

Social Investment Working Session Report

Tackling Challenges to Successful Social Investment



Madrid, Spain
27 June 2008

Hosted by:



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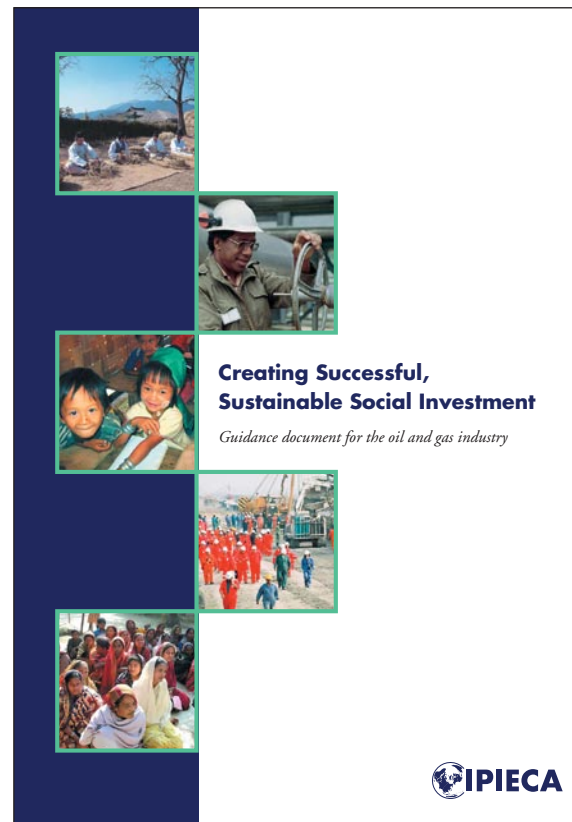
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Background

IPIECA (International Petroleum Industry Environment Conservation Association) was founded in 1974 to address key environmental and social issues, and also liaise between the oil and gas industry and the United Nations (UN). The Social Responsibility Working Group (SRWG) was formed in 2002, to focus on various social issues including capacity building, community outreach, and human rights.

Social investment has been an important area of focus for the SRWG recently. This issue is on the agenda because companies seek to better define their role within society, in relation to governments, NGOs and civil society. The potential for oil and gas companies to deliver positive social and economic impacts through well-implemented and sustainable social investment programs is considerable. Social investment is a way to establish and maintain constructive local relationships, and to ensure that communities close to an operation derive some direct long term benefit from its presence.

In response to the need for further guidance, in 2007 – 2008 the SRWG Social Investment Task Force commissioned and worked with Luc Zandvliet of the Corporate Engagement Project (CDA Collaborative Learning Projects) to produce the *Guide to Creating Successful, Sustainable Social Investment*¹. The IPIECA Guide and this workshop seek to assist companies in understanding the challenges, addressing them, and engaging with relevant stakeholders in dialogue to further improve communication and practice in this area.



¹ The Guide can be downloaded at: <http://www.ipieca.org/activities/social/downloads/publications/SocialInvestmentGuide.pdf>

Introduction to the Workshop and this Report

IPIECA's Social Responsibility Working Group organized a working session on *Tackling Challenges to Successful Social Investment* on 27th June 2008, generously hosted in Madrid, Spain by Repsol YPF. The workshop was held in conjunction with the launch of the IPIECA *Guide to Creating Successful, Sustainable Social Investment*. A diverse range of participants attended, ranging from oil and gas companies to implementing partners, NGOs, academia, and international finance institutions. The workshop functioned under the Chatham House Rule².

A presentation by Luc Zandvliet helped to set the scene for the workshop. The moderator, Marcos Gallego of ERM, then discussed the workshop objectives. Social investment is a long-term project, which therefore requires a long-term solution. Although this workshop does not intend to find all the answers, it is an opportunity to identify the main challenges, open dialogue between relevant partners, and ask questions on how to move forward. The workshop is about learning, and not necessarily about convergence.

The workshop structure revolved around break-out groups which discussed pre-identified challenges. A brief survey conducted with participants before the workshop helped to establish the three challenges:

1. How to make partnerships between SI implementers work
2. Capacity building for long-term sustainability
3. How to measure success

The break-out groups discussed each challenge in turn and reported back on their findings. The recurring themes are highlighted in this report, as well as more detailed information on the "do's" and "don'ts" identified.

At the end of this report is a summary of further SI challenge topics identified by participants in an open mic session, and several suggestions on "what IPIECA can do next".

Acknowledgements

Many thanks to the IPIECA Social Investment Task Force for their assistance in planning the workshop and to Repsol YPF for kindly hosting. Additionally, thank you to all workshop participants for sharing experiences and ideas, to Marcos Gallego of ERM Spain for moderating, and to Luc Zandvliet for setting the scene.

Social investment task force as of June 2008

Adel Chaouch (Marathon) – CHAIR
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Elizabeth Wild (BP)
Maria Pica (Chevron)
Tam Nguyen (Chevron)
Jim Dawson (Chevron)
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Ulrike Von Lonski (WPC)

² "When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed".

Recurring Themes

The workshop covered a range of social investment topics. Several themes recurred throughout discussions on the three challenges, and they are captured here:

➤ *Don't implement unrealistic projects or impose unrealistic timeframes. Serious consideration needs to be given to the timing required for developing sustainable SI programs in the context of the constraints of oil and gas project deadlines.*

➤ SI programs shouldn't be driven by budget.

