Stakeholder mapping tools to improve communication and stakeholder engagement in Oil&Gas projects

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1. Potentials, ambitions and concerns of the oil and gas sector in Italy

Italy is known to have a limited endowment of natural resources and a large share of the national GDP derives from industrial production and services, despite the economic decline faced in the last few years. This combination of elements means that among industrial countries, Italy is highly dependent from imports of primary energy, with more than 76% of the total energy used in 2013 coming from abroad, in particular in the form of oil and natural gas. Surprisingly however Italy has relatively important reserves of these two sources, considering that the country hosts the largest known onshore oil reserves of continental Europe, and interesting offshore potentials. Italy’s industrial history, and in particular the economic growth seen in the 50’s was partially boosted by the production of gas and oil, thanks to the strong commitment of the national hydrocarbons company ENI. Investments in the O&G sector lead to the creation of important industrial districts, however the initial boost was not supported at a political and strategic level, leading to a general decline of the sector and forcing the industry to find its markets abroad. Currently very little exploration is being done and production is declining since the 90’s, as exploited fields are reaching their natural end.

Over the last few years the national government is attempting to invert this trend, introducing specific strategies and regulations to attract investments, with the overall aim of doubling current production and bringing it back to the levels seen in the 80’s. In particular the National Energy Strategy, adopted in 2013, introduces seven “pillars” for the future of Italy’s energy sector, among which the “sustainable production of national fossil reserves”. More recently the government has introduced new regulations to simplify and speed up the complex permitting process, which is seen as an element that refrains investment, especially from abroad. The introduction of this legislation has been controversial, as it is seen as an attempt to centralize at government level the decision making process, in order to limit the role of local authorities, which generally result to be cautious, if not hostile, in accepting the development of large projects and infrastructures on their territory.

2. The role of stakeholder engagement in an uncertain ESIA framework

Being part of the EU, Italy’s ESIA legislation follows the requirement of the EU directive and IA now has a central role in the overall permitting process, even if its effectiveness is increasingly questioned. Within this framework however the assessment of social impacts is generally given little space, while stakeholder engagement is in most cases limited to disclosing the ESIA and a non-technical summary, and collecting written feedback from stakeholders. There is no obligation to involve stakeholders directly in the ESIA process and project sponsors rarely have a proactive approach towards engagement, as it is still seen as a factor of uncertainty rather than an opportunity to build better projects. This means that local concerns and expectations are not positively channeled within a structured dialogue but rather managed with an emergency driven approach when stakeholders make their voice heard.
In a context characterized by the NIMBY (Not In My BackYard) and NIMTO (Not In My Term of Office) syndrome, as in most developed countries, large and complex projects face major risks of disruption and delay during their development, due to hostility from local communities and lack of legitimacy of the political class. In many cases projects are brought ahead with a general sensation of frustration from most parties, leading to solutions that are considered insufficient by everyone and widening the distance between communities, authorities and project sponsors; in extreme situations resentment is so strong that project are brought ahead with an approach that resembles military actions, as in the case of the High Speed Train project to connect Italy and France via the Alps.

Projects in the O&G field are evident targets of strong local opposition, not only because communities fear the environmental impacts that the territory will bear but also because they consider these projects as completely alien to the form of development that they envision for their future. In addition, the striking success of renewable energy sources seen in the last few years, which now account for approx. 30% of electricity produced in Italy, have created a perception that fossil fuels are a source that we can do without, underestimating the role that they have currently and will continue to have in the near future. At the same time authorities seem unable to provide effective and sound information on the scale of risks connected to the projects, while project sponsors generally end up quantifying benefits only in terms of employment, which in capital-intensive operations of the O&G sector is known to be limited and is not considered a sufficient reward by communities.

It is therefore clear that if new projects in the O&G sector are to be implemented in the near future in Italy, they will have to carefully approach the issue of stakeholder engagement, considering impacts and benefits not just in their quantitative aspect, but taking into account concerns, aspirations, desires and projects that local communities see for their future. This however can be done only if the socio-economic context is well understood and analyzed, so that the project can leverage existing trends and become a true element of positive local development, by introducing win-win solutions tightly embedded in the local economic fabric.

