates
Vancouver Island Office
2871 Barnes Road
Nanaimo, BC Canada V9X 1N9
npmacleod@home.com
danieljohnston@bc.sympatico.ca

Alex Grzybowski

Alex Grzybowski and Associates
515 Norris Road
Sidney, BC Canada V8L 5M8
grzybowski@tnet.net

Richard Roberts, with Joan Gregus

Praxis Inc.
2215-19 Street
Calgary, Alberta Canada T2T 4X1
roberts@praxis.ca
gregus@praxis.ca

Editing

Michael Warner
Natural Resources Cluster Secretariat
Business Partners for Development
Joan Gregus and Richard Roberts
Praxis, Inc.

Design and Layout

Ong, Lee Design
Praxis, Inc.

March, 2001 - Version 1.0
Printed in Canada

MODULE 3

Internal Assessment

Purpose

A common error in trying to build partnerships is for an organisation to launch into discussions with potential partners before fully understanding its own 'internal' needs and interests. This includes understanding the organisation's objectives for collaboration, its negotiating interests and whether it believes that the benefits of the partnership are likely to outweigh the costs and risks. The purpose of this module is to build capacity within any organisation for its staff to systematically assess whether involvement in a multi-sector partnership is a suitable vehicle for meeting an organisation's social investment or community development priorities.



Mining representative and investor discuss agri-business opportunities in proximity to mine operations. Copperbelt, Zambia

Sessions

The module is designed to last **one-day** and is divided as follows:

Session 1 – Scoping (p. 3-4)

- identifying existing social management and planning processes
- identifying common social 'themes'
- pre-conditions for successful partnerships

Session 2 - Components of Assessment (p. 3-7)

- case-example – a problem-partnership over health care
- inventory of assessment components

Session 3 – Assessment Exercise (p. 3-10)

- case-example – assessing whether to re-negotiate the health care partnership

Session 4 – Synthesis and Selling (p. 3-18)

- decision-making criteria
- presentation skills – role play

Applications

The skills developed in this module are most relevant to the 'exploration' phase of the overall partnership process (see *Route Map in Module 2*). Given that tri-sector partnerships are a form of 'delivery mechanism' rather than an end in themselves, **effort should be made to integrate exploration of the merits of partnership into 'existing' social management or planning processes.**

Activities that lend themselves to an internal assessment of the merits of a partnership approach are given in *Handout 3.1*.

Note that where a company, government or civil society organisation already has good stakeholder relationships, this process of assessment is likely to be fairly rapid. For example, suitable partners and the comparative advantages they bring may already be known. The key factor here will be each organisation understanding its own social objectives and negotiating interests. Where such relationships are less developed, a more detailed and systematic process of internal assessment is likely needed, covering not only objectives and negotiating interests, but the mapping of potential partners and design of a suitable process of initial consultation.

How to Use This Module

The module will have a more lasting impact if used as an integral part of a 'real-life' process of partnership exploration. To this end, time needs to be left in the day for participants to prepare the next steps they intend to take in developing a partnership (see *Work Planning* on page 3-19).

Where participants do not have the time, or are showing scepticism for formal training, the module offers a set of guidance notes for those responsible for championing the partnership model. For example, *Handouts 3.2.a and 3.2.b* can be used to rapidly determine whether or not a partnership approach has a good chance of success; and *Handout 3.4* provides a checklist of factors for systematically assessing the risks and benefits of partnership.

Note that the two exercises in the Module are linked. The second exercise - *Section 3* - will only work if participants have already completed the exercise in *Section 2*.

Useful Materials for Training

- Overhead Projector
- Flip-chart paper
- Marker pens
- Masking tape/tack
- Post-It Notes (large)

Existing social management and planning processes into which an assessment of the merits of Tri-sector Partnerships could be integrated.

Oil, Gas and Mining Corporations	Government Authorities	Civil Society and International Development Agencies
<ul style="list-style-type: none"> ▶ pre-feasibility studies ▶ due diligence studies ▶ environmental and social impact assessment ▶ environmental or social management planning ▶ social or political risk assessment ▶ health and safety planning ▶ cost-benefit analysis ▶ compensation and resettlement negotiations ▶ public consultation ▶ planning and financing approval negotiations ▶ health and safety consultation and planning ▶ environmental or social audits ▶ preparation of closure/ decommissioning strategies 	<ul style="list-style-type: none"> ▶ municipal authority development plans ▶ regional land use plans ▶ national sustainable development strategies ▶ poverty reduction planning ▶ sectoral strategic planning (e.g. health care, education, water supply etc.) ▶ sectoral policy dialogue ▶ programmes for decentralisation ▶ negotiations with official development assistance agencies 	<ul style="list-style-type: none"> ▶ household livelihood assessments ▶ community participatory assessments ▶ participatory monitoring and evaluation ▶ country strategies ▶ sectoral programming ▶ capacity-building/ technical assistance programmes

Session 1 – Scoping

Aim

The aim of this session is to enable those organisations that have a range of proposed social investment or community development initiatives to identify which of these initiatives lend themselves to design or implementation through a tri-sector partnership arrangement.