➤ *SI programs need to start early in the project timetable and be incorporated into the bigger project picture.*

➤ Companies should build strong partnerships for SI programs. Involve communities from the beginning, as well as NGOs, multilaterals, and the government (local, regional and national).

➤ *Ownership for the SI program and its results need to be firmly rooted within, and driven by, the community.*

➤ Take care when making assumptions about SI. SI should be implemented like any other part of the oil and gas business – with careful scoping, consideration of the risks, ongoing dialogue and an inclusive approach.

➤ *SI implementers need to agree on the scope, responsibilities and indicators from the very beginning.*

➤ Do align SI objectives with national development strategies.

➤ *Flexibility is essential – if something doesn't work, change it. If the priorities of the community changes, adapt the program accordingly.*

➤ SI programs require a long-term vision with an exit strategy in mind, but there have to be short-term indicators to demonstrate progress.

➤ *SI programs should be holistic. It may not be possible to take a single aspect of community development and work on it completely in isolation from all other aspects; e.g. community health improvements may partly depend on educational improvements.*

➤ SI requires a balanced approach – internally within companies and externally with partners.

➤ *CSR is an evolving and developing field and it is clear that SI is an important issue to continue working between IPIECA member companies and with relevant stakeholders.*

Presentation Highlight – “Setting the Scene”

Luc Zandvliet developed the IPIECA Guide to Creating Successful, Sustainable Social Investment with the Social Investment Task Force. During the process of writing the Guide, Luc conducted many interviews with project managers on the ground to get a real perspective on the challenges to SI. He then translated this valuable information into the guidance document.

Luc opened the workshop with a brief overview of the Guide as a starting point for discussions. He next shared some insights from the interviews for the Guide, and also lessons learned in his work. Luc then set the scene for “going beyond” the document – what can we *do* with this information - to tackle the real challenges.

The main messages from the Guide:

First of all, the most significant message in the Guide is that SI is not a “silver bullet”. Companies may see SI as the solution – to poor community relations for example - but this attitude needs to change. Social investment is not about throwing money at a problem. It should be treated like any other part of the business – with a well thought out approach, balanced partnerships, structured implementation, and a view to long-term sustainability beyond the life of company operations. Luc then introduced the top 10 common misconceptions about SI that came out in the development of the Guide.

Misconceptions about SI:

1. *SI does NOT replace stakeholder engagement.*

Communities often do not have direct access to companies to air their grievances. Companies sometimes leave NGOs to deal with grievances, but this is not effective and removes them from the source of the problem. Communities react badly to this system, and can cause massive disruption to operations through attention-grabbing actions such as roadblocks. No matter how much money goes into social investment, if there is insufficient engagement then there is no trust.

2. *SI is NOT the main factor determining people’s perceptions about the company.*

As noted above, for companies it’s essential to have good down-to-earth stakeholder engagement. It’s about face-to-face dialogue, attending local community meetings, engaging often and on a human level with the stakeholders involved.

3. *There is no magic budget figure that leads to “successful” SI.*

Each SI program should be individually vetted and the budget set according to that program’s needs. It is unhelpful to assign a random budgetary figure to “SI” and then expect the liaison team to build their initiatives around the obligation to spend that money.

4. *The SI process is equally, if not more, important than the SI outcome*

5. *Building infrastructure to show tangible results is NOT effective unless it is a tool to bring various groups together and also build capacity.*

6. *Using “programs” as a first response to addressing problems is NOT effective.*

Many companies are still reactive – they create an SI program because there is a community relations or project impact problem that needs “fixing”. SI needs to be a proactive priority, rather than a response to symptoms.

Example: Increasing Risk

In Papua New Guinea a company built a hospital, an access road and electricity facilities for the five communities closest to their project. However, there were 25 other communities situated on the new access road who were not considered for compensation due to their further proximity from the project. The road caused huge upset in these communities where they experienced dust problems and accidents with vehicles. But the company only focussed on the five communities, causing resentment from the ignored communities. As soon as the project came to an end, the 25 communities blocked the road in protest and would not let the people from the five preferential communities get access to their homes. The angry communities wanted to receive something in return for the disruption to their lives, and demanded this from the five communities. In this situation not only did the company lose credibility from these key stakeholders in the region, but also caused new tensions between the communities.

7. Using SI as a risk mitigation tool can, in fact, increase risk.

Social investment can sometimes cause conflict between communities.

8. Responding to a short term “humanitarian impulse” to provide free services leads to long term sustainability problems.

Communities get used to hand-outs! Providing free services quickly erodes into long-term dependency / expectations. Communities begin to believe that they have a right to handouts as compensation for the nuisance that the company causes.

9. Effective SI does not start after construction or in response to community demands.

10. Counting on a foundation, external donors or the Government taking over a program as exit strategy is risky.

Companies cannot make the assumption that the government will take over. The government often assumes the company role will continue, and it is therefore essential for the company to integrate an exit strategy into the pre-social investment planning to avoid complications upon exit.

Looking at these ten statements raises the question:

How can companies take this information and build it into a larger framework?

This is where the Guide and the workshop come in.

A New Model for SI?

The challenge for companies, therefore, lies in moving from ad-hoc giving to a business model approach. Luc discussed how the SI Guide seeks to assist companies in building a foundation for such a model.