3. How software tools can support stakeholder engagement activities

An offshore exploration project in Italy which was undergoing the ESIA process represented an interesting case to apply the approach to stakeholder engagement described above. In this area of Italy a number of O&G projects is in the pipeline, and this has already lead to immediate reactions from local communities, in the form of strong protests and pressure on local politicians. The issue is therefore a hot topic that has to be dealt with care, but the loud response also allows to clearly identify concerns and fears towards this kind of project.

In order to respond to stakeholders in a proactive way, to find effective means of communication and to increase the local content of the project, the analysis of the socio-economic context was performed on two levels. On the one hand we focused on mapping individual stakeholders, to assess their role, position and issues of concern, on the other we looked at the wider picture of local development projects and strategies that are being brought ahead, to understand how the local communities envision their future and to understand how and O&G project can fit in this picture.
Considering the number of stakeholders (800+ have been mapped so far) and of issues of concern (50+), it was immediately clear that we needed a structured database system to manage all the information. We first looked at existing stakeholder management tools, however we soon understood that they are generally built to support the operational phase, allowing to keep track of activities performed and involvement of different stakeholders, but cannot be easily used and adapted for analytical purposes.

A specific software was therefore created, focusing on the possibility of classifying stakeholders according to a set of criteria, of keeping track of their issue of concern and of linking them to local development projects. Moreover the software was built with a user-friendly interface on a web based framework, in order to allow easy access to a number of people, including the client and other consultants. The software offers the possibility of exporting all information in excel files and in a pdf template that presents the most relevant data for each stakeholder.

At the stakeholder level, the core of the software is represented by a listing system that allows to classify, filter and select stakeholders according to the following criteria:

- Influence
- Interest
- Attitude
- Level of Expertise
- Level of participation
- Role

Based on a thorough desktop research, which included media articles and letters sent by stakeholders during the ESIA process, 53 issues of concern were identified (i.e. risks for the marine environment, increase of marine traffic, impacts on the tourism industry) and linked to individual stakeholders.
Screenshot of the stakeholder list page
Similarly local development projects were screened and uploaded in the software. A total of 25 relevant projects were identified and divided in three categories, with approx. 60 stakeholders identified to be directly linked to them.

Putting into a structured system a relevant amount of information proved to be a powerful means of analysis, as it allowed drawing statistics, making comparisons and identifying interactions between stakeholders. The software was therefore used during strategic and operational stakeholder engagement planning, with the purpose of grouping stakeholders based on characteristics, of tailoring communication according to participants’ issues of concern, and of preparing adequate responses to questions and doubts expected to be raised.

The software proved particularly useful in the process of preparing a document to respond to written feedback sent by stakeholders during the ESIA process. In particular matching stakeholders to issues of interest allowed covering all concerns raised and indicating in the document’s introduction where each stakeholder could find answer to the feedback provided.
The software has also been used before meetings with groups of stakeholders, to brief the Client representatives on the position of stakeholders, on their evolution over time and on their specific issues of interest.

Having a clear picture of the socio-economic context is key to implement engagement with a proactive approach rather than a defensive one, as it allows to demonstrate to stakeholders a good understanding of local issues of concern and to put forward concrete solutions to increase the local content of the project. In this respect the connections identified between stakeholders and local development projects is particularly useful to open a positive dialogue based on effective needs and expectations raised by local communities.

4. Conclusions

Large and complex projects, such as those in the O&G sector, are increasingly required to partner with local communities, not just with the objective of maximizing benefits, but of becoming actual part of the local development strategy. Embedding projects in the local socio-economic context requires a sound analysis of stakeholders, of their interactions and of how they envision their future, in order to put forward win-win solutions. Considering the amount of information to be managed for this task, the use of tailored software had proved to be a useful element to perform stakeholder mapping, to support the preparation of tailored communication material and to strategically plan engagement activities throughout the ESIA process.

References

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