Enrolling the private sector in community development: Magic bullet or sleight of hand?

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**Abstract:**
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ABSTRACT
The role of the private sector in international development is growing, supported by new and evolving official programmes, financing, partnerships and narratives. This paper examines the place of the private sector in ‘community development’ in the global South. It situates Corporate Community Development (CCD) conceptually in long-standing debates within critical development studies to consider how corporations fare compared to more ‘traditional’ state and non-state actors in responding to the challenges and contradictions entailed within community development. Drawing on field-based research across three different contexts and sectors for CCD in Fiji, Papua New Guinea and South Africa, the paper suggests that caution is required in assuming that corporations can succeed where governments, NGOs and international development organisations have so often met with complex challenges and intractable difficulties. We argue that four specific problems confront CCD: (a) the problematic ways in which ‘communities’ are defined, delineated and constructed; (b) the disconnected nature of many CCD initiatives, and lack of alignment and integration with local and national development planning policies and processes; (c) top down governance, and the absence or erosion of participatory processes and empowerment objectives; (d) the tendency towards highly conservative development visions.

INTRODUCTION
The role of the private sector as an ‘active partner’ in international development is growing, supported by new and evolving official programmes, financing, partnerships and narratives (Kindornay and Reilly King, 2013; Blowfield and Dolan, 2014). This paper examines the place of the private sector – more particularly, global corporations – in ‘community development’, a specific form of development intervention in the global South. As with many other aspects of private sector-led development, Corporate Community Development (CCD), defined as company activities directed deliberately at supporting community development (Banks et al., forthcoming), is not a new phenomenon. However, it is currently contextualised within a rapidly deepening normative discourse that positions the private sector as an active
development agent. There is a rich existing literature on corporate involvement in community development, located primarily in explorations of Corporate Social Responsibility (CSR), which analyses a range of sectors, rationales, contexts and outcomes of CCD (e.g. Banks et al., 2013; Gardner et al., 2012; Rajak, 2010). Corporations are engaging with community-led development initiatives in a wide variety of contexts and ways, and with different motivations and goals (sometimes within different operational sections and levels of the same company). In some cases, these initiatives are a result of legal obligations written into tenders, contracts and agreements; in other cases they are a result of donor-led partnerships and programmes; elsewhere they reflect a ‘voluntary’ decision by a firm with motivations arising from a range of contexts and objectives.

This paper makes three contributions. First, we situate CCD conceptually in long-standing debates within critical development studies concerning ‘community development’. We ask how corporations fare compared to more ‘traditional’ state and non-state actors in responding to widely identified challenges and contradictions entailed within community development. Second, our analysis draws on field-based research across three different contexts and sectors for CCD in Fiji, Papua New Guinea and South Africa. This enables us to offer broader resolution observations on the wider phenomenon, which emerge from ground level analysis. Finally, we locate CCD within the currently changing official development regime, in which the private sector is being radically re-centred as the engine of development (Merino and Valor, 2011; Mawdsley, 2014). Drawing on our three examples, we examine to what extent corporations are an appropriate stakeholder to be charged with delivering community development.

While there is no single definition of community development, a review of UN bodies, donors and NGOs reveals that the distinctive feature of this mode of development is some meaningful degree of community agency. For example, the UN defines community development as ‘a process where community members come together to take collective action and generate solutions to common problems’ (in Frank and Smith, 1999: 10). Other organizations go a step further in treating agency as a means to contest structural inequalities of power, with community development comprising development initiatives and relationships that go beyond the ad hoc transfer of benefits, transform local power relationships and include historically disadvantaged people to achieve bottom-up empowerment and change. It is important,
therefore, to examine the extent to which private sector corporations align with these understandings of community development, and if the current faith invested by many governments and international organisations (Blowfield and Dolan, 2014) in the ability of multinational corporations to deliver development outcomes through community development is warranted.

Our intention is to initiate this debate by drawing on evidence from three specific and diverse examples of CCD. The first example – a renewable energy procurement programme in South Africa that began in 2011 – is a case in which the private sector is being enrolled in community development by the state. The second example – CCD in Papua New Guinean communities affected by large-scale mining operations – is a case in which CCD is driven by the private sector. The third example – community engagement by tourist corporations in Fiji – is a case in which legal and policy instruments create the context for CCD, but in which individual corporations determine the nature and extent of their CCD activities. Drawing from these examples, we are interested in whether corporations are likely to remedy, replicate or exacerbate some of the problems identified in critiques directed at state, NGO and donor involvement in community development.

Although our examples are not representative of the entirety of corporate involvement in community development in the global South, they point to some significant trends and raise some similar or related challenges and problems. Four overlapping themes emerge from our analysis that suggest, at the very least, caution is required in assuming that corporations can succeed where governments, NGOs and international development organisations have so often met with complex challenges and intractable difficulties. These are: (a) the problematic ways in which ‘communities’ are defined, delineated and constructed; (b) the disconnected nature of many CCD initiatives, and lack of alignment and integration with local and national development planning policies and processes; (c) top down governance, and the absence or erosion of participatory processes and empowerment objectives; (d) the tendency towards highly conservative development visions in private sector activities. While we certainly identify examples of better practice (see below), overall we find little evidence that CCD reflects the UN’s stated definition of community development and a commitment to a more transformational understanding of community change. We develop these arguments subsequently, following a brief
of the private sector is currently being (re-)positioned and/or (re-)positioning itself within international development.