Luc identified six key aspects that should be integrated into the new SI model. The model should be:

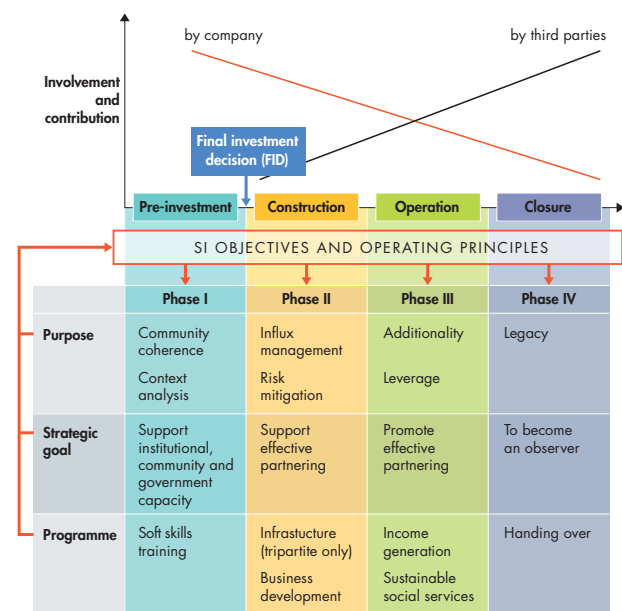
1. Strategic in its approach
2. Sustainable in its design
3. Participatory in its process
4. Integrated in its management
5. Systematic in its measuring
6. Yield returns to both company and community

1. Strategic in nature

Like any other business model, an SI program should be strategic. SI implementers need to determine their objective before building their plan. If an objective is not identified, then the project’s success cannot be measured against it. From the beginning, SI should always be linked to the business case. And finally, the timing for the SI program should be synchronized with the larger project cycle.

Figure 1 from the Guide illustrates the SI model in relation to operational stages:

Figure 1



2. Sustainable in design

As shown in the diagram, several key elements should be incorporated into the fundamental design of the program. The design should:

- o Include an exit strategy in program design
- o Manage expectations by taking a phased approach
- o Engage a tripartite partnership where possible between company, community and implementing organisation
- o Strengthen, rather than undermine, existing capacities
- o Ensure people invest in their future (not offer free services which can't be maintained)

3. Participatory approach

It's all about the process. Companies should engage early and often, otherwise they run the risk of losing social license to operate. If communities don't have ownership of the process, they will have a negative view towards the company and lack of local goodwill.

There also needs to be understanding about how the community defines success. Companies define success according to their own terms rather than the communities' view. However, communities may define success differently and this needs to be gauged.

A fundamental part of this approach involves an inclusive process. Companies need to involve NGOs (or other implementing organisations) and the government as well as local communities. It is important for communities especially, as well as implementing partners, to have ownership over a social investment project or program.

From the beginning, companies should always check they are on the right track with communities by asking: "Whose idea was it anyway?" If the idea did not come from the community out of real need or desire, the program may not be successful or have the desired impact upon the community's social or economic situation.

4. Integrated into management

Social investment is often viewed as an "add-on"; as something external to the actual oil and gas operation. However, separating an SI program from the management of the business operation fails to ensure the long-term sustainability of the program. To avoid this, SI should be integrated into the project's business plan from the start. This helps keep the SI program in line with project timelines and assist field managers putting it in context for the long-term strategic plan.

As well as integrating SI programs into management plans, it is important to link SI strategy to a government's national or local social policies. Linking the SI strategy to a government requires a closure plan. The company needs to sit down with the community to see where they want to be in 30 years. If the long-term objectives can be identified and signed off by the community, then the planning can be tied into government strategy and requirements.

Finally, SI needs buy-in from other departments. Often within companies, there can be disconnects in communication between departments. SI alone does not provide a company with license to operate, so there must be consistency and awareness across all departments on how their actions can positively reinforce the SI objectives. Companies should assess whether the policies and actions of all its departments reinforce SI objectives or contradict them.

Example: Ownership

A company decided to build a walking bridge to connect houses in a community as a gesture of goodwill. The company set up a community-based organisation (CBO) to run the project, and handpicked the members. The CBO embezzled a good proportion of the project money throughout the bridge building process, which the community knew about. When the bridge was finally completed, the company could not understand why the community was not pleased with the result. They now had a bridge, so had not been directly impacted by the money mismanagement. But the company was missing the point. The community was very upset and frustrated with the company because they had not been consulted or involved at any point in the process. It was not their bridge, it was the company's bridge.

5. Systematic tracking

To measure the progress and success of an SI program, there needs to be a consistent, systematic method. To this end, a field manager should assess several questions:

- Is a baseline available?
- Is a monitoring and evaluation (M&E) program in place? Do we want to track the outputs or outcomes?
- Is the tracking process credible? Is the M&E approach participatory? Can we involve the communities themselves in it?

6. Yield measurable returns

For both the community and the company, measurable results are needed from an SI program. Before an SI program starts, several factors need to be identified. During the M&E process, these indicators can be revisited and balanced against progress. These questions help to shape the indicators:

- Measuring the returns against what?
- What are the programmatic / objective indicators?
- What are the perception / subjective indicators?
- Has social cohesion been strengthened? Has the relationship between the government and community been strengthened?
- Has the SI program caused any tension between the recipient communities and neighbouring groups (the "haves" and "have nots")? Or have there been other unintended negative impacts? How can these be addressed?

