Key questions in managing social issues in oil & gas projects

Report No. 2.85/332
October 2002
IPIECA
The International Petroleum Industry Environmental Conservation Association (IPIECA), founded in 1974, is the single international organisation representing the integrated oil and gas industry on key global environmental issues. Members are drawn from private and state owned companies as well as national, regional and international associations.

IPIECA’s prime aim is to help its members address long term global environmental challenges by promoting constructive response options and by facilitating discussion and information exchange. To achieve this, IPIECA:

• represents the views of its members, and enables consultation with appropriate UN agencies and international organisations dealing with global environmental issues;
• promotes realistic, science based, economically efficient solutions to global environmental concerns; and
• develops international petroleum industry consensus on global environmental issues, in close cooperation with key stakeholders.

OGP
The International Association of Oil & Gas Producers encompasses the world’s leading private and state-owned oil & gas companies, their national and regional associations, and major upstream contractors and suppliers.

The vision:
• To work on behalf of all the world’s upstream companies to promote responsible and profitable operations.

The mission:
• To represent the interests of the upstream industry to international regulatory and legislative bodies
• To achieve continuous improvement in safety, health and environmental performance and in the engineering and operation of upstream ventures
• To promote awareness of Corporate Social Responsibility issues within the industry and among stakeholders.

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Key questions in managing social issues in oil & gas projects

Report No: 2.85/332

October 2002
This report has been prepared for OGP and IPIECA by the OGP Social Impact Assessment Task Force.

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**Acknowledgments**

The task force would like to thank the following for their helpful comments and suggestions on the draft stage of this report.

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Foreword

In 1997, OGP published a report entitled ‘Principles for impact assessment: the environmental and social dimension’. This report set out principles for the environmental and social dimension of impact assessment for E&P projects, emphasising integration of social assessment. It was intended for oil and gas companies and their contractors, and it highlights to them the importance of social and environmental assessment in all aspects of project planning and implementation. The document was subsequently endorsed by IPIECA.

The document was also viewed as a stepping-stone to a more comprehensive guidance document for industry practitioners. This joint OGP and IPIECA report is the next step in that process. The report is not designed as a manual for conducting Social Impact Assessment, nor is it strictly a guideline. At the centre of the report is a group of ‘Lists of Questions’. These, we believe, are the key questions that may need to be asked and answered in considering the social dimension of oil and gas projects. However, we would stress that the lists of questions should not be seen as ‘check lists’ that have to followed rigorously.

The report has been prepared as a response to what is seen as a need by industry practitioners. We are aware that a great deal of work is being done in this area by other industrial sectors, by regulatory agencies, by other non-governmental organisations, as well as by the academic community. The report is not fully comprehensive; there are a number of areas that have either not been addressed in detail, including human rights and conflict resolution, revenue management and transparency and the role of governments. These subjects are complex and have only emerged relatively recently as significant issues for the oil and gas industry and some of its stakeholders in some areas of the world. OGP and IPIECA did not have access to the range of resources and expertise to be able to address these topics in sufficient depth. Moreover, these issues fall more properly under the umbrella of corporate social responsibility.

In preparing the final document, we have conducted a limited consultation with a range of non-industry groups, including non-governmental organisations, consulting groups and financial institutions. We have not approached government consultees, but we would expect that OGP and IPIECA member companies might seek feedback from regulatory agencies as they use this document over the next year. The responses from the initial consultation have been addressed and, where possible, reviewers’ comments have been incorporated into the final text. Other comments, such as those dealing with the topics included in the preceding paragraph, have not been addressed, but will be retained until the first review of the report.

It is our intention that this document is made available as a working document. We hope that by using the document, member companies will identify the benefits and shortcomings of the approach and will make these known to OGP and IPIECA. We will also be interested in the reaction and views of a wide spectrum of stakeholders.

These comments will be at the core of a comprehensive review of the document that we plan to initiate in 2003.
Executive summary

Oil and gas companies need to understand social issues relevant to the industry, and know how to address them in an efficient, timely and pro-active manner.

The drivers

On a project-specific basis, addressing social issues increases the likelihood of project success; obtaining and maintaining a licence to operate, and reducing risks and uncertainties.