**THE PRIVATE SECTOR AS A DEVELOPMENT AGENT**

The private sector has always been an object, partner and agent of international development in both its ‘intentional’ (Development) and ‘immanent’ (development) forms (Cowen and Shenton, 1996). Beyond the shared goal of profit seeking, the private sector is, of course, highly diverse. It includes formal and informal organisations, ranges from financial services and the commerce of goods and services to mining and agriculture, and ranges in scale from one-person enterprises to vast transnational conglomerates. Moreover, these different private sector scales, networks, forms and functions are embedded in and across specific economies, polities and cultures, which shape their roles and relationships.

A striking trend of the last few years has been the growing turn of many of the so-called ‘traditional’ donors (multilateral and bilateral, state and non-state), towards the private sector as the engine of development. Donors and development partners have historically engaged with the private sector in/for development. However, as a Eurodad (2013) report suggests, we are currently witnessing a much stronger and changing narrative around the role of the private sector for economic growth/development; this is translating into publicly-backed lending to ‘leverage’ private sector resources, new and expanding financing for private sector partnerships, new programmes and priorities, and new institutional structures, personnel and mandates within development agencies. The UNDP (2012:10), for example, advances a number of reasons why it should work more closely with the private sector, including viewing it as ‘the main driver of economic growth’, an innovator of ‘new technologies’ and a driver of ‘social investment and philanthropic resources toward development’. While it is keen to address institutional and capacity issues to improve its role regarding engagement (ibid.: 7-8), it ignores the possibility that the private sector’s developmental role might be limited by or in tension with its profit-focused raison d’être. Other donors are focused similarly on creating an enabling environment for drawing the private sector into development roles, seemingly without critical reflection on whether and how the interests of different groups might align or depart (Mawdsley 2015).
A substantial critical commentary is emerging from academics and NGOs on the lack of a conceptual connection between ‘growth’ and ‘development’ evident in the current wave of programmes and policies supporting (mostly donor) private sector firms to invest in ‘developing’ countries. The vast majority, if not all, of these critical commentators recognise the value and role of a well-functioning private sector in providing jobs, growth, and a healthy society as well as economy. However, evidence is mounting that the enthusiastic turn to ‘private sector-led development’ is riddled with unresolved contradictions and blind spots (Kindornay and Reilly-King, 2013; Tomlinson 2012). Despite this, the private sector is being placed at the heart of a re-emerging insistence on economic growth as the central engine of development (Davis 2012: 427-8). A number of development agencies are looking increasingly at Public-Private Partnerships (PPPs) as means of providing financial and technical support to stimulate economic activity and investment (Pedersen and Huniche, 2006). Within the current more enabling environment, global corporations are also beginning to see (or seeking to represent) themselves as agents of development, at least in the countries and communities in which they operate. Some of the leading mining companies, for example, have a stated focus on poverty reduction and human development at the level of policy, report against headline development indicators, such as the Millennium Development Goals, and allocate a proportion of pre-tax profit to community programmes (Kemp, 2009).

Di Bella et al. (2013) offer a valuable framework for elucidating the different ways in which this variegated private sector is currently being positioned within international development. They suggest a three-fold typology. First, the *private sector in development* refers to the roles of and activities carried out by corporations as part of their regular core business operations that affect development outcomes and economic growth. This can have both positive impacts such as job creation, provision of goods and services, and taxation, and negative impacts such as environmental degradation and poor labour practices. Second, *private sector development* refers to activities carried out by governments and development organizations geared toward creating an enabling environment for business to flourish. This includes activities by development cooperation actors aimed at increasing private sector investment in developing countries. Third, *private sector engagements for development* go beyond the traditional impacts of the private sector in development to include firms’ active pursuit of positive development outcomes (di Bella et al., 2013: 2). Blowfield and
Dolan (2014: 23-26) frame this slightly differently, but also contrast the private sector as a development *tool* (contributing to ‘immanent development’ simply by operating in developing countries), with the private sector as a development *agent* (purposefully acting to bring benefits through ‘intentional development’). None of these categories are mutually exclusive; in different ways, various facets and drivers of CSR, for example, could fit into any category.

This paper is concerned with the last of these categories: that is, corporations specifically being contracted or choosing to conduct community development. Firms may engage with community development independently, or in formal partnerships with domestic states and/or NGOs and donor agencies. The latter may be on a voluntary basis (initiated by the firm itself for its own reasons, as with much of the CCD originating from mining corporations in Papua New Guinea), or driven by an official regulatory requirement for some form of community development action as part of the private sector’s functioning (as in the case of South Africa’s renewable energy procurement programme and, to some extent, tourism businesses in Fiji). As many national development agencies are re-tuned to bring in more private sector partners there are indications that corporations are being increasingly asked to work with ‘communities’ to promote various forms of economic and social development, although ‘community development’ itself appears to be rarely invoked directly (e.g. DFID, 2014). Today, as in the past, we see a concentration of private sector-led community development in particular sectors and often in geographically marginal areas, in some cases where the state’s presence and capacity is limited. Mining and the resource/extractive industries more broadly are one such sector, and tourism in particular contexts and places is another. As discussed in more detail below, this has a bearing on the specific rationales and challenges of private sector-led community development.