Break-Out Groups – tackling challenges to social investment

The challenge for companies and partners is how to implement this new model for SI. Three specific challenges were identified by workshop participants prior to the event as significant topics for discussion. These topics are: (1) partnerships, (2) capacity building, and (3) how to measure success.

The majority of the workshop was spent in small break-out groups discussing the three pre-identified challenges. Luc offered prompting questions on each of these topics for participants to consider in their break-out groups, and Marco also created some short scenarios to illustrate the challenges. Each group had the opportunity to share its experiences and discuss how to best address these challenges. The task was to identify the “do’s” and “don’ts” for each challenge, and these results were reported back to the whole audience.

Not surprisingly, many groups raised similar points. The main themes from each challenge are captured here – with groups analysing what *doesn’t* work for each challenge, and what *does* help to improve SI practices.

CHALLENGE 1: Making Partnerships Work

Leading the Discussion – BO1

Prompting Questions

- How do partnerships evolve over time?
- What are the roles and responsibilities for the stakeholders involved (i.e. government, NGO, International Finance Institution, company)
- How can we ensure the sustainability of the partnership?
- How can the mindset gap be bridged? Especially during the construction period (when company operations move fast, yet the SI program requires time and careful consideration to build trust and plans)
- What are the “lessons learned” from other similar situations? (i.e. applying different approaches, and not always applying a “northern hemisphere” approach to a “southern hemisphere” situation)

Example: Sustainability

One company prioritised providing financial training to community members as the first stage of their “SI” program. The NGO partner initially argued that financial training was not a priority, compared to the community’s poverty. This approach, however, ensured that the community members received the skills to save and invest their compensation money for long-term projects, rather than spending it straight away on things like alcohol and gambling. In the long run, setting up the community financially was essential from the beginning. This corporate mindset combined with the NGO implementation of the next project phases ensured that the community received the maximum benefit from the program.

Thinking Out Loud On Partnerships...IMAGINE...

You just came back for a new operation in an emerging country. It has taken you two years to set up an SI program following all of your company’s standards including countless stakeholder consultations. You are satisfied that the program is finally in place.

...and then...

You receive a phone call from your Business Unit (BU) Manager. Your program is in the local press. The local community leader is claiming that your program is OK but not quite what they expected. He is quoted as saying: “We would have enjoyed the program to be outlined around some of our local cultural values...” The statement is backed by a second line manager of your Partner in-country, who says: “...this is typical behaviour from these international companies who have their own agenda and objectives and do not seem to care about local expectations...”

AVOIDABLE?

Reporting Back – BO1

DON'T ...

- underestimate the importance of ownership of the relationships and SI programs
- make assumptions
- come to the table with set or short-term views
- be driven by timelines or money!

One of the most common, and most dangerous, problems that companies run into is that communities and governments view SI programs as replacing deficient national schemes. This is a huge risk, with long-term implications, as it is *not* the role of the company to replace the government. For any SI program to work, it needs to be made clear from the beginning that the program requires equal partnership input and the company will not be responsible for the long-term running and upkeep of the activities.

Having equal partnership input is not an easy balance to achieve. Companies often run into difficulties with regard to their management and ownership of SI programs, ranging from entirely outsourcing the work to the point of non-involvement, to the other extreme of attempting to do it all themselves and choosing not to engage other funders or partners. There is also a temptation to work only with large well-known organisations and ignore local or smaller specialist NGOs who have local knowledge and specific expertise in the topic. Other companies have relied on specific individuals, whose involvement is only short-term. All of these approaches sacrifice the opportunity to build institutional capacity.

Another pitfall in the partnership building process is making assumptions. Successful SI programs require a carefully researched approach. Companies therefore shouldn't assume that they know what the community needs, or even who exactly the stakeholders are, until they have carried out a proper assessment. Sometimes also, it is difficult to identify a legitimate representative for a community, so this too needs to be clearly vetted. Nor should companies assume that they have the internal expertise and capacity to carry out such programs - they should be willing to welcome expert external participants into the process.

There is also a risk of having pre-conceived notions about what is best for a community. In the past, there have been allegations that SI implementers (companies, NGOs, IFIs, governments...) do not exercise cultural sensitivity, and have even tried to impose their culture – as well as their programs - upon a community. And sometimes as projects progress, company objectives can overwhelm the original sustainability objectives and the goals of benefiting the community. These two pitfalls underline the importance of carrying out a comprehensive and participatory assessment of the community's needs, as well as a thorough exit strategy that ties-in the need for long-term sustainability.

Finally there are a few fundamental red flags for SI practitioners. Don't let budget drive planning and initiatives. Don't have unrealistic timelines. And most importantly, don't throw money at the problem instead of thinking carefully about how to solve it.

DO...

- pay attention to the building blocks
- focus on your partners
- get the scope right
- develop internal tools for SI implementation
- improve and help others as well

There are certain fundamental elements – building blocks – that companies must have in place from the beginning in order to make partnerships in SI programs work. Luc has previously identified some of these, such as being inclusive

in the process – early and often. Companies and partners need to have an open approach and be adaptable. And it is beneficial to engage a diverse network of stakeholders for breadth of perspective and input. Focusing specifically on who to partner with is part of this building stage. Companies need to identify the right partners and stakeholders, and empower them in the process.