Learning Objectives

- ▶ to appreciate that not all social investment/community development initiatives lend themselves to design or implementation through tri-sector partnerships; and
- ▶ to be able to identify some of the key pre-conditions that indicate that working through tri-sector partnerships would be appropriate.

Guidance for Trainers

1. Integration with Existing Planning Processes – In plenary, invite the participants to identify types of existing social management and planning processes that lend themselves as a 'hook' for an internal assessment of the merits of a partnership approach. Contrast the participants' suggestions with *Handout 3.1*.

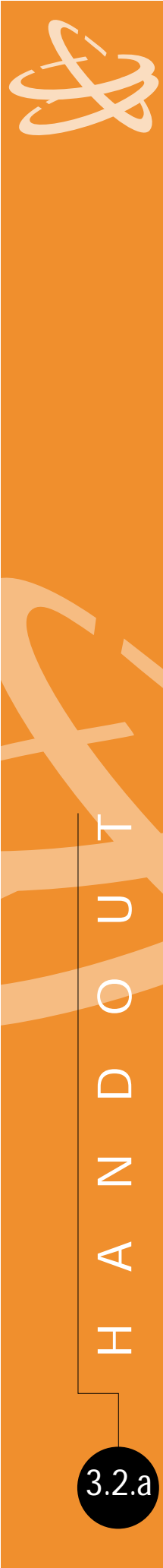
2. Anticipated Social Management Programmes and Projects

- Break the participants into groups of three to four. Each group should include individuals from the same type of organisation (e.g. corporation, SME, central or regional, government authority, development assistance agency, community group or NGO). Ask each group to list their organisation's on-going or anticipated initiatives for managing social issues (including community development) for the next five years.

3. Pre-Conditions

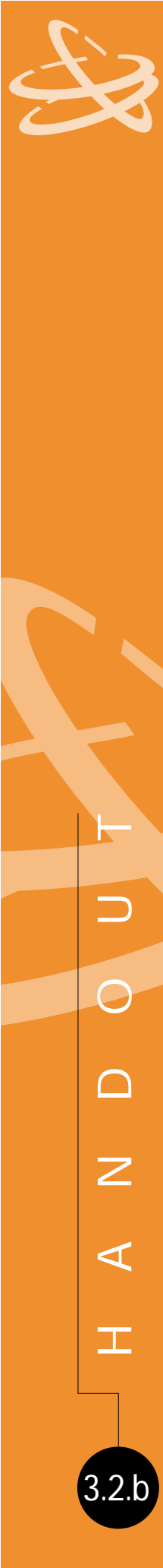
– Back in plenary, combine the lists into similar social investment/community development 'themes' (e.g. health, water supply, education, environmental management, small-scale business, participatory planning, policy formulation, etc). Ask participants to identify **which 'theme' is most likely to lend itself to better design and implementation through a tri-sector partnership arrangement.**

Draw out the key factors that seem to suggest this and record these on flip-chart paper. Ask participants to expand this list by identifying the 'pre-conditions' that would indicate that a partnership approach is likely to be successful. Compare these to the set of Emerging Pre-conditions presented in Handouts 3.2a and 3.2b.



Emerging Pre-Conditions for Effective Tri-Sector Partnerships

- social management activities that if delivered through tri-sector partnerships will produce **rapid added value** for all partners
- social management activities that require **complementary sets of skills** or **resources** from across business, government and civil society
- opportunities to transform **existing stakeholder relations** into partnerships for action
- evidence that **alternative mechanisms** for social management would be less effective than working through a tri-sector partnership model
- **flexible** social management strategies (e.g. no *fait accomplis*)
- internal incentive structures that support '**risk-taking**'
- potential partners with some **shared long-term vision**
- an unambiguous and 'value-adding' role in the partnership for **local government authorities**



Emerging Pre-Conditions for Effective Tri-Sector Partnerships (con't.)

- potential partners with equitable **capacity to negotiate** or for this capacity to be strengthened
- viable **alternative strategies** to the partnership for each potential partner (held in reserve in the event of disruption to the power balance of the partnership)
- points of **cultural commonality** or familiarity between the potential partners
- access to affordable facilitation and **partnership brokering** skills
- an **absence of obstacles** to partnership formation (e.g. political, judicial, logistical, contractual, administrative)
- an internal **champion** (e.g. senior manager) to drive the partnership building process forward
- an **existing social management** or planning process into which partnership building can 'hook'
- **up-front funding** to support the partnership development process
- an **absence of major threats** to collaboration (e.g. elections, violence, volatile commodity prices)

Session 2 – Components of Assessment

Aim

This session identifies the various components that need to be systematically assessed in determining the merits of engaging in a tri-sector partnership for social investment.

Learning Objectives

- to appreciate the importance of each organisation undertaking a prior, systematic internal assessment of the risks and benefits of working in partnership; and
- to be able to identify the full range of assessment components relevant to deciding whether to engage in partnership.



