

Stakeholder Involvement in Project Monitoring

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External monitoring of a company's environmental and social commitments can strengthen stakeholder engagement processes by increasing transparency and promoting trust.



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Stakeholder Involvement in Project Monitoring

One way to help satisfy stakeholder concerns and promote transparency is to involve project-affected stakeholders in monitoring the implementation of mitigation measures or other environmental and social programs. Such participation, and the flow of information generated through this process, can also encourage local stakeholders to take a greater degree of responsibility for their environment and welfare in relation to the project, and to feel empowered that they can do something practical to address issues that affect their lives. Participatory monitoring also tends to strengthen relationships between the project and its stakeholders.

If local capacity is lacking, your company may wish to consider **capacity-building** and training programs to enable project-affected people or local organizations to acquire the technical skills necessary to participate in effective monitoring. Companies which have done so say it is in their own best interests to ensure that any groups monitoring their project have a sound technical understanding of the process, as it leads to more accurate and credible monitoring results and enables informed dialogue.

✓ Promote participatory monitoring

Participatory monitoring goes beyond the company consulting with affected stakeholders on environmental monitoring data. It requires the **physical presence of affected individuals at the time that monitoring takes place**, and involves methods and indicators **meaningful to the stakeholders** concerned. In some jurisdictions, the participation of project-affected stakeholders in monitoring environmental and social impacts and mitigation can be a regulatory requirement. It is also good practice. In relation to any type of stakeholder involvement in project monitoring, care should be taken in the choice of representatives and the selection process should be transparent.

Participatory monitoring might include, for example,;²

- involvement of affected stakeholders in **scientific sampling** methods and analysis – many local groups are quite able to understand such techniques without professional training whereas others may need some capacity building
- **observations** by affected parties, triangulated to strengthen validation

2. Source: Adapted in part from: the Global Development Research Centre
<http://www.gdrc.org/uem/e-mgmt/10.html>

□ □ □ **An external monitor can help increase both the accountability of the project and the credibility of the monitoring results.**

- **group discussions** on the success of mitigation or benefit measures and/or on how to manage new issues that have arisen
- the adaptation of conventional **participatory techniques** to the purpose of assessing changes in the physical and socio-economic environment over time, such as a seasonal calendar, daily/weekly schedules, resource and land-use maps, and wealth ranking

While some companies may be skeptical about the technical ability of local stakeholders to assist in monitoring, many companies who have tried this approach have found the learning curve to be much more rapid than they had predicted.

✓ **Explore the potential benefits of external monitoring**

External monitoring of a company's environmental and social commitments can strengthen stakeholder engagement processes by increasing transparency and promoting trust between the project and its key stakeholders. Companies benefit by receiving an objective assessment of their environmental and social performance, which can help defuse external criticism and strengthen support from local stakeholders. An **external monitor** can also help increase both the **accountability** of the project and the **credibility of the monitoring results** in the eyes of affected communities and civil society groups by serving as an independent and objective source of information and reporting. External monitors may be NGOs, government regulators, academics and scientists, community representatives, technical experts, or eminent persons.

For particularly complex or controversial projects, where objectivity and transparency are key, it can be good practice to establish an **independent monitoring panel** or group to oversee and report on the project's environmental and social performance. This body might include project stakeholder representatives, internationally recognized technical experts and/or eminent persons. Critical to the success of such a panel is a composition that is **trusted** and **technically capable**, and whose monitoring reports are disclosed publicly. The same concept can be applied to smaller projects, but with a scaled-down panel comprising community representatives and local emissaries or academics.

EXXONMOBIL: EXTERNAL MONITORING OF THE CHAD CAMEROON PIPELINE

For the Chad Cameroon pipeline project, operated by ExxonMobil, an External Compliance Monitoring Group (ECMG) was contracted to monitor and evaluate the performance of the operator and the two governments in implementing their environmental commitments contained in the project's Environmental Management Plan. The ECMG, a consulting firm paid for by ExxonMobil (with IFC serving as an intermediary) undertook at least four site visits per year up until the project completion date, and confers with the project companies' representatives, the affected populations, NGOs, and other parties responsible for environmental compliance monitoring. All ECMG reports are public documents made available (in English and French) through the World Bank's and ExxonMobil's websites.