**COMMUNITY DEVELOPMENT AND THE PRIVATE SECTOR**

The notion of working with, for and through local communities in the global South is as old, varied and contested as intentional development itself, and the concept of ‘community development’ has been claimed by both reactionary and radical causes and visions. On the one hand, community development dates back to colonial programmes in Africa that began around the 1920s (Smyth, 2004; Page, 2014). These were often explicit attempts to offset the social discontent caused by the dislocations
of colonial economic development (Cowen and Shenton, 1996). As discussed below, this reactionary or ameliorating goal is still a major incentive for many companies seeking to dampen or deflect local anger at damaging social, economic and environmental impacts, notably by extractive industries (Banks et al., 2013; Gilberthorpe and Banks, 2012). On the other hand, radical theorists and activists have also long engaged with the idea of community development, although from very different standpoints and with different aspirations (Ledwith, 2011). Freire’s critical pedagogy (1970), for example, offers a more challenging vision of the means and goals of community development. Here the aim is to educate, politicise and empower communities to better enable them, through collective action, to articulate, demand and achieve their own development visions and goals. While this might sometimes work within national visions and policies for political, social and economic improvement, awareness-raising and politicisation might also challenge powerful actors, elites and/or dominant development visions.

The idea of working with and for communities flourished in development debates in the 1970s as reformists inside the development establishment pressed for development with a more human face. Ideas concerning bottom-up, empowering development encouraged planners to re-focus attention on the poor and disenfranchised, and to find ways of working to facilitate active participation of communities in development processes (Desai, 2008; Schumacher, 1973). In the 1980s and 1990s, community-led development appealed both to progressives, who wanted to empower and harness the agency of the poor and marginalised (Chambers, 1983), and also to more reactionary forces, who saw in it a means of reducing state obligations by creating a more ‘active’, ‘self-reliant’ or ‘responsible’ citizenry (Hickey and Mohan, 2000). One way of viewing this divide is between those who see community development primarily as a process (of empowerment) and those who see it as an instrumental tool (to achieve outcomes, such as improved maternal health, greater market access, and so forth). As noted previously, there are a variety of current definitions and usages within the international development community, but most cohere with the UN’s broad framing of community development as, ‘a process where community members come together to take collective action and generate
solutions to common problems. Others go beyond this to more explicitly relate it to transformational change, seeing in community development the contestation of historic and structural marginalisation.

The concept and practices of community development have been subject to considerable critical analysis. The term ‘community’ is inevitably a construct and open to considerable malleability in interpretation. Critical scholars of development have provided rich accounts of the ways in which the development industry has struggled with (and sometimes abused) the concept of ‘community’, for example, deploying the term euphemistically to suggest simple, largely homogenous groupings (Gujit and Kaul Shah, 1998). Often related to a weak conceptual framing of ‘community’ is an ambitious set of expectations of how change can be effected (Mansuri and Rao 2004). A review of critical development literature reveals three related sets of problems associated with community development programmes run by the state and/or various forms of civil society organisations (often NGOs in formal projects). The first centres on the inherent difficulties of drawing geographical or social boundaries around a ‘community’, and thus circumscribing the agents and/or beneficiaries of a particular project or intervention (e.g. Adams and Infield, 2003). The second is the difficulty of ensuring that within these boundaries, the complex and differentiated needs and views of different community members (for example, women, the elderly, the landless and so forth) are represented and voiced, while also ensuring that dominant groups do not capture the agenda and/or benefits (Chambers, 1983). The third problem concerns the way in which community development relates (or not) to a broader agenda of systemic change. Where it is simply used to distract, depoliticise or erode state commitments to more progressive structural changes, then whatever the local achievements of ‘community development’, it does not contribute to longer-term, sustainable or just change (Ferguson, 1994).

To date, evaluations of community development have tended to focus on ‘traditional’ development actors who have for the most part funded, led and/or sought to facilitate these projects. They include national and local government agencies, international donors, and various local and transnational NGOs. However, as the private sector is increasingly validated and sought as an active development partner, it appears that corporations are being asked to play a larger role in different forms and

expressions of community development. As the preceding discussion makes clear, this is not an entirely new phenomenon, but it looks likely to grow (see, for example, the recently published Swiss Development Agency (2011) guidelines for ‘Community-Based Public Private Partnerships’).

Kapelus (2002) suggests that corporations deal with community development for different reasons, and with different tools, and different goals. Based on a close study of Rio Tinto’s CSR programmes, he argues that many corporations seek to offset proximate and more distant criticisms and resistance from a range of actors/stakeholders through recourse to community development programmes. Muthuri et al. (2012) make similar points about the need to enhance corporate reputations, and to increase goodwill and legitimacy within local communities (securing a ‘social licence to operate’), by providing a range of initiatives in health care, education, economic welfare, infrastructure development, communication and environmental protection. Such interventions are increasingly sophisticated operations (Kapelus, 2002), and they certainly go beyond traditional philanthropy to incorporate more engaged activities in the political, social and economic life of the community (Muthuri et al., 2012). However, as Harvey (2013) suggests, there are limits to the sophisticated initiatives referred to above and corporations may need to look internally first so as to promote trust and cultural awareness. Keeping in mind that corporate managers typically have business and/or technical backgrounds, different management styles will undoubtedly influence attitudes to and relations with those living in adjacent communities. There are also tensions between the realities of working in/with local communities and corporate headquarter statements on the synergies between profit making, daily operations, and community development (Welker, 2014). In the case of Rio Tinto, Kapelus (2002) notes that the assumption of a harmony of interests between its business strategy and moral obligations leaves a number of unresolved conflicts, such as that between maximising shareholder value and the social, environmental and labour interests of local communities. Other critics (e.g. Asia-Pacific Human Rights Network, 2001) argue that Rio Tinto’s use of its community development initiatives for ‘public diplomacy’ is a facade that obscures its poor record on labour terms and conditions in developing countries.