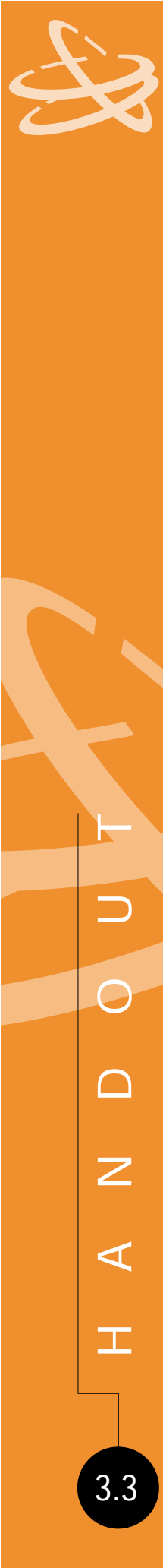
BP operations in Casanare, Colombia

Guidance for Trainers

1. Case-Example - A case-example of a 'problem partnership' convened to manage a health centre is described in *Handout 3.3*. Ask participants to read through the case-example on their own. Divide the group into pairs and ask each to jointly identify the key issues that should be taken into account by each of the partners (Company, Health Department and local NGO) in deciding whether or not to pursue a new partnership for local health care. Allow 30 minutes for the exercise. Encourage the participants to be creative and draw on their knowledge and experience to augment the example. Participants need only to identify 'the list' of issues/factors for assessment, not undertake the assessment itself. An 'assessment' is the aim of the next session.

2. Inventory of Assessment

Components - Back in plenary, ask the participants to identify the key components of a systematic assessment of the merits of working in a tri-sector partnership. Compare the participants' observations with the list of components described in *Handout 3.4*.



Problem Partnership for Health Care

Five years ago government provision of health services in the area of an operational oil/mine facility fell into disrepair due to lack of medical supplies and staffing. Despite considerable subsequent support from the Company, problems remained with both the quality and consistency of services. Two years ago the Company reached agreement with the provincial Health Department for a local NGO to take responsibility for managing and staffing the District Health Centre. The company would provide funding for the NGO, with the Health Department continuing to fund capital equipment and maintenance costs. Within months of the hand-over, services improved dramatically. For example, the number of outpatients treated rose from 800 to over 5000 per month. These improvements formed a critical part of the Company's 'social contract' with local people, and the Operations Manager made a number of personal commitments on this topic in newspaper interviews.

While the people of the area benefited from the partnership between the NGO, the provincial Health Department and the Company, the coalition soon became contentious. In particular: (1) the implicit past failure of the Health Department to deliver an adequate service created tensions with government health extension officers; (2) the Company's declared preference for the NGO over the Health Department; and (3) the Company's willingness to increase their financial support to the NGO in contrast to its reluctance to increase support to other NGOs in the area (whom, many argue, had better experience in the provision of health care). One year into the partnership, the inability of the Health Department to meet its responsibilities for the operational costs of the Health Centre further underscored the fragility of the partnership arrangement.

Inevitably the partnership collapsed. Recriminations circulated and the District Health Center returned to the sole management of the Health Department. Since then, the Company has tried to maintain levels of health service to local communities through an expansion to its employee health care programme. This situation runs counter to the Company's stated policy of reducing local communities' dependency on company handouts. It is also proving an expensive alternative, with many people making the long and expensive trip to the company's health clinic when their ailments are minor and would be more cost-effectively treated locally.

As a result of these problems, the Company is thinking about initiating a new partnership for health care with government and non-governmental organizations. The Company is prepared to cover the costs involved in bringing the parties together and negotiating an agreement. However, this time every effort will be made to systematically assess and mitigate the risks and costs involved prior to approaching potential partners.

adapted from Aidan Davy, 2000, from a case-study in Papua New Guinea

Components of Assessment

- the urgent **social or local environmental needs** in the area or region
- the organisation's **priority social management/community development strategies and programmes**
- the **alternatives** to adopting a partnership model (i.e. the most likely way in which these strategies are intended to be met)
- the priority social **'theme'** that lends itself to implementation through a tri-sector partnership approach (i.e. a pooling of complementary competencies)
- the organisation's **underlying interests/motivations** that lie behind this theme (e.g. legal/contractual obligations, corporate policy, 'social license to operate', risk management, local and global reputation)
- the **added value** anticipated by the organisation of adopting a partnership approach
- the **type/style** of partnership (e.g. dialogue, shared workplan, shared responsibilities - see *Handout 2.1*)
- the geographic and population **'reach'** of the partnership's anticipated activities
- the financial and human **resources and expertise** available to the organisation to invest in partnership
- the organisation's available **'room for negotiation'** (i.e. its non-negotiable and negotiable sharable or transferable interests)
- **initial stakeholder mapping** to identify potential partners, protagonists and consultees, and their underlying interests
- for potential partners, identify their: core competencies and resources; underlying interests; and the strength of existing relationships with other **potential partners** (i.e. strong, weak, absent)
- any immediate **obstacles** to successfully forming partnerships (e.g. legal, cultural, logistical, past relationships, financial, power imbalances, or 'lack of a champion') and measures to circumvent these
- an estimate of the **cost/benefit** of the partnership in the short- and long-term
- the **risks** involved in working through a partnership and measures to mitigate these

Session 3 - Assessment Exercise

Aim

Using a case-example, this session takes participants through a systematic assessment of the merits of engaging in a tri-sector partnership for the provision of district health services.