Social issues are linked with reputation. Over the past decade, oil and gas companies have placed increasing emphasis on early and continuing consultation, building partnerships and integrating stakeholder concerns into the overall project management cycle.

International lenders now place greater emphasis on social impact planning as a condition for project funding.

The social dimension is one of the three pillars of sustainable development, together with economics and environment. Addressing social issues may also, directly and indirectly, generate benefits to both the project and society.

The basics

Social issues cover the range of impacts (both positive and negative) a project may have on the social environment and vice versa. The social environment encompasses local peoples (including their norms, values, beliefs and the way in which they live and interact with each other), their communities, their environment and their economy.

The types of social impact and applicability of different impact mitigation measures vary depending upon the scale and type of the project components as well as the life-cycle stage. For example, large permanent processing facilities sited in developing areas inhabited by a variety of ethnic groups will have different impacts and needs from a gas line laid along a well-developed road system. Types of social impacts also vary depending on location of the project components and the type of social environment setting, such as offshore/onshore. Further variation may depend upon the project’s life-cycle stage.

The key elements to success

Managing social issues successfully requires both leadership and commitment by management and the involvement of a broad cross-section of individuals throughout a company. Such commitment may be incorporated into business principles, standards, policies and guidelines. These commitments serve as a basis for transparent interactions with stakeholders throughout all stages of a project life cycle, from country-entry through to decommissioning.

Social planning should be an integral part of project management and engineering. It is an iterative process throughout the life cycle of the project and encompasses company systems such as health, safety, and environment management systems. In addition, social planning related to health issues may be effectively integrated into company strategic health management system.

Consultation is a standard component of most major development projects and is mandated as part of the environmental planning process by many lenders and governments. It is the principal method to engage stakeholders, form partnerships, and develop trust and respect in the affected communities throughout the project lifespan of 30 years or more.

As communities and company policies change, so do interactions, and mutually reinforcing changing relationships is critical for success.
The stakeholders

Developing a major project involves partnerships: with privately and publicly held national and international oil and gas companies, foreign governments, or state-owned and operated oil and gas companies of foreign governments. This may create challenges in managing social issues and there is inevitably the need to negotiate and find common ground. Local communities may be affected either directly or indirectly by project activities and may have a particular interest in project planning and implementation. In some countries recognised Native governments and land-holding indigenous groups have developed regulatory and consultative procedures to address social impacts. Such laws may exist but may not always be implemented.

Lending agencies may participate with governments and/or companies in projects and will have their own objectives and requirements relating to assessment and management of social issues. For example, their primary goal may be to alleviate poverty. Also, lenders may give special consideration to indigenous groups that are not protected by law; however, some national governments take exception to such practices.

Most major projects involve some type of government regulatory review and oversight. There are substantial differences between regulatory requirements relating to consultation and social/economic impacts of projects in different countries. International companies must consider applicable laws and regulations in both host and home countries.

Contractors have an important role to play. For major projects they may be responsible for employing the most people, providing housing, food and health care, engaging in most local purchasing, developing local businesses, and managing any labour unrest.

Non-governmental organisations (NGOs) may seek to influence project development through public information campaigns and direct interactions with policy makers, other stakeholders and companies. Opportunities for positive interactions and partnerships may be worth pursuing because some NGOs have experience and expertise in identifying, evaluating and addressing social issues.

The document

This document provides typical questions relating to the management of social issues in oil and gas projects. It is neither a guidance document nor a template for social impact assessment. Ten lists of questions consider a range of social issues that might be encountered in oil and gas life cycle. They provide a tool to help with social planning issues and are targeted to:

- Project management to help them identify questions that may be important in their leadership role.
- Business and project teams, to help them identify questions that may be important in project development and management.

The document has three sections:

First, the Introduction explains the background to the list of questions. Second, the Lists of Questions cover the social planning and management issues during all stages of a project life cycle from country-entry through to decommissioning.

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Each list of questions includes an introduction. The lists are further broken down by topics, questions specific to the topic and comments. These cover:

- legal and other agreements;
- safety and security;
- consultation and information disclosure;
- compensation;
- resettlement;
- cultural properties;
- employment and labour actions;
- local economic development, housing, and community effects; and
- national infrastructure and utilities, and health.