These studies provide essential insights into private sector-led community development, but most tend to be concerned with one particular site, firm or sector. In contrast, this paper draws together primary research data and secondary literature
analysis from across a range of contexts. As discussed, critiques of traditional forms of community development have highlighted problems with defining ‘community’, maintaining inclusiveness and equity within community development, and disconnection of community-based initiatives from systemic change. In what follows, we argue that applying a critical development studies perspective to an analysis of different private sector initiatives reveals that corporations are not immune from similar challenges. Specifically, these are: problematic constructions of the ‘community’; isolation from wider development planning structures and processes; weak community participation and lack of commitment to empowerment objectives; and tendency towards highly conservative development visions.

**CHALLENGES OF PRIVATE SECTOR ENGAGEMENT IN COMMUNITY DEVELOPMENT**

**Constructing the ‘community’**

Critical development scholars have long pointed out that development actors struggle to define ‘communities’, given the inherent complexities of geographical and social boundaries, multiple memberships and interests, movement and migration, and so forth. Weaknesses in identifying and delimiting community can be observed in all of our cases. One of the clearest examples comes from South Africa’s government-led Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). Socio-economic and enterprise development are common requirements for South Africa’s business environment along the principles of CSR and investment as defined by Broad-based Black Economic Empowerment legislation (Hamann, 2006). However, the REIPPPP is ‘unique for its economic development requirements’ (Baker and Wlokas, 2014: 27), with the level of community development required (a minimum of 30 percent of the bid value) setting it apart from previous public-private partnership arrangements. Its requirement that local communities be incorporated into the shareholding is novel, creating an additional and potentially community-managed source of revenue for local development. State contracts with Independent Power Producers (IPPs) – largely overseas investors in and developers of wind and solar energy – require them to assess socio-economic needs of local communities and state their commitments to providing financial resources for health, education and other objectives for the lifetime of the project. These contracts define the beneficiary ‘community’ as any community within a 50km radius of the power project.
As critics have pointed out, this definition presents a number of problems (Baker and Wlokas, 2014; Tait et al., 2013; Wlokas et al., 2012). First, what constitutes a community is not defined, but is treated as an arbitrary geographically delimited object for development intervention. Second, the areas surrounding projects are likely to incorporate several social groupings, in disparate locales and speaking different languages, with little cohesion, unity or common identity. Third, the 50km radius produces overlapping beneficiary areas, raising questions about who has responsibility in these areas and what projects are being formulated. This also has potential to cause great confusion in localities where more than one private sector company is overseeing community development. For example, in De Aar, a town of around 40,000 people in an area of the Northern Cape with limited economic development opportunities, seven projects likely to generate significant revenues are being developed (Baker and Wlokas, 2014). Fourth, there is inconsistency between IPPs in terms of how they are working with ‘communities’: some have included all settlements within 50km, while others have chosen to work with just one. In cases where the 50km limit includes a large metropolitan area, many IPPs are ignoring these in favour of smaller more easily defined and managed ‘communities’. Thus IPPs appear to be disinclined ‘to explicitly define the community as a concept or to delineate its boundaries’; instead, ‘the community construct is based on a set of positive assertions about social values and policies, most of which serve to place the company at the heart of the community’ (Jenkins, 2004: 28). Fifth, the 50km radius creates artificial boundaries, often dividing municipal areas, towns or villages. Finally, some 50km zones are sparsely populated, creating difficulties in meeting investment requirements. Working with communities in South Africa has often proved difficult for businesses, in part because they have tended to define communities in simplistic terms. There is little to suggest that REIPPPP will work more effectively.

In the context of large-scale mining development in Papua New Guinea, which has underpinned the formal economy since independence in 1975 (Banks et al., 2013), the ‘community’ is defined through ambiguous and often contentious relationships that develop between a mining corporation and surrounding settlements (Bebbington et al., 2008). The label often adheres to two distinct but overlapping categories of people. The first comprises those identified (in formal surveys) as the ‘owners’ of the ground encompassed by the leases of the mining company. These leases are formally
defined sets of cadastral lines that rarely take notice of geographic features or pre-existing social boundaries. As 97% of the land area of PNG is under customary collective forms of tenure, the delineation of these lease boundaries, and their intersections with often loose social boundaries, can generate conflict. For example, ‘ownership’ of the Mt. Kare prospect in the highlands Enga Province has been highly contested for more than 20 years. Once defined, though, the legal ‘landowners’ of a particular project tend to become a relatively stable coalition of people with a vested interest in preserving their exclusive status that provides access to significant revenue flows and other benefits, such as preferential employment (see Jorgensen, 1997).