Learning Objectives

- ▶ to provide participants with experience in undertaking a rapid internal assessment of a proposed tri-sector partnership; and
- ▶ to provide insight into strategies for approaching and consulting with potential partners.



Social managers of a mining company (ICML, India) and NGO representatives (ASHA) discuss the merits of collaborating to undertake a 'livelihoods assessment' in the mine impact area

Guidance for Trainer

This exercise should not be undertaken without having first completed Session 2.

1. Clinic-Based Training - The participants may elect to work through the following exercise on a 'real life' example (e.g. a partnership theme that they are interested in pursuing). If no 'real-life' example is suitable, the following case-example provides an alternative.

2. Case-Example Based Training -

Divide the participants into three groups representing:

- ▶ the Company;
- ▶ provisional Health Department; and
- ▶ Local NGO.

Distribute the relevant parts of the case-example for a New Health Care Partnership described in *Handouts 3.5, 3.6 and 3.7*. Provide at least ten minutes for each participant to read their brief and a further five minutes for questions of clarification.

3. Assessment in Groups – Using the information provided in the case-example, allow the participants approximately one hour to systematically work through as many of the components of assessment described in *Handout 3.4* as possible. Where the briefing notes are



Nchanga open-cast copper mine, Copperbelt, Zambia

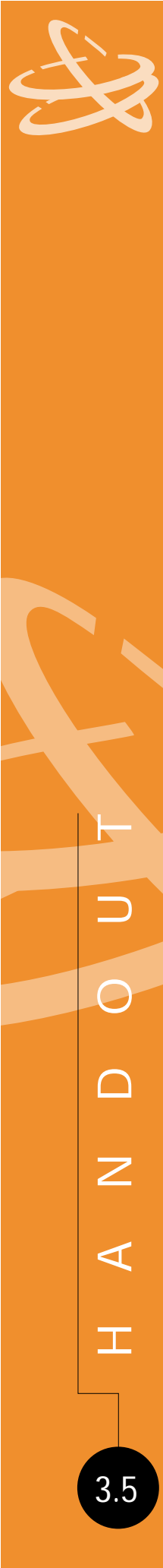
insufficient to inform the assessment, ask the participants to identify what additional information is needed. The three groups should decide for themselves whether they all discuss each component together or whether the tasks are allocated among smaller sub-groups. Note that the emphasis in this exercise should be just as much on the discussion that subsequently takes place in plenary as on the group assessments themselves. For this reason the exercise has been kept relatively simple.

4. Plenary Discussion - Back in plenary, compile the results of the various assessment activities on flip chart paper. Use a different colour pen for each group so that differences between the groups' responses can be clearly seen. In discussion with the participants, pay particular attention to whether:

- ▶ each group has 'truly' identified their internal underlying interests and motivations for social management, rather than their 'positions' (e.g. has each group maximised its 'room for negotiation?');

- ▶ the differences between what each group thinks the underlying interests of the other parties are, and what they actually are;
- ▶ the proposed 'themes' for the partnership are broadly similar across the three group, and if not how the wording of the 'theme' might be changed to accommodate differences;
- ▶ there remain obvious information, skill or resource gaps needed for the partnership to work;
- ▶ all groups have the same overall understanding of the type of partnership being proposed; and
- ▶ there are critical obstacles that will have to be overcome prior to being able to form the partnership.

Compare results with the results of the assessment carried out for the Konkola Copper Mine, in Zambia (*Handout 3.8*)



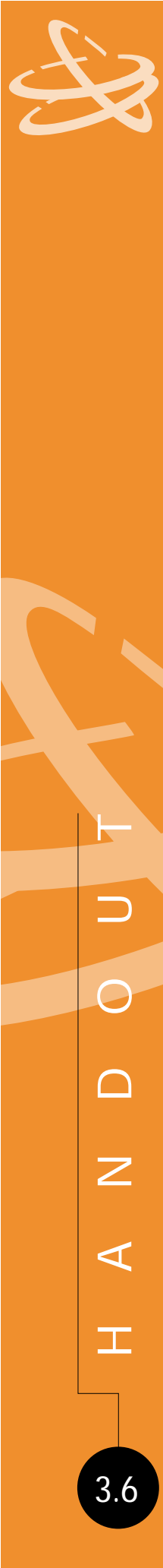
Internal Assessment for New Health Care Partnership

Provisional Health Department

The Company faxed the provisional Health Department last week to ask for a meeting to discuss the idea of reinstating a partnership to manage and fund the District Health Centre. The Department is aware that there have been difficulties with this type of approach in the past (see *Handout 3.3*) and wish to proceed with caution. In preparation for the meeting, a day of staff time has been allocated to assess the Department's needs in this area, and to establish its negotiating position. Currently, the Company is providing health services directly to local communities through an expansion of its employee health care programme.

