

I N C A S

20 YEARS IN REVIEW

Essential Insights into Social License Recovery | January 2024



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WHAT IS A SOCIAL LICENSE?

For businesses that have international operations and assets, particularly in transition, fragile, and conflict-affected regions, the concept of a social license to operate is a critical way of gauging a company's relationship with its stakeholders. A social license transcends legal permissions or contractual rights; it is the intangible, yet invaluable, asset of community trust and acceptance. Gained over time through good conduct, respect for local norms and traditions, care for employees and neighbours, and genuine stakeholder engagement, it reflects the social acceptance of a company in its operational environment.

When a company loses its social license, the consequences can be severe. Operations can grind to a halt, marred by protests, blockades, or even violence. The loss often stems from a breach of trust or failure to address community or employee concerns, or it can be orchestrated by groups that have political, criminal, or business interests in seeing a company unable to operate. This not only disrupts business continuity but can also tarnish a company's reputation.

Recovering a social license is pivotal for a company's re-entry into areas where operations have stopped. It rebuilds trust and acceptance with local communities and mitigates past conflicts. It ensures both community support and operational stability for the company.

However, recovering a lost social license is a complex and sensitive process.

INCAS has helped businesses recover and retain their social license to operate now for over two decades in some of the toughest operating environments globally. Here's what we've learnt about the **roles we play** in social license recovery processes, what constitutes **good practice**, what to do when there is **community violence**, and how to address **criminal and non-state armed groups**, when these are in the picture.

HOW INCAS HELPS?

Typically, when we're approached, our clients have either already lost their social license or are well on their way. There is an ongoing dispute or violent conflict, which has halted operations through protests, sabotage, roadblocks, threats or attacks on staff, and actions by security forces. The social license challenge is frequently compounded by legal, political, or reputational complexities.

So when we get involved, our role usually extends beyond mediation or dialogue facilitation between a company and key stakeholders. It encompasses a spectrum of roles determined by the situation at hand.

- **Strategy review** We provide expert assurance on existing dispute resolution, re-entry, or social license recovery strategies. This involves critically evaluating existing strategies, offering alternative resolutions, and identifying potential tactical and strategic alternatives.
- **Strategy and process design** We collaborate with client teams to formulate and refine their social license recovery strategies. This encompasses assessing key issues, understanding stakeholder dynamics, examining company capabilities, and actively participating in strategy design exercises.



- **Technical advice and coaching** Our role often involves embedding within client teams to offer ongoing advice and coaching, either in-person, remotely, or on-site during crisis situations. This support is critical in navigating the complexities of social license recovery processes.
- **Capacity-building and training** Recognising the need for having the necessary skills, we engage in bespoke training covering areas such as conflict-sensitive communication, negotiation, and protestor management, essential for staff involved in these situations.
- **Secondary stakeholder management** Effectively managing secondary stakeholders who, while not directly involved, can influence the social license recovery process is another critical role. Leveraging our field and political networks, we align this management with the overall recovery strategy.
- **Field negotiations** We take on a tactical role in field negotiations, acting as a focal point for on-site protestors, engaging with relevant stakeholders, and ensuring that security forces and contractors adhere to company determined dispute management principles.
- **Insider or independent mediation** Whether as an insider mediator (affiliated with one of the parties) or as an independent mediator, our approach is tailored to find mutually acceptable solutions, distinct from arbitration where solutions are imposed.

Our support for clients is dynamic, evolving over time and involving multiple roles based on client capabilities, the context, and the specificities of the issues at hand. This multi-dimensional approach ensures that companies not only regain their social license but also strengthen their capacity to keep it in the future.

WHAT DOES A GOOD PRACTICE SOCIAL LICENSE RECOVERY PROCESS INVOLVE?

Defining good practice in social license recovery efforts involves drawing on the stakeholder engagement standards of International Finance Institutions, key approaches from the dispute resolution, negotiation, and mediation literature, and applied experience. While there's no broadly accepted standard for social license recovery good practice, there are certain fundamental elements that we have found critical.

Posture and engagement The foremost requirement is a sincere commitment by the company to resolve any disputes and address real grievances. This sincerity translates into direct, meaningful engagement with stakeholders. It demands a company posture that is proactive, flexible, and disciplined, and capable of adapting to fluid situations and unexpected developments.

Process steps and sequencing

The process and sequencing of steps involved in a social license recovery exercise includes several of the following:

- **Disclosure** The process begins with transparent disclosure of relevant information, setting a foundation of trust and openness.
- **Consultation** An iterative engagement process to understand stakeholder issues and address both core and peripheral concerns.
- **Direct dialogue** Involving preparation, capacitation of teams, and initiating dialogue with key parties, focusing on interests rather than positions.