The second ‘community’ in relation to mining operations is a broader set of people and groups that includes landowners, but also takes in others in surrounding areas who are, nominally at least, ‘affected’ by the mine. This may include those from the same kin group as the landowners who reside outside the lease boundaries, other adjoining communities, those affected by or close to other mine infrastructure (roads, powerlines), people with commercial connections to the mine or surrounding community (contractors), and downstream communities whose environment is affected by mine waste. In many respects the definition of this ‘community’ is something of a moveable feast, as processes such as in-migration and changes in mine practices (e.g. waste disposal, contracting) can change the make-up of this ‘community of interest’ (Banks, 2006). In contrast to landowners who have sets of negotiated agreements with the mining company and guaranteed revenue streams, this second community is less formally linked to the mine. In the PNG context, they can pose a variety of risks to the operation – particularly the risk of physical threat to the asset (for example, the huge multinational mine on Bougainville Island was forcibly closed by aggrieved community members in the late 1980s, sparking a civil war, and has never reopened). In many respects, then, the definition of this ‘community’ is delineated through corporate evaluations of the risks attached to different geographic and social groups.

Similar considerations can be observed in tourist resorts working with communities in Fiji. To date the Fijian government has provided generous incentives to encourage foreign investments in tourism by large corporations, including corporate tax waivers and removal of restrictions on repatriation of profits, in order to boost the tourism sector (Scheyvens and Russell 2012). As in the PNG mining context, legal lease-related obligations (in this case overseen by the iTaukei Land Development and Change
Trust Board, iTLTB) bring certain benefits to customary landowners of the relevant mataqali (clan), including lease payments and a stated commitment to preferential employment of those from landowner communities. The government has sought since 2009 to widen the advantages derived from lease deals by requiring corporations to assist mataqali in the improvement of their water supply, health provision, village infrastructure and electrification (NLTB 2006). A second, broader ‘community’ also receiving benefits from the tourism company can be quite arbitrary, however, and is dictated more by the resort’s interests than by any sense of (a) which communities might have a greater claim on the resort’s resources (for example, because of impacts on marine resources over which they can claim customary rights), or (b) those most ‘in need’ (although there are some attempts by resorts in this regard, for example, to support schools in more remote areas which rarely receive tourist donations). It is common for resorts to state that they particularly support people in adjacent villages even when their only contribution is to offer employment to such people, rather than engaging in purposeful initiatives with/within communities. There are exceptions, however, with some shark diving companies paying a per head fee from diving trips to the local yavusa (tribe) out of respect for using their fishing waters. In these cases, tourism businesses are recognising and respecting the cultural rights of the yavusa, even though they are not required to do so under current Fijian law.

It appears then that although there are numerous approaches, corporations (and their state partners) face the inherent complexity, contradictions and at times impossibility of drawing a clear and meaningful line around beneficiary ‘communities’. This leads to uneven development interventions and in some cases, associated conflict. This is unsurprising, but calls into question simplistic statements accompanying the new boosterism concerning the benefits of corporate-led approaches to ‘community development’.

(Mis-)alignment with government planning

By increasingly representing themselves, or being represented as, agents of development, particularly in contexts where governance structures are weak, corporations are cast more or less willingly into ‘good citizen’ or even government roles. Valente and Crane (2010) suggest four ways in which corporations assume what could be constructed as government functions: directly providing social services to communities; supporting governments in building governance infrastructure;
substituting government by providing privatised social services; and stimulating alternative models of providing social services. In all cases, communities are seen as objects of development rather than agents in their own development.

Mining companies in PNG typically take on, to varying degrees, all the positions noted by Valente and Crane (2010). Indeed one of the biggest tensions faced by corporations here is that between providing benefits and services to local communities so as to secure a social licence that can mitigate risks to the operation and, in the words of frustrated corporate Community Affairs managers, ‘becoming government’. The relationships between state, corporation and communities are embedded within sets of agreements negotiated prior to the mine being granted approval by the state. These agreements formalise commitments to deliver infrastructure and services to the community by both the corporation and the state, while the community typically agrees not to disrupt the operation of the mine. Invariably, though, the party that fails to deliver on its commitments is the state: staff are not assigned to agreed positions, important promised social infrastructure is much delayed (or never built), and through time a gradual ‘retreat of the state’ can be observed at these locations. In one case, direct community action against the resource developer (powerlines were felled) was accompanied by a note of apology to the company, stating that this form of protest seemed to be the only way to attract the attention of the state by communities that felt ‘abandoned’. The corporate response to this increasing governance void has typically been the reluctant (‘we don’t want to be the government’) taking up of a number of roles, sometimes as a ‘partner’ that seeks to build local capacity, but also often as the direct implementer. In another instance a developer took responsibility for drafting two successive 5-year District Plan documents for the under-resourced and almost zero-capacity local-level government.

The context is quite different in the case of South Africa’s REIPPPP, in that regional planning and development is the remit of existing government institutions and programmes. However, the scheme’s community development element has little or no alignment with existing governance institutions in determining or providing local or regional development needs. The roles and responsibilities for local government differ from project to project and further complications emerge from overlapping beneficiary areas. Developers are not required to align with local and national development goals and priorities, and the private sector still retains overall control over how socio-economic and enterprise development revenues are spent.
There is no regional oversight of projects to ensure efficient spending. Evidence suggests that developers initially focus on high profile smaller projects to build ‘brand image’ and promote acceptance, but this risks ‘neglecting strategies to unlock the longer-term economic potential of local areas’ (Tait et al., 2013: 21) and may not align with priorities of local stakeholders. A further concern is that targeting spending at extremely localized levels may not be appropriate or efficient because it cannot be done equitably by region or nationally, nor can it be directed at areas in greatest need. REIPPPP projects are clustered around optimal resources and where land is available. Most solar projects are in the Northern Cape, with a population of just over one million, and most wind projects are located along the southern coastal regions of the Western and Eastern Cape, while more densely populated and impoverished eastern provinces have relatively few projects. There is thus a strong possibility that REIPPPP will repeat the trend seen in CSR and CCD initiatives elsewhere of creating ‘islands of development’ around corporate sites in a larger sea of underdevelopment (Kapelus, 2002: 292).