The Department has just completed its three-year Rural Health Extension Plan for the district. The plan allocates budgets to different policy objectives. One of the budget lines is dedicated to funding the staff, management and operational costs of the districts three District Health Centres. Finalisation of the plan has been delayed and the Governor of the district is already mid-way through his term of office. The Governor has an urgent need to start delivering on the policies in the plan since the media are beginning to label him ineffective. Policies that provide services to the most number of people are to be prioritised. The District Health Centres have been singled out. As part of central government's drive on poverty reduction, all district level authorities have been granted a 10% increase in their annual budget. However, the new legislation that underpins this policy requires that all spending by the authority be subject to an independent audit.

The Department is very aware of the problems of the last partnership arranged to manage the Health Centres and is keen to avoid a repeat. Many in the Department are reluctant to work in collaboration with an NGO or to transfer management responsibility. Staff are aware that they do not have the expertise of those employed by *Medicine Avec Limite* (MAL), or the level of trust with the local communities enjoyed by the local NGO. They are concerned that like the last time, a partnership arrangement will leave them exposed as ineffective.



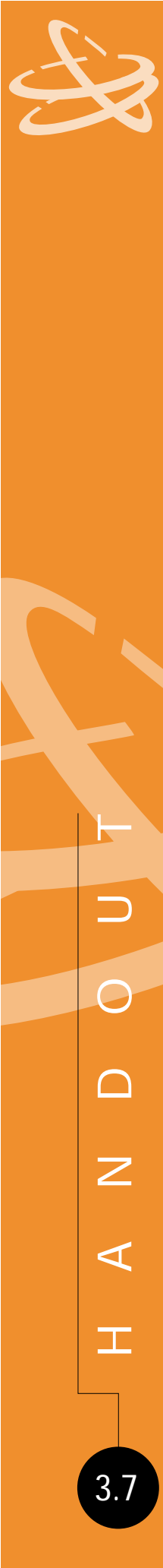
Internal Assessment for New Health Care Partnership

Local NGO

The Company faxed the office of the local NGO last week to ask for a meeting to discuss the idea of reinstating a partnership to manage and fund the District Health Centre. The NGO is aware that there have been difficulties with this type of approach in the past (see *Handout 3.3*) and wish to proceed with caution. In preparation for the meeting, a day of staff time has been allocated to assess the organisation's needs in this area, and to establish its negotiating position. Currently, the Company is providing health services directly to local communities through an expansion of its employee health care programme.

The Director of the NGO recently changed. Her first task on taking the post has been to audit the accounts. The audit shows serious overspending. It is clear that there is an urgent need to attract new funding if experienced staff are not to be lost. One approach being considered is to team up with the NGO *Medicine Avec Limitation* (MAL). MAL has strength in being able to attract significant resources from international donor agencies and has equipment in the form of off-road vehicles and a helicopter.

The local NGO has better links with local communities and its community workers have experience in working in remote areas. The organisation has also adopted a new strategy, which focuses staff effort on its core competencies of health care and education. A recent survey by its community workers found that in the vicinity of the Company's operations key health indicators had worsened over the last year. In particular, neither the Health Department's management of the District Health Centre or the services provided by the Company seem to be reaching the more remote villages.



Assessment for New Health Care Partnership

The Company

The Company faxed both the provisional Health Department and the local NGO last week to ask for a meeting to discuss the idea of reinstating a partnership to manage and fund the District Health Centre. The Company is aware that there have been difficulties with this type of approach in the past (see *Handout 3.3*) and wish to proceed with caution. In preparation for the meeting, a day of staff time has been allocated to assess the Company's needs in this area, and to establish its negotiating position. Currently, the Company provides health services directly to local communities through an expansion of its employee health care programme.

The Company is concerned that local communities are beginning to view the current provision of services through the employee health care programme as a permanent fixture. Not only is this becoming a drain on the human resources budget at the expense of other employee services, but it also runs counter to new company sustainability policy that seeks to avoid creating local dependency. However, the Company has a long-standing commitment to the local population to improve health care, and the issue is a cornerstone of the Company's 'social licence to operate'. Were the current services withdrawn without an adequate replacement, the Company would be placing itself at risk from local hostility. A key frustration for the Company is that its payment of tax revenues to the central government do not seem to be finding their way back to provisional level government. Another frustration is that an international NGO, *Medicine Avec Limitation* (MAL), is operating in the region and ever since the last partnership broke down it has been overly critical of the Company's performance on social impact mitigation and community development. This is unfortunate because this NGO has access to a helicopter equipped to provide health services in remote areas. The other NGO with health expertise in the area is the local NGO. Recent change in the Directorship of this NGO suggests that this may be a good time to again discuss the idea of a renewed partnership.