Getting the scope right can also make or break a partnership. Without clarity of scope, companies and partners risk having different expectations, objectives and methods of implementation which can hinder an SI program despite best intentions. Therefore, before the start of an SI program companies and partners should clearly define the scope of the project, the roles of each partner, and work to align agendas. Objectives should be set which are realistic, achievable and shared, and everyone should be aware of their responsibilities. It's OK for the different partners to have different organisational reasons for taking part in the SI program, but the objectives of the SI activities have to be agreed, the rules of the game must be established and there should be no surprises. When scoping the actual project, it is essential to understand the local context and capacities, and to take account of what the community is doing well already.

Communication and measurement are vital for keeping partnerships on track. There needs to be a way to measure the performance of a program, so partners should agree beforehand on what success will look like and what indicators they will use to measure progress (*see challenge 3*). There should be a well-thought out communication strategy so that all partners are accessible and speaking a common language. And internally, companies should educate the business unit on the purpose of the SI program.

Finally, partners need to be prepared to learn from their mistakes together and move forward. In this respect, IPIECA can have a role in promoting education about SI within and outside the industry, by sharing experiences and promoting good practice.

CHALLENGE 2: Capacity Building for Long-Term Sustainability

Leading the Discussion – BO2

Prompting Questions

- Capacity building of whom?
- How can a company build institutional memory and uptake beyond the SI department? How can the lessons learned be captured and applied to future programs?
- How can sustainability be applied beyond capacity building?

Reporting Back – BO2

DON'T ...

- buy in capacity
- make assumptions about the capacity of your staff, partners and the government
- see capacity building as a finite project separate to national strategies
- go too fast
- reinvent the wheel

When it comes to capacity building, one of the first reactions from the groups was to highlight that automatically “buying in” capacity, i.e. bringing in external expertise or workers, is not the solution. Building local content is an important part of SI. So companies shouldn't discount the capabilities of their staff and of local communities. However, nor can you assume that your counterparts have a certain level of capacity. The capacity and skills of all those involved should be assessed and a plan developed to complement existing capacities before starting a project.

Additionally, capacity building is not a finite project. While companies may implement training programs to achieve specific capacity goals, there is always potential to continue building competence and self-sufficiency. Don't limit

capacity building exercises to just training. The government is also an important element here; on the local, district, regional and national level. Failing to include a plan to help the government improve its community development skills limits the long-term potential for the SI program because it jeopardising government's ability to take over once the company's involvement ends.

Echoing earlier discussions on partnerships, companies shouldn't reinvent the wheel. Capacity, or potential for capacity, exists everywhere. Companies should link with other partners to maximise their impact. If other organisations are already working on these issues, companies should work constructively with them to leverage efforts, avoid duplication and overlap. Additionally, capacity building efforts need to align with national strategies. Building an SI program and building capacity should resonate with the national plan to enable success.

There are a few straightforward "don'ts" here also: don't implement unrealistic projects or impose impossible timeframes; don't try to go too fast; and don't focus only on the short-term solutions.

DO...

- start with a shared understanding of the situation
- look at the "whole picture"
- both "internal" company AND "external" institutional building

Before undertaking any capacity building exercise, a common foundation must be established. All parties need to understand which capacity is required within this context, and who needs to acquire it. Companies, communities and implementing partners need to recognize the impact of capacity development in terms of cultural norms and existing capacity.

It is imperative to look at the "whole picture" especially in the case of capacity building where the goal is to have minimal company input to achieve the maximum value of community and partner participation. To this end, companies and partners need to take a holistic approach, and always plan with an exit strategy in mind. The role of the company here is not to teach per se, but rather to facilitate the learning and development process. The capacity building process should allow people to be themselves and develop their skills, rather than compel them to fill a certain role. And although this process requires planning for the long-term, be sure to set short-term milestones to demonstrate improvement.

Both internal and external capacity building need to occur for social investment projects to be fully effective, and companies should build the case for internal capacity building from the very beginning of a project. Companies need to integrate the SI community responsibilities within all operational staff so that there is not a disconnect or lack of understanding between departments. In this vein, it might be useful to appoint an SI champion to help align and integrate accountability and responsibility. Additionally, companies need to be prepared for changing external expectations and demands; building and implementing social programs requires a degree of flexibility to accommodate changing community needs.

External institution building is a significant core activity of capacity building. It requires an inclusive process and good background knowledge of existing capabilities. Companies should investigate what programs already exist in-country and which organisations to involve in helping with institutional training. Local leaders should be part of the planning and training process, and communities should be engaged early and often so that they have ownership on a long-term basis. This will help align the community needs with the program objectives (again thinking towards the exit strategy). Any capacity building exercise should be developed with long-term government policy in mind, and should engage with local government watchdog organisations. The main objective should be to enable local transfer of knowledge, rather than relying on international NGOs to fill the gaps. In due course local trainers need to be identified and trained so that local actors can continue the capacity building process independently of international actors.

CHALLENGE 3: How To Measure Success

Leading the Discussion – BO3

Prompting Questions

- Whose success are we talking about?
- How do you know when you have achieved it? For example: is success the absence of violence?
- How do you keep it when you have it?

Example: Gauging Success

If one of your contractors runs over a chicken and you get 500 people demonstrating outside your project office, that is an indicator that there are greater problems! It is also an indicator if there is no demonstration.

