

Public participation in the EU – a comparison between East and West

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Abstract

Stakeholder engagement (SE) is considered a crucial component of any impact assessment. This is reflected by the Performance Standards of the IFC and EU legislation. However, it is unclear under which conditions SE will be properly implemented and whether the available approaches need to be adapted to the prevailing situation such as the socio-economic conditions or the local culture. We compared the current practice of SE between Bulgaria (Eastern Europe) and Austria (Western Europe) by conducting two workshops with practitioners with long-term experience in the two countries. We found many parallels between the countries, but also differences in effort invested and success in SE. In Austria, companies appear to be more inclined to invest in SE beyond compliance, but are also more likely to use manipulative PR strategies with short-term benefits but potentially deleterious effects in the long run. Our findings support the idea that SE is successful when it generates trust among project proponents and stakeholders. Future studies are needed to further investigate the factors that determine success or failure of SE.

Introduction

Stakeholder Engagement (SE) is the process by which an organization engages with the people who may be affected by the decisions it makes. It is a key measure to demonstrate corporate social responsibility (CSR) and a means to obtain the “social license to operate” (SLO) (Moore 1996; Prno & Slocombe 2012). Law and lenders require SE when projects are likely to negatively affect, or cause fears (well-founded or not) to third parties (Agrawal & Gibson 1999; Campbell 2007; Clark & Hebb 2005; Gjolberg 2009; Gunningham, Kagan & Thornton 2004). The approach taken to engage the public into the decision making process varies considerably between companies, geographical regions and project types and its success varies considerably, too. Here we aim at making a first step to better understand this variation by comparing two countries (Bulgaria and Austria) as representatives for Eastern and Western Europe. Eastern and Western Europe differ markedly in many respects such as culture, recent political history and economy. We believe, comparing two countries that show differences in many potentially relevant factors provides a valuable first step in shedding some light on what makes or breaks successful SE.

What are the main elements of public disclosure and participation?

The “gold” standard of public disclosure and participation are the IFC Performance Standards (IF PS (IFC 2012)). These standards go in many respects beyond the legal requirements in EU countries. Core elements are Free Prior and Informed Consent (“FPIC”) and other principles such as that (i) stakeholders need to be identified and engaged early in the process of project development; (ii) SE needs to accompany the entire project life cycle; (iii) the public needs to be informed in such a way that project can be understood by all stakeholders; (iv) public consultations must be organized in a culturally sensitive manner and special attention must be given to vulnerable groups and (v) comments and concerns need to be addressed and should feed back into project design.

A comparison between Eastern and Western EU Member States as a test case

Eastern European countries are currently in a phase of transition from a communistic socio-political system to a Western oriented democratic system and a free market economy. These and other related factors such as differences in culture and previous experiences with SE are likely to affect current practice of SE and whether this is successful in generating trust among stakeholders. Studying the relative importance of such factors for public participation is beyond the scope of this paper. Here we ask whether differences in current practice of SE prevail between two European countries, and under which conditions the approach used have been successful. One reason for investing in SE beyond compliance with legal requirements (Gunningham et al. 2004) is that it can generate trust among the developer and stakeholders (Rowe & Frewer 2000) which, under certain conditions, can be a competitive advantage on the market (Barney & Hansen 1994). To better understand why companies invest in SE beyond compliance, we investigate whether there are differences in this respect between the two countries.

Methods

Two workshops were held, one with the Environmental Team of ILF consisting of 10 persons with more than 20 years of experience in impact assessment of large-scale infra-structure projects in Austria and other European countries and a second one with a key expert (20 years experience) in social impact assessment in Bulgaria. The workshops were based on 11 questions about current practice of SE in Austria and Bulgaria (see Results).

Results

Table 1 below presents a summary of the answers to the 11 questions.

Table 1: Results of two workshops with IA specialists with many years of experience with SE in Bulgaria and Austria. The differences are highlighted in bold.