- **Credible, independent evidencing** Sometimes it becomes necessary to establish or work with an independent body to validate issues and proposed solutions. This helps bolster the credibility of the social license recovery process.
- **Inclusive consultation on social investments** Addressing peripheral concerns through social investment projects, fostering confidence and demonstrating good faith.
- **Tripartite dialogue** Involving government participation to overcome deadlocks and sanction resolutions.
- **Third-party mediation** Engaging mediators as a last resort, within the confines of national legal frameworks.

HOW DO YOU RECOVER YOUR SOCIAL LICENSE WHEN THERE IS COMMUNITY VIOLENCE?

- **Comprehensive context assessments** Understanding the root causes of hostility is essential. This involves examining both external factors like community dynamics, criminal networks, and contractors' roles, as well as the company's contributions to the conflict.
- **Intervention plan development** Working closely with company teams, we help formulate an intervention plan. This includes defining action areas, setting realistic and phased goals, identifying confidence-building measures, and establishing an appropriate corporate posture.
- **Defining corporate posture and communications** Essential to the process is determining a corporate posture that fosters trust and resolution. This involves strategic messaging, ensuring staff safety, and establishing effective communication protocols.
- **Staff capacitation** Preparing the company team for the resolution process includes training and support to handle the challenges and stress associated with hostile environments.
- **Situation monitoring** Maintaining awareness of community and stakeholder developments is critical, enabling quick responses to changing dynamics.
- **Building integrity corridors** Creating communication channels to hostile communities is key. These 'integrity corridors' serve as platforms for dialogue and are based on trust and respect.
- **Plan execution** Implementing the intervention plan demands adaptability and the ability to seize emerging opportunities. External expert accompaniment often provides additional insight and capacity.

There are several principles to uphold in these situations, including:

- **Balanced engagement** Be prepared to engage beyond comfort zones when necessary but know where to draw the line.
- **Deterrence of negative behaviour** Implement smart strategies to prevent actions that could derail the social license recovery process.



- **Internal housekeeping** Resolve internal company issues contributing to external conflicts.
- **Timing and patience** Recognise when a situation is ripe for resolution and be prepared to wait if it is not.

WHAT IF THERE ARE CRIMINAL AND ARMED GROUPS INVOLVED?

Occasionally, we find that criminal or other non-state armed groups are important stakeholders in the social license recovery process. Engaging with such groups is a delicate and complex task, especially when threats are made to assets, personnel, or community members.

Here are some key rules of thumb for engagements with these groups that we apply:

- **In-depth understanding** Know the specifics of the group you're dealing with, including its structure, beliefs, and territorial control. Identify patrons or leaders who may exert influence over the group.
- **Government sanction and collaboration** Ensure engagement is sanctioned by relevant government authorities. If possible, align engagement within the framework of a government initiative, linking outcomes to these initiatives.
- **Clear engagement strategy** Develop an engagement strategy with clear outcomes, principles, and tactics. Consider historical engagements with the group and any unresolved issues that may affect current interactions.
- **Engage through integrity corridors** Use trusted intermediaries to initiate contact and reduce physical security risks. This approach fosters safer and more controlled engagement environments.
- **Integrity vigilance** Be aware of potential integrity challenges such as bribery or data compromise. Reduce exposure by understanding and addressing team vulnerabilities.

Engagement with criminal or other non-state armed groups requires careful consideration and expert advice given the significant safety, security and ethical risks involved.

TO SUM IT UP.

A social license recovery process requires a nuanced, strategic, and ethical approach. At INCAS, our two decades of experience have equipped us with the ability to do this work well even in the toughest operating environments.

Our role often extends beyond dialogue facilitation and mediation. We engage in strategy reviews, hands-on process design, technical advice, capacity building, stakeholder management, field negotiations, and sometimes, dialogue and mediation. We adapt our support to the unique challenges of each situation and ensure that companies not only regain their social license but are able to sustain it too.

Good practice in social license recovery combines sincerity in stakeholder engagement with a disciplined approach to process and strategy. It involves transparent disclosure, iterative consultation, credible evidencing, and, where necessary, tripartite dialogues and third-party mediation.

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ESSENTIAL INSIGHTS INTO SOCIAL LICENSE RECOVERY



Handling violent community conflicts requires a comprehensive context assessment, strategic corporate posture, effective communication, staff capacitation, and the creation of integrity corridors for dialogue. We emphasise balanced engagement, deterrence of negative behaviour, internal housekeeping, and the importance of timing.

In scenarios involving criminal and non-state armed groups, our approach is cautious and calculated, focusing on understanding group dynamics, ensuring government sanction, developing clear engagement strategies, and maintaining safety and transparency.

We encourage companies seeking to recover their social license to reach out to us at INCAS. Getting us in early makes a big difference – even for an exploratory chat – as we add value from the get-go. Our expertise and experience in re-entry and social license recovery is unrivalled. We combine it with a commitment to ethical practices, close client cooperation, and discretion that makes us a trusted and reliable partner.