Finally, additional reference material and information for the practitioner are provided in Annexes to the report.

In preparing the document, we have conducted a very limited consultation exercise encompassing groups of stakeholders. We have been able to address many, though not all, of the comments and concerns raised. Some of the comments were beyond the scope of the current report and the stakeholders have been made aware why we were unable to address specific topics. We will be making this report available widely, inviting comments with a view to revisiting the text after a reasonable consultation period.
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I Introduction

Over the last decade oil and gas companies have placed increasing emphasis on building partnerships and integrating stakeholder concerns into the overall project management cycle. Also, international lenders now place greater emphasis on social impact planning and mitigation of potentially adverse effects as conditions for project funding.

This document provides typical questions relating to the management of social issues in oil and gas projects. It is neither a guidance document nor a template for social impact assessment. Ten lists of questions consider a range of social issues that might be encountered in oil and gas life cycle. They provide a tool to help with social planning issues. It is targeted at:

- Project management to help them identify questions that may be important in their leadership role.
- Business and project teams, to help them identify questions that may be important in project development and management.

This document has been designed for readers with different needs. Some readers may only use specific parts of the document; others may wish to review the entire text. It is useful for individuals and organisations who:

- would like additional information on these issues,
- manage social issues, including Social Impact Assessments (SIA),
- manage social consultants,
- monitor social conditions, and
- are outside of the oil and gas industry and are interested in the range social issues in a project life cycle.

The lists of questions consider social planning and management issues during all stages of a project life cycle from country entry through to decommissioning.
2 Context of the list of questions

This section provides a background context within which the lists of questions could be evaluated. It considers the general importance of addressing social issues and impacts and methods to consider them in overall project management.

For the purposes of this document, social issues cover the range of direct positive and negative impacts of the project on the social environment and vice versa. Social environment encompasses local peoples (including their norms, values, and beliefs and the way they live and relate to one another), their communities, their environment, and their economy.

Addressing social issues may also directly and indirectly generate benefits to both the project and society.

Successful management of social issues requires both leadership and commitment to the issues by company management and the involvement of a broad cross-section of individuals from across a company. Social issues and commitments vary by project. These may include company precedents set through other projects/actions, applicable international and national standards, and lender and government requirements.

At the company level, commitments relating to social issues may be incorporated into business principles, guidelines, standards and policies for business conduct. Incorporation and/or adoption of these principles in key company documents make good business sense. Such actions establish the overall commitment of the company as well as a basis for transparent interactions.

Social principles may be incorporated into overall planning processes in company Health, Safety and Environment Management Systems (HSEMS). Social planning is an integral part of project management and engineering for all operations from seismic to decommissioning. It is an iterative process that occurs throughout the life cycle of the project from early planning through divestiture. Measures to be implemented could also be described in environmental planning documents and in documents such as project-specific HSEMS manuals.

In addition, social planning related to health issues may be effectively integrated into a company Strategic Health Management (SHM) System. This can yield benefits that extend from the health of the project workforce into the host community.

Application of the lists of questions may highlight areas where management of social issues are integrally linked to company management systems. They also indicate potential areas where they could be linked.

Social issues may need to be managed throughout a project’s life cycle. Given the typical 30 or more year life span of major projects, both communities and the environment around major manned facilities will certainly change. As communities and company policies change, interactions may need to be reassessed and changed. In addition, projects developed decades ago may need to be updated to address community interactions in locations where facilities are sited.

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**Importance and benefits of considering social issues**

On a project-specific basis addressing social issues is important in:

- Increasing the likelihood of project success,
- Obtaining and maintaining licence to operate, and
- Reducing risks and uncertainties.
Overall treatment of social issues is shaped in response to:

- National and/or country-specific regulations and standards where a project is being developed,
- Declarations made by international organisations such as the United Nations (UN) and International Labour Organization (ILO),
- Requirements and standards set by lenders and insurers, and
- Company-specific policies and procedures.