Question	Bulgaria (Eastern Europe)	Austria (Western Europe)
(1) What are the reasons for SE?	Compliance with national legislation, Lender's requirements, proponents reputation (rarely)	Same as Bulgaria, experience, proponents reputation
(2) When does it start?	Scoping	Pre-feasibility stage , Scoping
(3) How long does it continue?	(a) Legally : until finalization of public hearings. (b) To meet Lender's requirements SE should continue during the entire life of the project (rarely done in BG).	(a) Legally : same as Bulgaria; (b) Developer's motivation : up to throughout the project life cycle
(4) How are stakeholders identified?	(a) By legislation, notices from the authorities; (b) by proponents own judgment	(a) Legally : same as Bulgaria; (b) Developer's motivation : active search based on knowledge and previous experience of social and environmental sensitivities.
(5) Who is considered to be a stakeholder?	As stipulated by law: parties affected by or having a vested interest in the project	(a) Legally : Parties affected by or having a vested interest in the project; (b) Developer's motivation : all persons or groups that have an interest in the project
(6) How often are stakeholders consulted?	Minimum: 2 x (once during scoping/once during public hearings.) More rarely: regularly during the entire EIA process and continued throughout the project cycle	(a) Legally : Minimum: 2 x (once during scoping/once during public hearings.) (b) Developer's motivation : regularly during the entire EIA process and continued throughout the project cycle.
(7) What formats (presentations, meetings, interviews, workshops) are used?	Usually meetings including presentations, "open rooms"	Meetings including presentations, small group (focus group) discussions , "open rooms", round tables, interviews, letters, internet
(8) What are the consequences of objections to a project?	(a) Legally: any interested third party can appeal against the EIA permission. (b) Other: In the best case public objections can influence project design until it becomes acceptable. Cases exist of projects being delayed or frozen due to well-prepared objections by NGOs	(a) Legally: affected parties with legal standing can appeal against the EIA permission; appeals from those without legal standing will be considered by the authorities on a case by case basis. (b) Other: in case of public resistance, projects can be considerably delayed, become more expensive or be stopped altogether. In the best case project design is improved.
(9) What are the main sensitivities in the country that have led to resistance to a project?	<ul style="list-style-type: none"> • "Not in my back yard" – resistance to projects having a direct personal effect. • Land property/expropriation • Noise • Toxic hazards • Fears of dangers (e.g. gas explosion) • Lack of trust due to <ul style="list-style-type: none"> • insufficient implementation of environmental and social control measures following project approval. • No or wrong information about a project 	<ul style="list-style-type: none"> • "Not in my back yard" • Land property/expropriation • Noise • Toxic/radioactive hazards • Fears of dangers (e.g. gas explosion) • Nature conservation • Landscape conservation

<p>(10) Examples of good / poor SE?</p>	<p>Good SE</p> <ul style="list-style-type: none"> • Projects with ongoing consultation due to implementations of IFC Performance Standards (e.g. Burgas-Alexandroupolis Project) <p>Poor SE</p> <ul style="list-style-type: none"> • Plenty examples (e.g. when SE is reduced to a bare minimum to reduce costs and time delays) 	<p>Good SE</p> <ul style="list-style-type: none"> • Projects with ongoing consultation and high public acceptance (e.g. several projects of the Austrian Railways and OMV) <p>Poor SE</p> <ul style="list-style-type: none"> • Same as Bulgaria • Mix of SE with Public Relations (PR)
<p>(11) Why was SE successful? Why not?</p>	<p>Successful</p> <p>When started early, continued throughout the project life cycle and results of SE were fed directly into project design</p> <p>Unsuccessful</p> <p>Insufficient project information, people felt they were not asked, feeling of disrespect, failure to identify key stakeholder groups</p>	<p>Successful</p> <p>Same as Bulgaria</p> <p>Unsuccessful</p> <p>Same as Bulgaria</p>

Discussion

According to our findings, SE is more likely to start early and to continue longer (up to throughout the project life cycle) in Austria. More effort appears to be invested into the participation process in Austria compared to Bulgaria. While the legal basis for SE is the same in both countries (both are EU Member States), companies in Austria appear to be more likely to invest in SE beyond compliance, apparently due to decades of experience with the costs of public resistance. In Bulgaria, examples of high investment in SE also exist, but mainly as a consequence of implementing Performance Standards of Lenders (e.g. IFC PS). Such cases of public participation have been suggested to contribute to the capacity for democratic governance and to help foster an active civil society in Eastern European countries (Almer & Koontz 2004). While the consequences of insufficient SE are considered to be similar in both countries (feelings of anger, betrayal and of being disregarded, loss of trust, active opposition), there are marked differences regarding the sensitivities that are likely to trigger public resistance. In Bulgaria, lack of trust in the implementation of agreed measures prevails. In contrast, in Austria nature and landscape conservation (which are considered as a “luxury” in Bulgaria) are sensitive issues. In both countries SE was considered to be useful for building up trusting relationships, provided the idea of public participation was adopted as a philosophy for project realization. In Austria, genuine SE is occasionally mixed with public relations campaigns, which use manipulative techniques such as sugarcoating or spreading partial or wrong information in order to generate a short term shift in public opinion. Practitioners considered this as a risk because it can undermine all efforts made to generate trust and build up reputation (see also Bergmüller and Narval 2012).

Why does SE work?

Overall, our results seem to support the idea that SE will be successful when it serves building up trusting relationships by engaging all affected and interested parties into the project design because it (a) allows stakeholders to voice their opinion (instead of the feeling of being ignored or an obstacle to the project), (b) it helps to pre-empt and mitigate conflicts of interest among stakeholders with an interest in economy, social or environmental issues, and (c) it can lead to a better project design with broad public acceptance and a “social license to operate”.

However, as yet it is unclear whether this general principle is sufficient to explain successful implementation of SE under a great variety of conditions, such as in different countries with many differences in key aspects such as differences in culture, the socio-economic environment, recent political history or differences in corruption. Moreover, it is unclear whether trust can be established

with the same participatory techniques under such differences in conditions. Finally, if SE indeed provides benefits for project realization, why is it that companies are only rarely inclined to proactively invest in SE (Gunningham et al. 2004)? In our study we merely asked practitioners in the field about their perceptions based on their long-term experiences, but did not collect actual data that could help to resolve these issues. Therefore, we wish to highlight that the question why and how SE will actually work deserves future research, including a systematic approach by means of data collection in different countries, within different project types, and with a focus on answering specific questions concerning the relevance of potential factors involved.

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