Thinking Out Loud On Measuring Success...IMAGINE...

After being hit with the press problems at your new BU, you run into your company's CEO in the lobby at headquarters waiting for the lift. The CEO asks you about your trip and how the SI program is going. You respond vaguely (not mentioning the recent problem), but rather speaking about the effort the company is doing there. Your CEO tells you that there is a meeting with some shareholders in a few minutes and asks you...

- What would you say that we are gaining from all this effort?
- What is the value for the company?
- What can I tell these people?

The elevator opens the door...you only have 4 floors to respond!!!!

WHAT DO YOU SAY?

Reporting Back – BO2

DON'T ...

- let indicators take over
- over- or underestimate SI activities
- be overbearing

Measuring success is important to gauge the effectiveness of SI programs, and to do so there need to be indicators. However, companies can run into a problem if they have too many indicators or they let indicators drive the program. Also indicators are not a catchall, so when evaluating success don't lose sight of the other variables.

When looking at the overall success of SI programs, implementers should also remember that SI projects do not substitute mitigating the impacts of daily activities. SI is not an "add-on" or a band-aid, but a long-term sustained program. Also, SI should be viewed as an opportunity, rather than a risk, for those involved and indicators should focus on the positive. It is likely that companies and program implementers will need to jointly develop the indicators, and involvement of the community in defining 'what does success look like?' is also important program.

In consideration of the capacities and practices of implementing partners, companies shouldn't be over-intrusive in their monitoring and evaluation for implementing partners. For example, weekly reports are quite burdensome and unlikely to show significant progress from one week to the next. Keep in mind also that SI results take time to develop, so don't have an unrealistic timeframe for results and don't judge a project's success or failure too hastily.

DO...

- establish measuring procedures before you get started
- have a balance
- allow for adjustment
- consider the long-term impact

A monitoring and evaluation system should be in place as early as possible in the SI program. For example, an evaluation phase should be conducted before starting a program to establish a baseline. This phase should also ascertain the needs and expectations for all stakeholders involved – who is conducting the measuring? And for what? And what happens next? There should be a systematic approach to measurement, and all stakeholders should agree on common and simple indicators. Where possible and relevant they should be aligned with national and international development indicators. And throughout the SI program, there should be continuing discussions and dialogue on progress.

There should be a mixture of qualitative as well as quantitative indicators, as well as both internal and external focus. It is also useful to define different indicators for different target groups. For example, indicators for the company Board would link with the business case; indicators for NGOs would differ. It is also useful for the indicators to analyse immediate, medium-term and long-term outcomes.

Flexibility is advantageous when using indicators. If the indicators say something is working then continue with that action; and if a certain aspect is not producing the results you're looking for, then fix it. From a corporate perspective a cost-benefit analysis can be utilised to evaluate whether a system is working, and what is necessary to get it back online and working. Emphasis should be on learning and replication.

Reinforcing a common thread throughout discussions during the day, the break-out groups agreed that the long-term impact is what is most important. The intention of social investment programs is to seek lasting sustainable change. So when measuring success, consider their contribution to the desired long-term impacts – e.g. looking 10 years to the future – rather than focusing only on the short-term tangible results. Keep in mind budget costs in the long-term frame of mind. And use this forward-looking vision to tell the company CEO that, if immediate results are not obvious, then the information will be used to change the project positively. The lasting thought on this topic is that CSR is the last bastion of measurement – it is only a matter of time before more improved systems are introduced.

It is worth remembering that big results aren't necessarily indicators of long-term success; small but continuous improvements over a long time-scale may be more achievable and sustainable. And finally, leave space and time for partners to implement the program and then measure – don't rush the results.

Open Mic – Raising and Reinforcing Issues

After the break-out groups discussed the three challenges, there was an opportunity for participants to introduce other relevant issues that practitioners should consider for SI, and highlight areas of particular importance from the day. Those thoughts are captured here:

- The gender angle should be considered; what are the different issues for women and men in the development of social investment programs? How can these issues be recognised and addressed?
- How can a sector-wide approach be implemented to combine the field learnings and these workshop outcomes with action?
- Often NGOs receive project funding, but still struggle to do capacity building beyond a project's life. Can more sophisticated funding mechanisms be put in place for companies to help NGOs build capacity between projects to improve their eligibility and effectiveness as implementers of future SI programs?
- SI is still often viewed as an add-on by higher management, and it cannot be successful without becoming embedded in core business operations. How can SI be presented and justified to receive senior level buy-in?
- There is still an antiquated notion that bigger budget and staff for SI projects is better. However it is often the smaller projects, with focused activities and realistic expectations, that work. How can this learning be translated into SI program budgeting and development?
- Success for SI has to be measured with the community.
- Companies working together on projects need to harmonize achieving SI goals for more effective impacts.
- Companies need to plan for the long-term, just as they do with their commercial investments.
- Companies have to work with multi-laterals, and improve collaboration with local governments and especially NGOs on SI programs.
- Companies need to understand how NGOs fit into the business plan.
- SI implementers should stay realistic – strengthen resources, but operate within capability.
- Companies need to demonstrate their development work through SI, and should communicate positive SI progress and trends.
- Building real working partnerships is important; going beyond just funding to taking a proactive approach.
- There is a discussion missing on in-kind SI.
- Remember that there is a difference between driving SI into core business and doing it well. A company needs to first know how to build and maintain an effective sustainable SI program in their day-to-day projects. Embedding SI principles into the business can be a long process and it is essential to get it right.