Managing social issues includes identifying, collecting, assessing and monitoring, as appropriate, information related to the key social issues that may arise during a project life cycle. The need for this information may arise as a result of doing business and/or to comply with regulatory requirements. Information to be collected depends upon a number of factors including the scale, intensity and duration of a project action, as well as its environmental and social setting.

Social assessment processes are important tools for managing social issues. Appendix A discusses the processes, tools, and techniques of social assessment.

In project planning, companies may need to anticipate addressing a wide range of issues, both generic and specific to the project. In recent years, some issues, which have particularly high visibility and often require consideration, include:

- **Sustainable Development:** In 1987, the World Commission on Environment and Development (the Brundtland Commission) defined sustainable development as follows:

  "**Humanity has the ability to make development sustainable — to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.**"

- **Revenue Management:** The use of project revenues in developing countries is frequently a topic of concern not only for NGOs and social advocacy groups but for many lenders as well. Some lenders are beginning to require adoption of transparent revenue management plans by countries as a condition of funding project. This is, however, a complex issue involving the interplay of governments and companies as well as issues surrounding transparency and accountability. The report only addresses this topic to a limited extent.

- **Indigenous and Vulnerable Populations:** A discussion of the rights of indigenous and vulnerable populations is included in the International Labour Organization’s Convention No. 169 Concerning Indigenous and Tribal Peoples in Independent Countries. The World Bank also has procedures related to projects affecting indigenous and vulnerable populations.

- **International Labour Issues:** The most widely recognised international principles relevant to private sector projects are expressed in the International Labour Organization’s Declaration of Principles concerning Multinational Enterprises and Social Policy. This declaration includes sections on the rights of workers to join worker organisations, to receive information about health and safety, and the rights of children, among others. In addition, there are numerous other standards related to forced and child labour.

- **Human Rights:** The United Nations has adopted the Universal Declaration of Human Rights (UDHR). In addition to the UDHR there are over 80 other conventions, declarations, resolutions, and international agreements related to human rights.
3  External interactions related to management of social issues

3.1 Consultation

In the last decade, increasing emphasis has been placed on the role of early and continuing consultation during the life cycle of a project with potentially affected stakeholders in as transparent a manner as possible. Consultation is now a standard component of most major development projects and is mandated as part of the environmental planning process by many lenders and governments. It is the principal method to engage stakeholders, form partnerships, and develop trust and respect in the affected communities. Proactive and mutually reinforcing relationships are critical for success. Open and frank discussion is required for successful consultation.

OGP and IPIECA have published principles for consultation during project planning and development (E&P Forum 1997:5-7). Consultation techniques are discussed further in Appendix A.

Consultations are typically undertaken with a range of stakeholders from local communities to international organisations.

3.2 Partners

Development of a major project involves a partnership of multiple entities. This may create challenges associated with the management of social issues. Potential project partners include:

- Foreign governments,
- State-owned and operated oil and gas companies, and
- Other privately and publicly held national and international oil and gas companies.

In partnerships among multiple entities, there is inevitably the need to negotiate and find common ground related to implementation of social issues. Issues to be considered include:

- Alignment of partner social policies and plans
- Approaches to resolving differences in applicability/types of commitments
- Historical and/or cultural approaches/actions
- Human resources and capabilities of participating partners/governments
- Risks associated with assignment of project development-operatorship to partners.

Public consultation has been defined by the International Finance Corporation (IFC 1998:3) as follows:

“Public consultation…is a tool for managing two-way communication between the project sponsor and the public. Its goal is to improve decision-making and build understanding by activity involving individuals, groups and organisations with a stake in the project. This involvement will increase a project’s long-term viability and enhance its benefits to locally affected people and other stakeholders (International Finance Corporation 1998:3).”
3.3 Contractors

Contractors have an important role to play and contractor actions must conform to project social policies and commitments. Companies can face reputational and other issues resulting from contractor performance. Selection of any contractor may include a consideration of a contractor’s understanding of project operator and lender requirements and previous labour management issues. This is because, in any major project, contractors are responsible for:

- employing the most people,
- managing any labour unrest,
- providing housing, food and health care,
- engaging in most local purchasing, and
- developing local businesses.