INTERNAL ASSESSMENT

Case-Example – Konkola Copper Mines, Zambia

Background

In most areas where large-scale mining has occurred in economically depressed areas, there has been a tendency for the neighbouring communities to become highly dependent on the revenue generated and services provided by the mining companies. This has been especially true in the Copperbelt area in Zambia. After many decades of mining, there has been little diversification of the economy outside of activities directly related to mining. At present, economic activity in the Copperbelt area primarily occurs at opposite ends of the spectrum (e.g. a relatively small industrialised sector almost entirely dependent on mining and subsistence agriculture practices by individual households).

As part of the process of privatisation, closure of mining operations is inevitable. The effects of this are extremely severe when it occurs in an environment where there has been virtually no diversification away from activities entirely dependent on mining. In mining dominated economies it will not be possible to completely negate the effects of mine closures. However, the establishment of local businesses that are not entirely dependent on mining can contribute to reducing the negative impacts from future mine closures.

Social Issues

The following social issues have been identified as in need of urgent attention:

- *public services* – the transition from state provision of public services (e.g. health, education, water supply and sanitation, waste disposal, sport facilities) by state-owned mining sector (ZCCM) to public sector (e.g. municipal township authorities)
- *health* - high differential in cost and access to health services between employees of mining companies and others
- *informal settlements* – high incidents of poverty in informal settlements around the Mine Licence Area (e.g. insecure land tenure, health problems - TB, HIV, malaria) unemployment, poor transportation, poor education, etc.)
- *small businesses* – effective retrenchment of mine workers made redundant - problems include: anticipated saturation of markets for single traders; delays in payments from government authorities; lack of access to working capital; perceived lack of transparency in contracting arrangements for privatised mines.

Social Management Objectives of KCM

Broadly the objectives of KCM towards the management of social issues fall into the five areas:

- *compliance* with Development Agreement and investor requirements for effective social management;
- *successful transfer of responsibility* for the provision of public service to townships to local authorities or utility companies and avoidance of a paternalistic relationship between the mining project and its employees or local communities;
- *enhancement of global and local reputation*, including a 'social licence to operate';
- *the management of 'social risks'* which might adversely affect production;
- *preparation of a Social Management Plan* intended to support the enhancement of existing capabilities and the development of new skills in *partnership* with local communities and local government.

Partnership 'Theme' – Small-Scale Businesses

As a result of the scoping exercise, the 'theme', which at this point in time was most likely to act as a focal point around which to attract parties into a partnership, was that of 'small-scale business development'. The importance of local business development was recognised by all the parties involved in the negotiations surrounding the privatisation of the assets that now belong to KCM. This is reflected in the requirements and commitments contained in the Development Agreement and the Interim Social Management Plan (SMP).

The critical need for local business development in the vicinity of Konkola Copper Mines Plc.'s (KCM's) operations is due to the socio-economic circumstances that have arisen on the Zambia Consolidated Copper Mines (ZCCM) has recently retrenched a large number of employees from the operations that are now owned by KCM. Further retrenchment will be necessary in the future to transform the operations from the previously over-manned condition to a position where they can become competitive.

In the medium-term, some of the operations will close as they reach the end of their economic lives and this will lead to additional job losses at the KCM operations. The projected reduction in the workforce from the three KCM operations is the following (yearly totals) :

- ▶ 1998 – 13,599
- ▶ 1999 – 11,439
- ▶ Vesting – 10,672
- ▶ 2000 – 9755
- ▶ 2007 – 3745
- ▶ 2014 – 4789

In the past, retrenched or retired employees mostly opted to return to their home districts. However, more recently the trend has been towards employees remaining on the Copperbelt. The sale of mine houses to ZCCM employees has reinforced this tendency. This has resulted in the effects of the retrenchment programmes becoming more localized, with greater impacts on the communities in the immediate vicinity of the mining operations.

Although the formula used by ZCCM to calculate terminal benefits was generous by international standards, it is commonplace for the individuals to quickly exhaust their retrenchment package. Since most of those affected have no alternative sources of income, they become increasingly dependent on family support and subsistence farming. One way of lessening the effects of retrenchment is to encourage the retrenched to establish their own commercial enterprises or to use their skills to enhance the capacity of established local businesses.

The 'message' to be used to consult with potential parties was identified as follows: ***KCM would like to enter into a facilitated process of dialogue and partnership building with civil society and government, directed at finding the most efficient use of the available resources, expertise, leadership and opportunities in the vicinity of KCM operations pertaining to the effective retrenchment of mine workers within a small business environment.***

Underlying Interests of KCM

The company's 'underlying interests' relating to small-scale business development fall into three categories as follows:

Compliance:

- ▶ effective retrenchment of employees laid off due to privatisation and efficiency gains compliance with the Privatisation Development Agreement, including documented evidence of a facilitated and inclusive approach to the preparation of the interim and final Local Business Development Programme; and
- ▶ demonstrate compliance with International Finance Corporation's (IFC) requirements for participatory approach to preparation of Final Social Management Plan

Risk mitigation:

- ▶ exploit opportunities for KCM to impart consistent messages concerning contentious issues (e.g. bidding for contracts, leasing-out of KCM capital equipment, upfront payments, access to safety equipment; payment through wageslips).
- ▶ gain broad support from civil society groups and government authorities for KCM's programme for retrenchment;
- ▶ reduce risk of ex-mine workers squandering retrenchment packages; and
- ▶ reduce risks of failure of individual business (e.g. through over supply of services or lack of 'entrepreneurial spirit').

