Community/Environmental Movements

Businesses Need 'Social License to Operate'

Introduction

StratejiCo. argued in a recent position paper that the existing uncertainty in Turkey's political landscape is likely to prevail for the next few years. Predicting what's next in Turkey is becoming increasingly challenging due to rapidly changing circumstances in domestic politics, economy and regional geopolitics. The situation will not only affect operational issues of business but also how the business manages relations with stakeholders.

The present paper is the fourth installment of the six-part position paper series. It sets out our thinking about how interaction between business and communities and environmental movements are transforming and how business leaders should approach engaging communities in this new era.

Brief History of Business – Community Relations in Turkey

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Historically, various resources suggest that environmental movements in Turkey date back to 1960s. Early movements are mostly local and emerged as reaction against building of factories on agricultural lands, which caused damage to crops and created compensation disagreements. Late 1980s was the era of transformation to liberalization. Unregulated impacts of expansion of industry triggered wider environmental protection awareness. Protests against power plants in particular have been effective in raising community awareness, notably starting with protests against Gökova power plant and nuclear power plant plans. Yet, such reactions remained at local level, causing little concern for policy makers.

Late 1990s witnessed the beginning of such social movements turning into wider political issues. The two milestones were protests against Bergama gold mine and Ilısu Hydro Electrical Power Plant (HEPP). Reaction against Ilısu HEPP led to massive international pressure, finally pushing international creditors away from the project. Reaction against the first gold mine in Turkey, Bergama Gold Mine was initiated by the mayor and some NGOs; and later turned into a long-term resistance supported by the villagers.

What's Changing in the New Political Landscape?

Turkey has been rapidly growing over the last decade with an ambitious investment plan. The country is the 17th largest economy in the world and the 6th largest economy in Europe with a current GDP of approximately USD 800 billion in 2014. Growing economy and rapid urbanization brought an ambitious infrastructure investment plan. According to ISPAT (Investment Promotion Agency of Turkey), the government allocated USD 26 billion in 2013 for the infrastructure sector. 30 percent of this budget is for the transportation sector, followed by education, energy, healthcare, and agriculture.

While this development expanded opportunities for businesses, it has also created increasing reaction from formal and informal networks composed of local communities, NGOs and activists.

Main concerns are damage to natural and economical assets, as well as lack of benefit for the communities from those investments. However, opponents are also frustrated for being excluded from decision-making processes. This has been a key demand of Turkey's young population, especially after the Gezi Park protests in 2013, where mass protests were held against the projects in Taksim Square. Therefore, what makes such movements distinctive is the transforming political nature and wider support from informal networks that are also active on social media. Such groups regard the investment projects as imposed by the government against public will and at the expense of ecology. It is quite possible that this attitude will continue to intensify in 2015 and 2016 amidst a very tense political environment and government's attempts to revitalize the economy.

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As part of Environmental Impact Assessment (EIA), it is a legal requirement to hold public consultation meetings. Furthermore, international requirements (such as social standards of international banks, publications of corporate social responsibility associations and networks of business) and good examples require companies to hold proper and regular public disclosure/consultation and engagement activities. These consultation and engagement activities will even be further politicized during upcoming election process and afterwards. As very recent examples, resistance against the 3rd Airport of Istanbul have gathered remarkable interest and the public consultation meeting of EIA process could not be hold. Also, the Green Road project in Turkey's Black Sea region is currently on hold due to mass protests.

In brief, public awareness against the environmental and social impacts of infrastructure projects is at the highest level. Such awareness can quickly turn into locally organized protests, supported by NGOs and activists. Media picks up on those events and puts

pressure on policy makers to reconsider investment plans, possibly putting some of them on hold.

What Should Businesses Do Differently?

✓ *Building trust throughout the whole cycle of project is key*

In such an environment business are bound to employ sound, honest, inclusive and alternative ways for community engagement and investment programs. Disclosure of information (and thereby meeting minimum legal requirement) is no longer sufficient for engaging local stakeholders. Various trust building measures should be embedded in the Project cycle, ranging from impact assessment to Health and Safety, Environmental and Social (HSES) management, labor and human rights, resettlement, livelihood restoration, grievance management processes to community development/investment programs.

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✓ *Integrated approach of operational responsibility and community engagement*

Another challenge is to manage all these processes together with technical operation in an integrated way. Managing core impacts with corporate standards up to environmental and social standard of international benchmarks i.e. but not limited to International Financial Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Equator Principles (an international alliance of environmental and social risk management framework), UN Global Compact shall be complemented by engagement and development investment strategies. t. They shall collectively and in complementarily first mitigate impacts and work for maximizing benefits for hosting communities and environments.

✓ *Changing the legitimacy understanding: from legal permits to hosting permit approach*

On a bottom line an insightful approach is also crucial. This means only holding legal permits does not bring legitimacy in practice; at least in the perception of hosting communities and civil society. Social license to operate is equally important. The business should understand that any investment is bringing an unexpected intervention to the local communal life. Mostly, investments are arriving with a permit deriving from a central legitimacy (in the form of licenses and permits granted by ministries) that the hosting communities cannot control or even

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predict. Yet they mostly find themselves suddenly in channels, at the worst case in conflicting environments that they are not used to express themselves of or they are not

used to the language. When the investment comes resistance alliances, NGO networks and activist also poor in the region with increased publication of developments in social media to attract even greater participation. Insightful approach suggests that investor awareness and understanding of the local and regional life, dynamics, interaction, concerns and needs and acknowledgement of the stress caused in local life is important. And measures not to increase but to decrease the stress and conflict shall be carefully designed.