Social issues and goals may be described in construction scope of works and other technical bids. These may include a description of social management issues, which might potentially affect project bid costs such as reporting requirements, a requirement for intensive local hiring practices, etc. In cases where a contractor may have multiple options (e.g., housing workers in camps versus field camps), costs may be evaluated for both options, since the former may have more significant effects on local communities. To the extent these might be adverse, potential costs to implement mitigation measures should be considered as part of the overall evaluation.

3.4 Local communities

Local communities may be affected either directly or indirectly by project activities and may have a particular interest in project planning and implementation. In some cases, regulations may determine how the company will interact with local communities. Early and continuing interaction with communities is important to identify and address their concerns and needs and manage expectations and project commitments. Communities in the project area may have differing characteristics, objectives and requirements that need to be considered. Community support is critical to success. Typically, it is important for communities to be able to give free and informed consent.

3.5 Governments

Most projects involve some type of governmental regulatory review and oversight. The nature of this interaction will vary considerably depending on the type of project and applicable regulatory framework. There is a substantial difference between the regulatory requirements relating to consultation, social, and economic impacts of projects in different countries due to differences in the:

- legal basis
- implementing regulations
- existence of oversight entities
- enforcement standards
- land ownership and acquisition

International oil and gas projects must consider applicable laws and regulations of both the host and home countries. It is important to understand host country laws and regulations during the early planning process because they may have important cost implications. Sometimes, policies and practices of national and local governments are not aligned.
Government policies and practices may limit the ability of companies to implement social policies.

Government policies not directly applicable to a project may influence the manner in which a company addresses mitigation of social impacts. For example, governments may have pre-existing policies encouraging settlement of rural and previously inaccessible areas. When oil and gas projects are developed in these areas, governments may require companies to construct permanent roads, such that they can encourage people to settle in these areas creating project-related induced impacts (eg exacerbating destruction of endangered species).

Additionally, government and lender requirements might not be fully aligned. Such differences might be addressed early in project planning.

### 3.6 Indigenous and native peoples authorities

In some countries, recognised Native governments and land-holding indigenous groups have developed regulatory and consultative procedures to address social impacts. In other cases, national laws or regulations may:

1) exist or

2) may exist but are not implemented, especially by local governments in remote locations.

In either case lenders, such as the World Bank, may give special consideration to these groups.

Some national governments take exception to such practices, which afford special recognition and treatment of indigenous/vulnerable peoples and or ethnic/religious groups. The fact that a group may be given special consideration as an indigenous vulnerable group by lenders (such as the World Bank) is often a source of government concern. This can create a perception that all citizens are not being treated equally, and perhaps even be in violation of the country’s own laws and declarations of human rights.

Many companies are now developing projects in areas where they have not worked before. As a result, there is a need to plan for understanding the social environment of the project and a need to create transparent consultation in order to align various interests.
3.7 Lending agencies

Lending agencies may participate with governments and/or companies in projects and will have their own objectives and requirements relating to the assessment and management of social issues. In recent years, social issues have become a high priority for them. For example, the primary goal of the World Bank is the alleviation of poverty. Both the World Bank and the International Finance Corporation (IFC) have had mandatory environmental and social “do no harm” policies in place since the early 1980s. The Bank has developed extensive policy directives, guidance documents as well as reports, and publications related to social and environmental assessment as part of the project development process. Where mandatory requirements apply, they must be complied with at all stages of the project life cycle.

National government and international intergovernmental insurers, such as the Overseas Private Investment Corporation (OPIC) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, have similar arrangements. Private lenders are increasingly also adopting their own environmental and social requirements applicable to the financing they provide.

3.8 Non-governmental organisations

Directly or indirectly, non-governmental organisations (NGOs) may seek to influence project development through public information campaigns and direct interactions with policy makers, other stakeholders and companies. There is a range of NGOs some with expertise in identifying, evaluating and addressing social issues. Therefore, there are many opportunities for positive interactions and partnerships between companies and NGOs.
4 Key social issues relevant to project stages and components

Types of impacts and applicability of different impact mitigation measures vary depending upon the scale and type of project components as well as the life-cycle stage. For example, large permanent processing facilities sited in developing areas inhabited by a variety of ethnic groups will have different impacts and needs from a gas line laid along a well-developed road system.