In the case of Fiji, while many CCD efforts can be seen as reactive, ad hoc responses to requests, there are also cases in which tourist resorts seek to support longer term development plans of the government. For example, resorts along the popular Coral Coast area of Viti Levu contributed F$300,000 (both from guest donations and their own funds) towards building a new emergency department at Sigatoka hospital, supporting the health ministry in achieving its infrastructure goals. This was the result of eight years of planning, carried out in conjunction with health ministry and Sigatoka hospital staff. Self-interest will often influence which development projects resorts choose to support (tourists also benefit from the hospital’s emergency department, for example), however in the past these resorts have supported initiatives that are likely to benefit the local population alone, including a dental clinic and a new eye unit at the hospital. This example reveals the possibility of dialogue and coordination between CCD initiatives, state institutions and wider development strategies. Overall though, the picture from across our cases suggests weak ties, awareness or enrolment with government planning and priorities.

Representation, participation and empowerment

As discussed previously, corporations, like other actors, struggle to define the beneficiary ‘community’, which has implications for representation, participation of
particular individuals and groups, and raises questions about empowerment. In Fiji, official community engagement by tourist resort managers with landowners occurs via the chief of the landowning unit, via a landowner member of the Board of Directors of the resort (sometimes this position is a requirement of the lease), or via landowners’ representatives (the iTLTB requires every medium-scale hotel on native land to have a representative among their employees, while in large-scale hotels several employees sit on a landowners’ committee). The landowner representatives or member of the Board of Directors communicate concerns from either party to the other. This can at times prevent conflict. However, chiefs and other members of landowning units have in a number of cases expressed a desire to have a stronger direct relationship with the owner or managing director of a resort, rather than going through an intermediary. They express displeasure if the general manager of an adjacent resort does consult with them through personal visits to their village. There seems to be particular concern when a landowner representative is relatively young and does not have the culturally-embedded authority to speak on behalf of his or her people, and a conflict of interest could occur because this person is simultaneously an advocate for the landowning unit and an employee of the resort.

In the Fijian cultural context it is desirable for corporate ‘chiefs’ (General Managers - GMs) to meet regularly with traditional chiefs, and traditional chiefs express displeasure if a representative is sent on behalf of the GM. However, even when GMs do meet directly with chiefs this does not necessarily mean that diversity within communities is adequately represented. Rather, representation of the concerns of women, lower status groups or those otherwise marginalised can simply be ignored – a common limit to ‘participation’ in community development initiatives (Cooke and Kothari, 2001).

The terms of engagement with communities are generally stacked in the interests of tourist businesses. For example, while lease agreements dictate preferential employment of those from the landowning unit, some resort managers fail to abide by this because many mataqali members seeking work are considered unqualified, over-aged, or not presenting the ‘right image’. In some cases, only 10% of employees are from the landowning unit. In addition, where there is a dispute between a resort and nearby communities over an issue such as pollution of waterways or lack of compensation for use of fishing grounds, the resort management
has been known to cancel cultural groups from that community who had previously been paid to perform for tourists. This is one way that dissenting voices are silenced.

Problems are likely to emerge in South Africa’s REIPPPP because the process of community development relies on a passive beneficiary model. Community engagement has been poor throughout the bidding process and early stages of project development (Tait et al., 2013), which has not enabled positive relationships with communities. There is little accountability regarding the benefits to communities: the only legislative requirement is that appropriate sums of money (1-1.5% of revenues as defined by the procurement contracts) are spent on ‘community development’ once the project begins to generate revenues. Experience in South Africa and elsewhere suggests that top-down project implementation is unlikely to solve local problems, yet private investors/developers have not undertaken participatory community needs assessments and development planning (ibid.). Participation is not a requirement and community voices are not well-represented in policy formulation and negotiations. Significantly, inadequate energy provision is a key community need in many rural areas, including those in which renewable energy projects are being sited. There is thus plenty of potential for ill-feeling in communities located next to large-scale energy generation projects because their energy needs are unlikely to be factored into community development. More generally, there are questions as to whether the private sector is the right stakeholder to be charged with delivering community development processes in South Africa, where transforming local power relationships and inclusion of historically disadvantaged people in the economy are both complex and highly politicised. Moreover, the community development component of the REIPPPP cannot disguise the fact that most of the projects are built on commercial farmland and large landowners are benefiting significantly by receiving the majority of the lease payments for solar and wind projects (around 2% of the total return).

