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Operations

GOOD PRACTICE POINTERS

- Manage the transition from construction to operations.
- Periodically review and update your stakeholder information.
- Consider ways to assess stakeholder perceptions.
- Continue to disclose, consult, and report to stakeholders as needed.
- Ensure integration of ongoing stakeholder commitments into operations management systems.
- Communicate emergency preparedness and response plans on a regular basis.
- Keep your grievance mechanism operational.
- Consider establishing a participatory or third-party monitoring program.
- For controversial projects, consider establishing an independent monitoring panel.

Project concept → Feasibility studies and project planning → Construction → **Operations** → Downsizing, decommissioning, and divestment

The **transition from construction to operations** brings with it **many changes**. The phase with the greatest physical activity and potential for impacts is over, and typically the number of grievances and frequency of engagement with stakeholders may decrease, along with a reduction in overall employee and contractor workforce. Change of personnel (including contractors) during the actual period of transition can adversely affect ongoing stakeholder relationships and needs to be carefully managed to **ensure continuity in relationships**.

Engagement with external stakeholders should be considered an integral component of operations management, whether this be day-to-day operational activities, periodic programs, or in emergency situations. Depending on the nature and scale of the project, stakeholder engagement may be relevant to the performance of a range of departments and functions within the company and should be integrated into existing systems, including health and safety, environmental management, procurement and contractor management, logistics management, site or plant inspections and audits, external communications, security considerations, and project risk management.

For projects that have completed an ESIA report, ongoing stakeholder engagement during operations is sometimes limited to the periodic auditing by the company of compliance to the commitments made in its Social and Environmental Management Plan. Here it is important to validate both the accuracy of the predictions of environmental and social impacts, and the effectiveness of mitigation and compensation measures. Expert panels, third-party monitors, community participation in impact monitoring, and the regular communication of the company's environmental and social performance are all forms of stakeholder engagement that strengthen effective management of impacts during operations.

For some projects, however, stakeholder engagement may need to go beyond impact mitigation, in order to maintain **constructive long-term relationships** with local communities, government authorities, and special interest groups. A more dynamic process may be required in which a company adapts to new stakeholder groups and changing concerns, and provides effective grievance management procedures and mechanisms for dialogue throughout the life of the project.

ACTION	FURTHER GUIDANCE
Manage the transition from construction to operations.	Significant levels of staff turnover and other personnel changes during the transition from construction to operations pose the risk that knowledge and relationships that have been cultivated between project staff and local stakeholders up to this point can be lost if concerted efforts to ensure continuity are not made. This might mean retaining the same Community Liaison Officers who have established relationships with stakeholders, or at least making sure that there is an overlap between outgoing and incoming teams to facilitate introductions to local communities and knowledge transfer regarding stakeholder relations within the company. Remember that the transition to operations can be a time of uncertainty for local stakeholders, so it is important to communicate what changes are to be expected and what impacts this might have, if any, on local residents.
Periodically review and update your stakeholder information.	For projects with long or indefinite timelines it may make sense to review and update your stakeholder information over time, especially if there are significant changes in the external environment that may mean new groups have emerged, or the influence of or impact on existing groups has changed. Potential triggers for a reassessment might include: • National or local elections that result in change in attitudes towards the private sector, foreign investors or the company • Adverse socioeconomic trends, natural disasters or other developments not caused by the project but which may worsen the plight of those already most vulnerable to being disadvantaged by the project • Approval of local economic development plans that are likely to bring new industries to the same geographic area as the project, with potential to contribute to cumulative impacts and risks of concern to stakeholders
Consider ways to assess stakeholder perceptions.	Stakeholder perceptions of a company do not always mirror its actual performance. Even if factually inaccurate, stakeholder perceptions can be relevant to project performance and reputation, because they can drive a physical response. An independently administered stakeholder perception survey can be a useful tool for a company in managing its relationships with stakeholders. Typically, it is designed to answer the basic question "does the project company have a good and constructive relationship with its stakeholders?" Smaller companies may prefer more informal options, such as meeting with stakeholder representatives and employees who live in the community, administering their own questionnaires, or using suggestion boxes. Companies that already undertake other types of surveys, such as client or customer satisfaction surveys, may want to consider broadening these to include other project stakeholders. (See Box 14)

ACTION	FURTHER GUIDANCE
Continue to disclose, consult, and report to stakeholders as needed.	The ongoing disclosure of project information to stakeholders, as well as the nature and frequency of consultation activities and reporting during normal operations, should be commensurate with the extent of impacts and issues of concern to your stakeholders. To the degree applicable, continue to engage with stakeholders on topics such as monitoring of ESIA or other commitments; changes to project design and operational procedures that may impact certain stakeholder groups; any unforeseen impacts or developments; and annual maintenance procedures and emergency response plans. (For more information on reporting, see pages 87-98.)
Ensure integration of ongoing stakeholder commitments into operations management systems.	Maintaining continuity of commitments to stakeholders during the transition to operations is critical for sustaining credibility, especially if the team on the ground has changed. Prior to the start of the transition, identify how the outstanding commitments for mitigation and project benefits are to be integrated with the proposed or existing management and performance functions of the company during operations. For example, commitments on ecological protection and pollution abatement may need to be integrated with new or existing environmental management systems; commitments on labor standards made integral to the human resources function; and commitments on local economic benefits embedded in the procurement function.
Communicate emergency preparedness and response plans on a regular basis.	As time goes by, vigilance, knowledge about the response plans, and appreciation of roles and responsibilities during an emergency, can diminish among potentially affected stakeholder groups such as employees, government authorities and the local population, making the consequence of a major incident likely to be more acute. Stakeholder engagement during operations should be designed to maintain levels of awareness, for example by periodically conducting practice drills and simulations that involve communities, and jointly reviewing and updating existing emergency response procedures. For projects with the potential to cause a public emergency – explosion, hazmat spill, flooding etc. – effective management and response by the project company requires: (i) vigilance and behavior within the local population that reduces the risk of a major incident; (ii) that all stakeholders likely to be affected have a basic understanding of the risks involved and what the key elements of the emergency response plan are; and (iii) that individuals from within and outside the project know what their allocated roles and responsibilities are during an emergency. Companies that are new to developing Emergency Preparedness and Response plans and procedures need to commit adequate resources to this task as well as to the training and ongoing awareness activities that will make it effective.