This section provides a brief overview of the types of issues to be considered during scoping, data collection and impact evaluation, based on components and life cycle. This discussion provides an overview and context for use of the lists of questions in Section 5.

4.1 Variation based on life cycle stage

The nature and scope of social issues varies depending upon the project’s life-cycle stage. Table 4.1 lists some of the social activities/issues/studies common to life-cycle stages along with reference to relevant lists of questions.

Different life-cycle stages incorporate elements that can be temporary or permanent and/or long- or short-term. This results in different types of impacts both positive and negative, which may need to be managed in different ways.

4.2 Variation in onshore components

Onshore components consist of both linear and non-linear components. Table 4.2 lists considerations common to these components.

4.2.1 Onshore linear components

Linear components such as onshore pipelines, bridges and roads create linkages between areas that were not previously linked. Even those linkages considered as temporary by the project are likely to be seen and used on a more permanent basis by the local populace. The consequences of such linkages could be positive, neutral, or negative.

For example, improvement or construction of new permanent public roads may contribute positively to the local infrastructure and economy of many areas of the world. In others, especially in developing areas with sensitive habitats, villagers might welcome these roads as benefits. However, new linkages may provide access leading to consequences such as:

- New or intensified hunting of subsistence and/or endangered species.
- New settlements near areas already inhabited by other groups resulting in or creating competition.
- Local communities desiring continued access to a permanent linkage.

Often, areas opened temporarily are restored to limit induced access as a ‘mitigation-of-impact’ measure. However, this activity may be contrary to the aspirations of local communities who may wish the road to remain open thereby facilitating their own access to these areas. The communities may also want this access maintained as part of the project and any associated impacts managed on a long-term basis.
4.2.2 Onshore non-linear components

Non-linear facilities include such things as storage yards, construction camps, pump stations and processing facilities. These generally have a different set of impacts from linear components because they are often associated with:

- permanent acquisition of blocks of land,
- effects of provision of local goods and services to the project, and
- presence of a permanent work force, and its associated direct and indirect effects on community infrastructure.

Large temporary facilities may also create impacts. For example, mobile construction camps create special issues such as:

- land acquisition,
- use of local skilled and unskilled labour,
- local inflation of prices of food staples,
- increases in rental housing costs,
- ‘boom-bust cycles’ that may affect the many segments of local societies, and
- induced migration.

Most facilities, even those considered temporary, are used more than one year. As a result, use of a site is usually considered a permanent land acquisition under the laws of many countries. This issue is a key consideration during assessment of potential effects.

4.3 Variation on offshore components

Offshore facilities and associated harbours, jetties and piers have many onshore-related activities and services with potential social impacts (Table 4.3). These are addressed as part of the onshore facilities discussion above. However, there are also some offshore-related social issues such as changes in subsistence and commercial fisheries, subsistence hunting of marine mammals, and shipping.