Opportunities exploited:

- pool expertise in SMEs: management, marketing, micro-finance, strategic alliances, quality control etc.;
- provide access to 'working capital' (e.g. through assurances/guarantees, etc.); and
- further develop the market for maintenance of council/township services (e.g. transparency of government contracts, reliability of payments etc.).

KCM Resource/Expertise

In terms of the potential contribution of resources and expertise to a partnership around small-scale businesses, KCM would contribute:

- the existing retrenchment packages;
- staff experienced in setting up and managing small business enterprises;
- KCM as a market for maintenance services and procurement; and
- \$15,000 towards the 'process' of partnership building and maintenance from September 2000 to December 2001.

Type of Partnership

The nature of the intended partnership is likely to comprise two parts:

- a process of structured multi-party dialogue; followed by
- a voluntary partnership based on shared costs, risks, expertise, workplan, responsibilities and benefits.

Initial Stakeholder Mapping

Participants likely to be involved in a process of dialogue designed to develop a partnership include:

- KCM - has appointed a Community/ Business Development Co-ordinator and the Vice President – Safety Health and Environment will champion the Local Business Development Programme with the assistance of the Environmental Manager.
- BPD - will facilitate the formation of the partnership.
- Local businesspersons - representing established local small and medium enterprises.
- Retrenchees - Preliminary meetings have been held with retrenchees that have established business.
- Local community leaders.
- Zimele - (formerly the Anglo American Small and Medium Enterprise Initiative). Zimele is a business unit operating in accordance with strict commercial criteria to create entrepreneurial opportunities.
- Ernst and Young (Zambia) - have considerable experience in the establishment of private enterprises in Zambia. Exploratory discussions have been held with a view to establishing the nature of their possible contribution to KCM's local business development programme.
- Others - International donors, non-governmental organisations (NGOs) and community-based organisations (CBOs).

Obstacles, Risks and Treats:

The following obstacles are anticipated in developing a partnership approach to small-scale business development:

- perceived implicit criticism of existing programmes on small-business development;
- reluctance of certain parties to participate;
- false expectations of what a partnership model might generate; and
- risk of the partnership failing and local reputation of KCM being damaged.

To manage these risks, 'clear and consistent messages' will be communicated about the nature of BPD and the role of KCM in the partnership building process.

Session 4 – Synthesising and Selling

Aim

This session brings together the results of the assessment and presents them in a structured way that contributes to a rational decision about whether to proceed further with exploring a partnership approach.

Learning Objectives

- to appreciate some of the key 'decision areas' relevant to senior managers approving the idea of working in partnership;
- to enable participants to systematically present the results of the assessment in a way that assists decision-making; and
- to experience or observe the task of presenting the case for forging a partnership to a senior manager or director.



Guidance for Trainers

- 1. The Decision-Maker** - Ask each group to identify the level of management within their types of organisations most likely to authorise the go-ahead for undertaking a process of consultation with potential partners regarding the possibility of forming a tri-sector partnership for social investment/community development (e.g. Director; Programme Manager; Asset Manager; Senior consultant; Chief Officer; etc). Relate these management levels to the three organisations involved in the case-example (the Company, NGO and Health Department).
- 2. Decision-Making Criteria** – Divide the participants into the three groups as before, but this time invite the participants to place themselves in a different group. Ask each group to agree on the five most important criteria that their decision-making senior manager is likely to use to evaluate a proposal to proceed with a partnership for health care (e.g. added value, costs, staff time, meeting policy requirements, risks, etc).
- 3. Role-Play Preparation** – Ask each group to select two group members to play the role of two senior managers. Separate each pair from their parent group. Once separated, ask each pair to prepare a set of questions in preparation for a meeting in which

subordinates will present proposals for working in a tri-sector partnership for health care. At the same time, ask the remaining participants in each group to begin to synthesize their proposal for working in a tri-sector partnership for health care, including how they intend to begin consulting with potential partners and other interested parties. This proposal should provide information that addresses the five key decision-making criteria, as well as giving a balanced picture of the incremental costs, added value, risks and mitigation.

- 4. Role-Play** - Ask each group to elect a representative who will present the proposal to the pair of senior managers. Limit the time available to sell the proposal to ten minutes. All other participants from all groups should observe. The exercise should be played out once for each group.
- 5. Key Selling Points** - Back in plenary, draw out the 'most' and 'least' successful 'selling points'. Did any of these run counter to those expected?