ACTION	FURTHER GUIDANCE
Keep your grievance mechanism operational.	Once the construction period is over, the project is likely to experience a decrease in the number of complaints. This may be because the issues previously raised have now been resolved, or because the "moment of maximum impact'" has passed. While this might mean that a company can scale down the level of resources it was devoting to the day-to-day management of grievances, there should always be a well-functioning procedure for receiving and addressing public concerns whenever they may arise throughout the life of the project. (See pages 69-77 for more information on developing a grievance mechanism.)
Consider establishing a participatory or third-party monitoring program.	Involving project-affected stakeholders or outside third parties in monitoring your company's performance can lend a great deal of credibility and accountability to a monitoring program and the overall project. Affected parties can participate in scientific sampling, observations, group discussions, and assessments of environmental or socio-economic changes over time. The benefits of third-party monitoring include increased transparency and trust between the company and stakeholders, as well as an objective assessment of environmental and social performance. (See pages 80-81 for more information on participatory and third-party monitoring.)
For controversial projects, consider establishing an independent monitoring panel.	In some cases, where a project is particularly complex or controversial for instance, an independent monitoring panel may be useful for maximum objectivity and transparency. This panel, which might include stakeholder representatives, internationally recognized experts, and eminent persons, can oversee and report on the project's environmental and social performance. (See page 82 for more information on independent monitoring panels.)

MALAMPAYA DEEP WATER GAS TO POWER PROJECT: MAINTAINING COMMUNITY ENGAGEMENT DURING IMPLEMENTATION AND OPERATIONS

The Deep Water Gas to Power Project, a joint venture of the Royal/Dutch Shell subsidiary Shell Philippines Exploration (SPEX), ChevronTexaco, and the Philippine National Oil Company (PNOC),is the largest industrial investment in the Philippines. Its community engagement efforts were conducted through SPEX and the Pilipinas Shell Foundation (PSFI).

Shell recognized that the risks of community opposition can also arise after the project has been implemented, and endeavored to maintain and cultivate its relationships with the affected communities during project operations. As a condition for receiving environmental clearance from the government for the project, Shell agreed to form multiparty monitoring team (MMTs) composed of local government representatives, NGOs, community leaders, provincial and community environmental officers, and other stakeholders to monitor the environmental and social impacts of the project during its implementation. In 2000, MMTs for the different provinces were set up. While the memoranda of agreement for the MMTs do not require Shell to ensure community satisfaction and consent, the MMTs still potentially provide an important means for the public to participate in overseeing implementation and operations, and to raise concerns as they arise.

In addition, the Shell Foundation has played an active role in ensuring ongoing acceptance of the project during operations. PSFI meets with community representatives on a monthly basis to provide updates on project operations and impacts, and to allow the community to raise concerns and grievances. It also operates sustainable development programs in each affected province that provide services requested by the communities, such as job training, livelihood workshops, employment link-ups, scholarships, microfinance, health and safety workshops, and conservation activities.

MALAMPAYA DEEP WATER GAS TO POWER PROJECT: MAINTAINING COMMUNITY ENGAGEMENT DURING IMPLEMENTATION AND OPERATIONS *continued*

This ongoing engagement is markedly different from standard practice in the Philippines, where relations with the community usually end once the Environmental Impact Study is finalized. While no major issues have arisen since construction, there is a broad consensus among all community stakeholders on the importance of ongoing relations with the company. The continuous engagement with Shell enables the community to raise concerns—especially about health, safety, and environmental impacts. It also provides a mechanism for affected people to seek assistance with basic community needs that their local governments cannot provide, such as clean water, infrastructure, grants on livelihood, and micro-financing. Moreover, local leaders in Batangas City report that the process of engagement with SPEX has produced an unanticipated benefit – it has empowered the community by increasing awareness of the potential of community action.

Source: World Resources Institute, 2007, "Development without Conflict: The Business Case for Community Consent."

BOX 14: TOPICS TO INCLUDE IN STAKEHOLDER PERCEPTION SURVEYS

- General ethical conduct
- Conduct of staff and contractors
- Quality of environmental and social impact and risk management, including monitoring regimes
- Interaction with government and local politics
- Local procurement, employment, and training opportunities
- General relationship with the project company, including levels of honesty and trust
- Relevance and meaningfulness of information communicated or reported
- Effectiveness and responsiveness of ongoing consultation
- Effectiveness and responsiveness of grievance procedures
- Perceptions of paternalism, favoritism, and corruption
- Benefits of community investment programs or similar benefit-sharing programs
- Comparison of performance, in any of the above, between the last survey period and this one