Table 4.1: Common issues related to life cycle stage

<table>
<thead>
<tr>
<th>Life cycle stage</th>
<th>Types of activities/issues/studies</th>
<th>Most relevant lists of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country entry/prospect evaluation</td>
<td>- Conceptual studies (background/desktop studies)</td>
<td>- Legal and other agreements</td>
</tr>
<tr>
<td></td>
<td>- Due diligence</td>
<td>- Safety and security</td>
</tr>
<tr>
<td></td>
<td>- Revenues/taxes/incentives</td>
<td>- Compensation</td>
</tr>
<tr>
<td></td>
<td>- Land acquisition/compensation</td>
<td>- National infrastructure</td>
</tr>
<tr>
<td></td>
<td>- Infrastructure development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Relevant risk assessment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Employment and business development commitments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Management of expectations and social issues</td>
<td></td>
</tr>
<tr>
<td>Seismic surveys</td>
<td>- First entry versus repeat business</td>
<td>- Consultation</td>
</tr>
<tr>
<td></td>
<td>- Public consultation</td>
<td>- Compensation</td>
</tr>
<tr>
<td></td>
<td>- Temporary land use and compensation</td>
<td>- Cultural properties</td>
</tr>
<tr>
<td></td>
<td>- Employment and wages</td>
<td>- Employment</td>
</tr>
<tr>
<td></td>
<td>- Purchasing of local/national supplies</td>
<td>- Local economic development</td>
</tr>
<tr>
<td></td>
<td>- Vegetation clearing and restoration</td>
<td>- Health</td>
</tr>
<tr>
<td></td>
<td>- Induced access</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Health issues associated with camps</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Immigration of labour</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- (Offshore) Interference with other resource users</td>
<td></td>
</tr>
<tr>
<td>Life cycle stage</td>
<td>Types of activities/issues/studies</td>
<td>Most relevant lists of questions</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Exploration drilling</td>
<td>▪ Public consultation                                                              ▪ Temporary land use and compensation</td>
<td>▪ Consultation</td>
</tr>
<tr>
<td></td>
<td>▪ Permanent land acquisition and compensation                                       ▪ Employment and wages</td>
<td>▪ Compensation</td>
</tr>
<tr>
<td></td>
<td>▪ Purchasing of local/national supplies                                              ▪ Consultation</td>
<td>▪ Resettlement</td>
</tr>
<tr>
<td></td>
<td>▪ Extended public consultation                                                     ▪ Compensation</td>
<td>▪ Cultural properties</td>
</tr>
<tr>
<td></td>
<td>▪ Major land acquisition (permanent and temporary)                                 ▪ Resettlement</td>
<td>▪ Employment</td>
</tr>
<tr>
<td></td>
<td>▪ Compensation                                                                      ▪ Community compensation</td>
<td>▪ Local economic development</td>
</tr>
<tr>
<td></td>
<td>▪ Certification for a wider range of resources                                      ▪ Demand for land for resettlement</td>
<td>▪ Health</td>
</tr>
<tr>
<td></td>
<td>▪ Community compensation                                                             ▪ Migration to the project area</td>
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<tr>
<td></td>
<td>▪ Induced access                                                                    ▪ Housing</td>
<td></td>
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<tr>
<td></td>
<td>▪ Employment                                                                        ▪ Employment</td>
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<tr>
<td></td>
<td>▪ Impacts to local communities                                                      ▪ Employment and wages</td>
<td></td>
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<tr>
<td></td>
<td>▪ More extensive purchasing of local/national supplies                               ▪ Impacts to local communities</td>
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<tr>
<td></td>
<td>▪ Health risk management                                                            ▪ Health</td>
<td></td>
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<tr>
<td></td>
<td>▪ Infrastructure development                                                        ▪ Infrastructure development</td>
<td></td>
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<tr>
<td></td>
<td>▪ Restoration of temporarily used lands                                            ▪ Restoration of temporarily used lands</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Onshore (infrastructure, facilities, pipelines and associated facilities sites)   ▪ Onshore (infrastructure, facilities, pipelines and associated facilities sites)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Development drilling                                                              ▪ Development drilling</td>
<td></td>
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<tr>
<td>Development</td>
<td>▪ Legal and other agreements                                                        ▪ Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Consultation                                                                      ▪ Consultation</td>
<td></td>
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<tr>
<td></td>
<td>▪ Compensation                                                                      ▪ Resettlement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Cultural properties                                                               ▪ Employment</td>
<td></td>
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<tr>
<td></td>
<td>▪ Employment                                                                        ▪ Local economic development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Local economic development                                                        ▪ National infrastructure</td>
<td></td>
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<tr>
<td></td>
<td>▪ Health                                                                            ▪ Health</td>
<td></td>
</tr>
<tr>
<td>Production and support functions</td>
<td>▪ On-going public consultation                                                       ▪ Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Management of long-term social commitments                                         ▪ Consultation</td>
<td></td>
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<tr>
<td></td>
<td>▪ Monitoring and change management as appropriate                                    ▪ Employment</td>
<td></td>
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<tr>
<td></td>
<td>▪ Health                                                                            ▪ Health</td>
<td></td>
</tr>
<tr>
<td>Decommissioning and abandonment</td>
<td>▪ Management of historical/on-going social commitments                               ▪ Legal and other agreements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Restoration and reuse of the land                                                 ▪ Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Disposition of facilities                                                         ▪ Consultation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Exit strategies                                                                    ▪ Legal and other agreements</td>
<td></td>
</tr>
<tr>
<td>Suspension and reactivation sites</td>
<td>▪ Force majeure                                                                      ▪ Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Mergers/buyouts                                                                   ▪ Consultation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Suspensions                                                                       ▪ Employment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Acquisitions                                                                      ▪ Local economic development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Public consultation as appropriate                                               ▪ Health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Management of historical social commitments                                       ▪ Health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Similar issues as development above                                              ▪ Health</td>
<td></td>
</tr>
<tr>
<td>Emergency response: social considerations</td>
<td>▪ Immediate and catastrophic (e.g. explosions)                                       ▪ Safety and security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Immediate and ongoing (e.g. spill response and clean-up)                          ▪ Consultation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Suspension of activities                                                           ▪ Compensation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Communication and information flow                                                ▪ Health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Media                                                                             ▪ Health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Monitoring                                                                        ▪ Health</td>
<td></td>
</tr>
</tbody>
</table>
### Table 4.2: Common issues related to onshore facilities