Work Planning

Where practicable and relevant, the trainer will work with the participants to help them decide on their 'next steps' in moving the partnership process forward. Some options for this type of 'work planning' are given below.

Option 1 – Terms of Reference for Further Internal Assessment

In cases where a decision could not be made without first undertaking further assessment, the participants may need to prepare an appropriate Terms of Reference (ToR) to guide this work.

Option 2 - Outline of a Six Month Workplan

If a decision has been made to move ahead with the partnership process, the participants may elect to prepare an outline workplan (three to twelve month), identifying the key steps that might be taken in the process of building the partnership. This should be kept flexible to allow for changes in response to inputs from other parties. An example of an outline workplan is provided in *Handout 3.9*.

Option 3 – Consultation and Communication Plan/ToR

It may be that after some initial internal assessment of the merits of a partnership approach, the participants are in a position to plan how they will consult and attract potential partners. This is the subject of *Module 4 – Consultation and Communication*. It is recommended that participants take this module before attempting to design such as plan.

Workplan for Partnership Building Around Small-Scale Business Case-Example from Konkota Copper Mines, Zambia

Timing	Actions and Roles	Deliverables
July 2000 to Aug 2000	KCM: <ul style="list-style-type: none"> Find suitable facilitators Complete outline stakeholder mapping 	<ul style="list-style-type: none"> Final proposal and six-month workplan. 2 x facilitators contracted. Outline stakeholder map, comprising: <ul style="list-style-type: none"> existing local business initiatives; and potential partners (local and external) and their associated resource/expertise.
Sept 2000	KCM <ul style="list-style-type: none"> Convene first 'exploratory' workshop – 2 days (based on select participation) Facilitators <ul style="list-style-type: none"> Design workshop around 'local business constraints and opportunities' Third-party facilitation of workshop Report writing Potential partners <ul style="list-style-type: none"> Workshop participants 	<ul style="list-style-type: none"> Key constraint/opportunities 'themes' for improving local business environment Potential partners identified for each 'theme' (specialists and representative businesses) First Progress Report to participants Contribute to Interim Local Business Development Programme
Oct 2000	Facilitators <ul style="list-style-type: none"> Consultation with potential partners to assess suitability Organisation of second round of workshops (series of two – four) 	<ul style="list-style-type: none"> List of confirmed participants
Nov 2000	Potential Partners and Facilitators <ul style="list-style-type: none"> Design of workshop series (two – four workshops) Facilitators <ul style="list-style-type: none"> Further capacity building for counterpart facilitator and 'others' Facilitation of workshop series Report writing 	<ul style="list-style-type: none"> Two – four separate Memorandums of Understanding (MoUs) to implement agreements for resolving key small business constraints or exploiting opportunities Identification of need for further dialogue on specific themes Second Progress Report to participants
Dec 2000 to Jan 2001	Facilitators <ul style="list-style-type: none"> maintenance of relationships monitoring of impact on local business environment 	<ul style="list-style-type: none"> Third progress report to participants
Feb 2001	Potential Partners and Facilitators <ul style="list-style-type: none"> Design of Third workshop series Facilitators <ul style="list-style-type: none"> Capacity building for existing partners Third-party facilitation of workshop series Report writing 	<ul style="list-style-type: none"> MoUs to implement agreements Fourth Progress report Contribute to Final SMP
Mar 2001 to May 2001	Facilitators <ul style="list-style-type: none"> Maintenance of relationships Monitoring of impact on local business environment 	<ul style="list-style-type: none"> Fifth Progress Report Contribute to Final Local Business Development Programme

Key Lessons for Participants

This module has focussed on assessing whether, as a business, government or civil society organisation, involvement in a tri-sector partnership might be a viable option for meeting internal social management and community development objectives.

Some of the key lessons of the module are as follows:

- ▶ Tri-sector partnerships are not relevant to every situation or circumstance. They are most likely to be effective when certain pre-conditions are present.
- ▶ It is important that prior to any organisation making the move to consult with potential partners it first:
 - ▶ fully understands its own underlying interests and 'room for negotiation'; and
 - ▶ weighs up the incremental costs, risks and added value of entering into a partnership in both the short and long-term.



Further Reading

Davy, A. (2000). Tri-Sector Partnerships for Social Investment within the Oil, Gas and Mining: Ownership and Control, *Working Paper No 5*, London: Natural Resources Cluster; Business Partnerships, c/o CARE International UK

Warhurst, A. (2000). Tri-Sector Partnerships for Social Investment within the Oil, Gas and Mining: Business Drivers, *Working Paper No 4*, London: Natural Resources Cluster; Business Partnerships, c/o CARE International UK

Shared Visioning Workshop of the BPD Working Group on Tri-Sector Partnerships, Sarshatali Cola Mining Project, India - <http://www.bpd-naturalresources.org/reports/sharedvisionsarsh.pdf>

Status Report on the Process of BPD Engagement with Kelian Equatorial Mining, Indonesia - <http://www.bpd-naturalresources.org/reports/kelianstatusrep1.pdf>