Even in a context where the state and governance structures are strong, community development has still proved challenging in South Africa. For example, community trusts are employed to manage funds in the REIPPPP: these govern assets on behalf of the defined beneficiary group and are a common choice of legal vehicle for community development in South Africa. The community shareholding is

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allocated to the trust, which is tasked with managing the dividends. The trusts are
governed by a board of trustees, which can include representatives from the IPP,
financial institutions, professional trustees, legal professionals, and representatives of
beneficiary communities. Trusts are acknowledged by government, IPPs and
development practitioners as ‘exclusive rather than inclusive, difficult to manage
operationally and introducing many challenges to representing communities and local
politics’ (Tait et al., 2013: 18). Despite this, the REIPPPP has not identified an
alternative. The fact that developers are appointing trustees because elections are not
feasible across large and complex beneficiary areas, and that these are often ward
councillors who are already political appointees, has potential to generate mistrust: in
other sectors, embroiling private sector development in local politics has led to
violence within communities (Tshikululu, 2010). Problems are also apparent within
long-term community-governed structures, including high staff turn-over and
inadequate capacity and skills (Tait et al., 2013). There are thus significant challenges
for IPPs in engaging with communities.

As a consequence of similar challenges in Papua New Guinea, an absolute
refusal to engage with complex questions concerning ‘culture’ or ‘politics’ at the local
level marks the corporate stance here. Thus, extreme and structurally embedded
gender disparities apparent across PNG society that continually marginalise women
(World Bank, 2012), are reflected by landowner representation and formal landowner
associations in the mining sector. Initial negotiations at Porgera, for example, were
carried out by 23 clan representatives, of whom only one was a woman. The rationale
provided (and never effectively challenged by the companies) is that local ‘culture’
disallows women from representing their communities. It is telling that after 25 years,
recent negotiations at one mining operation (Ok Tedi) have provided for only a small
portion (between 10 and 18 per cent) of community compensation to be ‘ring-fenced’
for women and women’s projects. Perhaps even more revealing was that this outcome
was touted by a World Bank review team as an industry-leading practice (Menzies
and Harley, 2012). Gender is not the only axis of exclusion that becomes further
entrenched by the activities of the private sector in PNG, but it is in many respects the
one that companies could do most to challenge. However, it is not in the interests of
corporate agendas to engage with, let alone challenge, local politics, interests and
cultural mores in these communities. This is especially the case where immanent
processes of change driven by the mine add additional layers of complexity and social
dislocation to these politically-charged local social environments (see Banks 2006). In these contexts, corporate interests align strongly with vested interests in communities, and provide an impetus to support more socially conservative initiatives, agendas and interests.

Conservative development visions
Our observations suggest that CCD is very often highly conservative in its goals. This appears to be the case particularly in the context of extractive industries. Banks et al. (2013) suggest that the social processes and transformations generated by the modern benefits of, for example, mining (jobs, revenue streams and so forth) also open ‘social risks’ to the mining operation, which then require the company to direct resources towards community development. In the case of Papua New Guinea, the latter are often used to prop up traditional institutions within communities to ensure continued support for the mining operations. They include providing support for law and order initiatives and governance, as well as resources for those concerns most damaged or marginalised by the mining operation, such as health, women’s groups and cultural heritage. Here then, is a clear case of intentional development mitigating the negative consequences of imminent development, a Polanyian ‘double movement’ in which the commodification of resources and environments produces a counter movement to deal with its own egregious effects. Significantly, the first movement (the commodification of resources/environments) becomes the driver of the second, determining the nature of the governance of consequences (Bebbington and Bury, 2013). Thus, as numerous critics (e.g. Banks et al., 2013; Bebbington et al., 2008) have argued, the development responses are conservative forms of social technology and paternalistic forms of trusteeship that remain wilfully detached from political processes within communities. They are part of what Ferguson (1994) refers to as the anti-politics machine at work within development. Essentially corporate programmes for community development are reshaping the local meanings of development by creating an emphasis on specific forms and types of socially uneven development (Bebbington, 2010).

South Africa’s REIPPPP process is designed to act as a driver for the private sector to foster socio-economic development within historically disadvantaged communities (Tait, 2011). It is too early to assess potential developmental outcomes for ‘communities’, but recent history suggests the signs are not particularly promising.
Businesses working with communities in South Africa have often failed to recognise conflicting interests or to work with regional planning structures, and have prioritised meeting the needs of local elites rather than ensuring inclusive decision-making over choice and acceptance of projects (Ponte et al., 2007; Mbeke, 2009). Working through community trusts is unlikely to change this and REIPPPP is unlikely to deliver meaningful and inclusive change unless there is deeper engagement with beneficiary communities (Wlokas et al., 2012). As discussed, evidence suggests that developers are initially focusing on smaller projects to build ‘brand image’ and promote acceptance (Tait et al., 2013), but building sports centres and community halls will do little to address the deeper structural problems within local communities. The probability of highly uneven development and of community development not meeting basic needs such as energy provision are also potential risks to the IPPs, which could generate highly conservative forms of community engagement in order to mitigate these risks.

Similarly, it is clear that the vast majority of CCD activities by tourism corporations in Fiji adopt a conservative approach to community development: the emphasis is on health, education, employment, law and justice, rather than on community empowerment. These conservative approaches often reflect self-interest. Security is very important to resorts, with their often ostentatious shows of wealth in areas where their indigenous neighbours struggle to meet more basic needs. Thus it is not surprising to find examples of resorts funding a new police post in their vicinity, or resourcing a youth diversion programme run by local police. Their clients want to feel they are in a safe paradise, and police work can reduce crime rates in the area. Likewise, law and order is a perpetual corporate focus in Papua New Guinea’s mining sector, particular in those areas (mostly the highlands) where community level violence and tribal fighting is still widespread. A major initiative at the Barrick corporation’s Porgera operation – ‘Restoring Justice’ – is concerned to build up both community-level capacity, and understanding of and support for, the formal state institutions of law and order, including the provision of infrastructure and training to the police force (Barrick, 2011). Similar previous corporate initiatives at Porgera, although less community-led, have ironically resulted in the heightening of corporate risk: support for a short-lived police ‘Rapid Deployment Unit’ in the early 1990s was curtailed after a riot at the mine accommodation facilities sparked by the shooting of a
local youth by drunken Unit officers (Banks, 2000). Again, this points to the often unstable connection between corporate risk aversion and community development.

