Oil industry and stakeholders

The use of a tailored stakeholder management tool in an O&G Project

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1. Potentials, ambitions and concerns in the O&G sector in Italy

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

3. How software tools can support stakeholder engagement activities
If you think of Italy, many positive (and negative) qualities may come to mind, but the availability of natural resources is probably not in this list…

… however Italy has the 5th largest amount of O&G certain reserves in Europe and the largest amount of onshore reserves.
Oil&Gas Resources in Italy

O&G Reserves in Italy and in other European Countries
Source: National Energy Strategy
Oil & Gas exploration and production in Italy

- since the years 2000 the number of exploration activities has decreased consistently, with no exploration projects implemented in 2014

Number of wells drilled
Source: UNMIG

Meters of wells drilled
Source: UNMIG
consequently production has seen a declining trend, particularly in natural gas production.
Italy is highly dependant from imports of energy sources, with about 86% of overall energy coming from abroad in 2014.
Ambitions for future O&G production

- The **National Energy Strategy** (2012) introduces 7 pillars for the future of Italy’s energy system, including “the sustainable production of national O&G reserves”

- More recent regulations aims at streamlining the permitting process and reducing the power of veto from local authorities (Regions)

- These new regulations are very controversial and a number of Regions have claimed it to be unconstitutional
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The EIA framework in Italy

- The current **Environmental Act** (Testo Unico dell’Ambiente), introduced in 2006, is in compliance with EIA Directives 85/337/CEE and 2003/35/CE, while directive 2014/52/EU has yet to be transposed in the national legislation.

- The ESIA process is now a **well established phase** in the overall permitting process, however its **effectiveness is increasingly questioned**, for its intrinsic weakness in the stakeholder management process.

- ESIA studies
  - usually focus mainly on environmental aspects and compliance with current legislations,
  - social aspect are not usually covered in detail and **very little space is given to stakeholder engagement**.
The role of stakeholder engagement

- the ESIA study has to be made available to the public by authorities and its disclosure is advertised by project sponsors on newspapers.

- the general public has **60 days** to submit **written feedback**, and project sponsors can respond to comments in writing. This material is part of the ESIA commission evaluation.

- public meetings and public hearings can be organized by the ESIA commission on a **discretionary basis**.
Stakeholder engagement in O&G projects

- O&G projects, that are being developed, are usually strongly opposed by local communities:
  - feared of their environmental impacts
  - viewed as completely alien to the form of local development that communities perceive for themselves

- Underestimating stakeholder engagement can lead to serious complications and delays but project sponsors are rarely proactive in their approach to engagement

- Despite the current economic crisis in Italy, occupational benefits do not generally seem to be a sufficient trade-off to local communities
Stakeholder engagement in O&G projects

- if a higher number of O&G is to be implemented in Italy in the near future, stakeholder engagement will have to be carefully approached.

- impacts and benefits have to be addressed not just in their quantitative aspect, but taking into account concerns, aspirations, desires and that local communities see for their future.

- the socio-economic context has to be well understood and analyzed, so that projects can leverage existing trends and become a true element of positive local development.
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The case study

- **Case study:**
  an **offshore O&G exploration project** off the coast of Italy undergoing the ESIA process

- **Features:**
  similar projects are already in the pipeline in the surroundings, therefore numerous stakeholders have already made their voice heard

- **Approach:**
  the client wishes to address stakeholder engagement in line with its CSR policy and with a more **proactive approach**, based on a sound analysis of the current situation
Our approach

2 main levels of work

Mapping of stakeholders
To understand role, position and issues of concern

Mapping of local development projects
To find out what local communities envision for their future
Outcomes of the desktop analysis

800+ stakeholders

50+ issues of concern

25 local development projects
A tailored stakeholder analysis tool

**Requisite:** creating a database that allows dynamic linking of stakeholders with issues of interest and local development projects, and to support the design of the appropriate communication strategy

**Problem:** most stakeholder management softwares may be useful during the operational phase of projects, allowing to keep track of activities performed and stakeholders landscape evolution

**Solution:** a web-access database which allows selecting, filtering and extracting information
A tailored stakeholder management tool

Stakeholders are classified according to the following criteria:

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

Each stakeholder can be linked to one or more issues of concern, such as:

- Risks for the marine environment
- Increase of marine traffic
- Impacts on the tourism industry
- Etc.
A tailored stakeholder management tool

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A tailored stakeholder management tool
Some interesting findings

- a bulk of 8-10 stakeholder participates actively on more occasions while many stakeholders participate only once

- recurring issues of concern among stakeholders include:
  - risk of incidents and spillages
  - profile and realiability of proponent
  - impacts on tourism and on the regional «brand»
  - fear of cumulative impacts

- fishermen and fishermen communities have not been particularly active so far
Benefits of the software

- having a structured database proved to be a **powerful tool of analysis**, as it allowed extracting statistics, making comparisons, identifying interactions between stakeholders and monitoring the progress.

- the software was used during **strategic and operational stakeholder engagement planning**, with the following purposes:
  - grouping stakeholders based on characteristics,
  - tailoring communication according to participants’ issues of concern,
  - preparing adequate responses to questions and doubts expected to be raised.

- the tool was also used to prepare a document responding to written feedback sent by stakeholders during the ESIA process, allowing to provide specific answers to all the issues raised.
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
Thank you!

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