IPIECA work going forward on Social Investment

Finally, the workshop concluded with a brainstorming session to identify where IPIECA can add value to the social investment challenges.

- CSR is a fast evolving and developing field. IPIECA could have a role in finding learnings from HSE experience and how to fast-track the process of embedding CSR into organisations. SI is just one slice of the pie.
- IPIECA could build an education package that university programs (especially engineer training) could utilise to build knowledge of social responsibility issues, especially for people entering in the oil and gas industry.
- How can IPIECA help companies to engage with key SI people in their company to disseminate the results from this workshop? How can SI champions take this back to senior management?
 - IPIECA provides companies with the information and business case publications that reinforce these workshop learnings. IPIECA can continue to provide this forum for sharing and learning.
- IPIECA also has a role in taking this workshop forum to other venues – such as local and regional players.
 - Further regional workshops to involve implementing partners in similar discussion on SI challenges.

AGENDA

Tackling Challenges to Successful Social Investment - 27 June 2008

8.15	<i>Registration</i>
9.00	<i>Welcome and Introduction – Adel Chaouch (Marathon)</i> <ul style="list-style-type: none">• Welcome from Repsol YPF• Safety Minute• Introductions
9.15	<i>Setting the Scene – Luc Zandvliet (CDA Collaborative Learning Projects)</i> <ul style="list-style-type: none">• Overview of the IPIECA Guide to Creating Successful, Sustainable Social Investment• Key themes and questions• Some food for thought
10.00	<i>Overview of the Workshop – Marcos Gallego (ERM)</i> <ul style="list-style-type: none">• Review of the workshop survey responses: rating the “challenge topics”, expectations, further thoughts• How will we use this information today• Format of the workshop
10.15	<i>Break</i>
10.30	<i>Challenge 1: How to make partnerships between SI implementers work</i> <ul style="list-style-type: none">• Brief words from the Moderator• Break-out Groups (45 minutes) – with facilitator and note-taker• Group feedback to the general assembly (30 minutes)
11.45	<i>Challenge 2: Capacity building for long-term sustainability</i> <ul style="list-style-type: none">• Brief words from the Moderator• Break-out Groups (45 minutes) – with facilitator and note-taker• Group feedback to the general assembly (30 minutes)
13.00	<i>Lunch</i>
14.00	<i>Challenge 3: How to measure success</i> <ul style="list-style-type: none">• Brief words from the Moderator• Break-out Groups (45 minutes) – with facilitator and note-taker• Group feedback to the general assembly (30 minutes)
15.15	<i>Break</i>
15.30	<i>Open Mic:</i> <ul style="list-style-type: none">• An opportunity for attendees to debate on other challenges• What do the outcomes from this workshop and the survey responses mean for the future of SI and IPIECA's work?
16.00	<i>Break</i>
16.15	<i>Concluding Points – Marcos Gallego</i>
16.45	<i>Wrap Up – Adel Chaouch</i>
17.00	<i>Adjourn</i>

ATTENDEE LIST

organisation	name	position
External Stakeholders		
AFDB (African Development Bank)	Tshinko Ilunga	Health Division Manager
AED (Academy for Educational Development)	Sergio Ramirez	Project Director, Program for Education Development of Equatorial Guinea
BCS (Business-Community Synergies)	Rani Parker	Director
BSD Consulting	Niels Ferdinand	Representative – Spain and Portugal
Cambridge University	Ian Jones	Research Associate, Centre for Business Research
CardnoAcil	Bruce Coyne	Executive Director - International Programs
CARE	Jonathan Puddifoot	Country Director - Georgia
CDA Collaborative Learning Projects	Luc Zandvliet	Director - Corporate Engagement Project
CHF International	Jeffrey Meer	Director - External Relations
CommDev	Dafna Tapiero	Director
Devex	Kami Dar	Senior Partner
Emerging Markets Group	Victoria Francis	Senior Manager
ERM	Sabine Hoefnagel	Partner and Team Leader, Strategic Services
GTZ	Immanuel Gebhardt	Regional Director, South and East Asia
GTZ	Sabine Jüngling	Executive Director
IESE Business School, University of Navarra	Joan Fontrodona	Associate Professor and Head, Business Ethics Dept.
MAS Business	John Scade	Managing Director
MCDI (Medical Care Development Int'l)	Christopher Schwabe	Director, BIMCP (Bioko Island Malaria Control Project)
The Partnering Initiative	Leda Stott	Senior Associate
Umid Humanitarian and Social Support Centre	Israyil Isgandarov	Executive Director
UNDP	Karolina Mzyk	Program Analyst – Private Sector Division
Industry Attendees		
Agip KCO	Zhanar Zhakeyeva	Social Issues Advisor, Kashagan Full Field Development
BP	Elizabeth Wild	Social Performance Advisor
Chevron	Jim Dawson	Policy Advisor
ConocoPhillips	Lee Zarnikau	Specialist, Social and Stakeholder Issues
Eni SpA	Alessia Priolo	Sustainability Department
Eni SpA	Piera Turati	Community and Social Initiatives Coordinator
Eni SpA	Elisabetta Valotti	Community and Social Initiatives Coordinator
Eni Australia Ltd	Toni Franklin	CSR and Communications Coordinator
Eni Australia Ltd	James Kernaghan	External Relations and Communications Mgr
IPIECA	Jenny Owens	Project Manager - Social Responsibility
IPIECA	Paula Lynch	Office Manager