For a variety of reasons then, CCD appears to be at best oriented towards a liberal model of incremental improvement in ‘safe’ areas of intervention – health, mainstream education, leisure facilities and so on. Policing and programmes to reduce violence are primarily driven by the corporations’ needs, rather than those of local human security. In none of our examples did we find corporations working with or even talking about more transformational changes – that is, initiatives building local agency and empowerment with the aim of bottom-up agenda setting.

CONCLUSIONS

The private sector is increasingly being placed centre-stage in official development rhetoric. Following the failure of NGOs to provide a panacea for the problems and challenges of community development, there is a danger that the private sector is being treated as the next ‘magic bullet’, with the assumption that community development can benefit from the purported attributes of the private sector – that it is innovative, streamlined, free from bureaucracy, efficient, and so on. The reality is that enrolling the private sector for development (di Bella et al., 2013), or creating conditions favourable to corporations (re)presenting themselves as development agents (Blowfield and Dolan, 2014), often fails to account for the complex tasks private sector corporations confront as agents of intentional development. Much faith is being invested in the private sector to deliver development, but corporations face many of the same complex and sometimes intractable problems confronting state actors, NGOs and donors. As our examples suggest, when it comes to the specific realm of ‘community development’, they are often ineffective and struggle to overcome many of the difficulties they face.

This paper has drawn attention to four specific challenges and problems that appear across the different kinds of private sector-led development in diverse contexts and sectors. Defining a beneficiary ‘community’ is as fraught for the private sector as it has been for states, NGOs and donors. This can be arbitrary, divisive and a source of conflict within and between communities, and it also brings risks for private sector corporations. Meanwhile there is often a worrying lack of alignment between many private sector initiatives and the policies and priorities of the state. This is the case in South Africa, where the state is relatively strong, and in Fiji where the state has been
active in creating favourable investment conditions while attempting to guarantee the inclusion of local communities. In the case of Papua New Guinea the concern is even deeper, with mining companies taking over the role of the state in some instances where local level governments are under-resourced. In many examples of corporate community development there is clearly a lack of active participation or control by community members, who are positioned as passive beneficiaries of corporate largesse. This lack of empowerment, agency and capacity within communities is of concern in all three of our examples. Finally, we raise concerns about the conservative nature of the community development initiatives across our examples. Engaging in community development brings a variety of risks for the private sector, including the physical risk to the asset (mines, solar parks, resorts), social risks brought about by the nature of private sector activities, and reputational risk if CCD cannot be shown to be effective. In mitigating these risks, corporations often pursue conservative development agendas. Unsurprisingly, just development and community empowerment are not evident in these agendas; rather, there is often a narrow focus on health, education, employment and security.

In drawing out these commonalities we are not suggesting that there are no differences in the nature and effectiveness of CCD in different places or sectors, or that all corporations behave similarly. The tourism sector, for example, demonstrates that where companies are smaller, have invested significant capital and are in a place for the medium to long term their engagement with community development may be more positive (as we suggest, there is some evidence of this in Fiji). And, of course, tourism businesses differ from the extractive and resource sectors because they need local endorsement in providing a welcoming face to visitors, which means that these companies often have a greater commitment to demonstrable community development. However, whatever the level of engagement with local communities, the problem remains that corporations often lack the commitment and skills required to deliver effective development assistance: ‘since delivering development is not a primary motive for companies to engage in social initiatives, the business case frequently leads to the failure of projects’ (Frynas, 2005).

While the picture is complicated, even the limited range of examples we have discussed suggests that it is difficult to envisage an increased role for the private sector in community development having anything but a depoliticising effect. The landscape of international development is shifting to radically (re-)centre the private
sector as the engine of development. In many cases, CCD is likely to remain a conservative form of intentional development in response to the social, economic and/or environmental chaos wrought by immanent development perpetuated by corporations in impoverished communities. Thus, while new financial and policy mechanisms are being created to enrol or facilitate private sector-led ‘community development’, this is unlikely to be any more effective than previous attempts at resolving the structural problems affecting these communities. Given that community development is unlikely to ever be the core concern of private sector corporations, for whom the bottom-line remains profit-making, it would be folly to expect anything else. While corporations are accountable to their shareholders, it is unclear who holds them accountable when they engage in CCD. Corporations are certainly not expected to abide by the same principles of development effectiveness, for example, imposed by the OECD on donors. Even where lease agreements or procurement contracts are demanded by states, these merely dictate either the type or level of investment into communities, rather than demand accountability for its effectiveness. Consequently, questions will still need to be asked about the level of community involvement in determining and planning development projects, their sense of ownership of processes and outcomes, their responses to unintended outcomes of projects (positive or negative), and the level of empowerment, inclusion and capacity-building, which decades of experience by states, NGOs and donors suggest must be to the foreground of any meaningful ‘community development’.

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