**For more information on setting up an external monitoring mechanism for complex projects, please see: External Monitoring of the Chad-Cameroon Pipeline Project: Lessons of Experience, IFC (September 2006) www.ifc.org/enviro*

BAKU-TBLISI-CEYHAN PIPELINE: NGO MONITORING IN AZERBAIJAN AND GEORGIA

Monitoring of the **Baku-Tblisi-Ceyhan Pipeline** project by national NGOs was a recommendation that arose during the construction phase of the project. BTC took up this recommendation, with support from IFC and EBRD, with the view that constructive and well-informed NGO monitoring could be useful to the company in helping to improve the performance of the project. However, a number of NGOs in the pipeline countries lacked the experience and financial resources to effectively perform a monitoring role. The challenge for BTC was to find a way to provide a learning process and financial support for the NGOs without financing them directly, in order to preserve their independence.

To achieve this, BTC engaged third-party organizations to facilitate the implementation of the NGO monitoring program in Azerbaijan and Georgia. (In Turkey, a facilitating organization was not engaged because the experience and capacity of Turkish NGOs was generally greater than in Azerbaijan and Georgia, and a number of Turkish NGOs were already involved in the project.) The facilitating organizations were able to establish a number of Working Groups in both Azerbaijan and Georgia. Members of each Working Group received training in monitoring and auditing techniques, as well as presentations and information sessions about the project from BTC staff. Throughout the monitoring period, BTC provided access to construction sites and documentation, supported by meetings with relevant BTC and contractor personnel. The objectives of the program were as follows: (i) to enable participating NGOs to acquire the skills to plan and implement a program of objec-

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tive monitoring and reporting of the BTC pipeline to international standards; (ii) to provide the NGOs with transferable skills to monitor environmental and social impacts of other projects; and (iii) to publicly demonstrate that BTC is taking their commitment to transparency seriously.

Participants from the Azerbaijan program visited Georgia during March 2005 to share their experiences, and this cooperation between the two countries is expected to continue as the programs progress. This level of formal collaboration between industry and civil society is seen as providing a model for future developments in the Caucasus region.

Azerbaijan

In Azerbaijan, BTC formed a partnership with Open Society Institute (OSI) Azerbaijan. OSI acted as a coordinator for the NGOs and contributed vital funds to support the participating NGOs. It also established a registration, training and mentoring system for the NGOs. Azeri NGOs subsequently identified five monitoring themes (social, land and worker rights, local content, cultural heritage, and environment), formed a group for each theme, and created smaller working groups to perform the monitoring on behalf of the others. They also took part in training on monitoring, evaluation, and reporting techniques and received presentations about the BTC project.

Sharing Experience with the Chad-Cameroon Pipeline

OSI brought in Catholic Relief Services to provide training in monitoring techniques, using the expertise of an NGO monitor on the



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Chad-Cameroon pipeline project. There are few projects equivalent to the BTC pipeline, so this was an opportunity to share valuable experience from a comparable project. The Chad-Cameroon NGO monitor continued to support the Azeri NGOs while they prepared and implemented their monitoring plans and wrote their reports.

Georgia

In Georgia, the Eurasia Foundation's Pipeline Monitoring and Dialogue Initiative (PMDI) is assisting NGOs in Tbilisi and along the pipeline corridor. PMDI is a "facilitated monitoring" program to build an expert cadre of NGO monitors and encourage informed participation by a wide variety of NGO representatives in monitoring the impact of the pipeline route. Many NGOs responded to the initial invitation to register, and a selection process resulted in the formation of three Working Groups: Waste Management, Reinstatement, and Social and Human Rights. NGO training and monitoring was successfully achieved in December 2005 and further capacity building began in 2006.

Source: The BTC Pipeline Project: Lessons of Experience, IFC (September 2006) available at www.ifc.org/envirolessons