organisation	name	position
Marathon	Adel Chaouch	Director - Corporate Social Responsibility
Marathon	Eleanor Fraser	Risk Assessment Manager
Marathon	Roger Holliday	Sustainable Development Manager
Nexen	Jim Shaw	Manager - Community Affairs
Nexen	Leor Rotchild	Senior Analyst, Social Responsibility
Petrobras	Guilherme Leoni	Environmental Engineer
Repsol YPF	Ana Ferguson	Corporate Responsibility Assistant
Repsol YPF	Claudina Caramuti	Corporate Responsibility Department
Repsol YPF	David Mansell-Moullin	Environmental Specialist
Repsol YPF	Jose Manuel Sin	Corporate Responsibility Manager
Repsol YPF	Lucia Die	Community Relations Coordinator
Repsol YPF	Luisa M Roldan Obeso	Corporate Responsibility Manager
Shell	Victoria Walsh	Social Performance Management Unit
StatoilHydro	Karin Berentsen	Local Content Manager
Total	Jean-Marc Fontaine	Vice President - HSE
Moderator		
ERM Iberia	Marcos Gallego	Partner, Manager for Corporate Assurance

note: for participant biographies please see workshop program available at: www.ipieca.org

SUMMARY OF PRE-WORKSHOP SURVEY RESPONSES

A survey was sent around to all workshop participants in advance of the event to receive input that helped to shape the agenda. The summarised responses are presented here:

RESPONSES:

There was a good response rate to the survey, with 34 people answering the questions – evenly between external and industry stakeholders.

JOB FOCUS AREAS:

Attendees at the workshop cover a wide spectrum of job specialities. Many work specifically on social investment (SI) implementation; also in community relations, project development, health safety and environment, and government relations.

CHALLENGES: Relevance / Ranking

- 1: How to make partnerships work
- 2: Capacity building for long-term sustainability
- 3: Getting the needs analysis right
- 4: How to measure success of SI programs

When asked to rank the challenges in terms of most important, there was mixed responses to the priorities. From the survey, the top ranked challenge was 2 (capacity building). This was closely followed by 4 (how to measure success). 1 (partnerships) was also ranked highly by some, but not all. 3 (needs analysis) was ranked on the lower end of the scale.

From this information, we decided to go ahead with three challenges on the agenda (1, 2, and 4) in order to focus our time on those issues of most relevance.

ASSESSING PARTICIPANT CHALLENGES:

Many of the “other” challenges suggested by survey participants generally related to some aspect of the three main challenges already identified on the agenda. A few of the specific ideas are listed here, and you may want to consider them when discussing the challenges in your break-out groups.

- 1: Relating to partnerships:
 - Sharing best practices, especially of successful NGO partnership models
 - Relationships - with governments, communities
 - How to define roles and responsibilities
 - How to manage social investment in realities where politics are a strong undercurrent
 - How to allow for effective community involvement and ownership, building a relationship of trust and participation, balanced with need to meet project timelines
 - Finding the right implementers
- 2: On the idea of capacity building for long-term success:
 - Departure away from traditional hand-out approaches
 - How can a capacity building program help turn unsustainable SI programs into sustainable ones?

Some other challenges were also identified such as:

- Integrating SI into an organisation, raising awareness across all departments and sites, getting internal buy-in, and linking SI to the business case.
- Going beyond the “technical” paradigm to see inter-relationships and dependencies that determine SI outcomes.

ADDITIONAL EXPECTATIONS:

Two main themes emerged from this question. Participants indicated strong desires for this workshop to help build relationships and also to share best practice. On relationships, the main items that came up were: building trust, maximising partnerships, and increasing understanding and awareness of other organisations. On exchanging learnings, participants noted a need to share lessons learned on building capacity for sustainability, how to leverage this knowledge and help plan for successful exit strategies, and seeing where are the gaps and challenges.

Some other specific expectations include:

- Understanding the different implementation challenges between targeted countries. Also the nuances in SI across different industry sectors.
- Sustainability and sequence of activities of the SI strategy builders
- Insights into balancing the expectations of company, host government and communities in the design and selection of SI projects/programs
- What to do when the consultation did not get positive feedback from the community
- Understand how to differentiate between social investment that looks good and that which makes a real lasting difference
- To gain a clearer understanding of what drives SI processes within oil and gas companies, what they see as successes, what motivates, or de-motivates them to initiate and continue SI programs
- The role of government, and linking SI programs in to wider regional development plans - Working with other industry locally on SI
- How to control contractors and sub-contractors. Working with international institutions (UNDP, UNITAR, etc).
- Brainstorm on concrete deliverables – for example a jointly-developed tool for measuring impact of SI partnerships



The International Petroleum Industry Environmental Conservation Association (IPIECA) is comprised of oil and gas companies and associations from around the world.

Founded in 1974 following the establishment of the United Nations Environment Programme (UNEP), IPIECA provides one of the industry's principal channels of communication with the United Nations.

IPIECA is the single global association representing both the upstream and downstream oil and gas industry on key global environmental and social issues including oil spill preparedness and response; global climate change; health; fuel quality; biodiversity; social responsibility and sustainability reporting.