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Types of activities/issues/studies</th>
<th>Most relevant lists of questions</th>
</tr>
</thead>
</table>
| All components during construction | • Public consultation  
• Land acquisition and compensation  
• Inflation of local housing and food costs during construction.  
• Impacts to cultural resources  
• In-migration by job seekers | • Consultation  
• Compensation  
• Resettlement  
• Cultural properties  
• Employment  
• Local economic development  
• Health |
| Onshore Offices and Housing  
Camps  
Storage yards  
Operations and production facilities  
Processing plants  
Pump stations  
Drill pads  
Waste disposal | Long-term permanent presence of facilities and workforce  
• Increased demand on local infrastructure (e.g., waste, power, water, sewage)  
• Proper site selection to avoid social impacts/need for resettlement  
• Social, cultural and religious impacts (labour force, employment, educational, medical and other services, local economy)  
• Effects on indigenous populations  
• Land use conflicts  
• In-migration  
• Changes in land resource and use  
• Lifestyle conflicts (drugs, alcohol, prostitution) | • Consultation  
• Compensation  
• Resettlement  
• Cultural properties  
• Employment  
• Local economic development  
• National infrastructure  
• Health |
| Transportation  
Roads (new national thoroughfares to temporary construction access roads including temporary: permanent, public and non-public)  
Rail lines  
Bridges | All activities  
• Disease (e.g., sexually transmitted disease) vectors along transportation routes.  
• Voluntary community settlement near new/improved routes  
• Market surveys and periodic monitoring  
• Vehicle counts and traffic monitoring  
• Hazardous waste spills  
• Accident prevention/local village safety training  
Temporary roads issues  
• Induced access management  
• Restoration and reuse of temporarily used land  
Permanent roads  
• Enhanced access to markets/medical care/markets, etc  
• In-migration to previously unsettled areas  
• Enhanced access for bush meat trade  
Effects on water sources  
• Identification/monitoring of local water usage/subsistence/market fisheries during bridge/other waterway crossing construction  
• Use of local water supplies for dust abatement | • Safety and security  
• Consultation  
• Compensation  
• Resettlement  
• Cultural properties  
• Employment  
• Local economic development  
• National infrastructure  
• Health |
| Pipelines  
Buried  
Surface | All activities  
• Hazardous waste spills  
• Long-term use of the land  
• Restoration/reuse of temporarily used land  
• Induced access management  
• (Surface) Introduction of barriers to wildlife; affects on subsistence hunting  
Effects on water sources as above | • Safety and security  
• Consultation  
• Compensation  
• Resettlement  
• Cultural properties  
• Employment  
• Local economic development  
• National infrastructure  
• Health |
| Specific Components  
Seismic lines  
Power lines | • Public consultation  
• Temporary land acquisition and compensation  
• Impacts to cultural resources  
• Induced access management | • Consultation  
• Compensation  
• Cultural properties  
• Employment |
# Table 4.3: Common issues related to offshore facilities

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Types of activities/issues/studies</th>
<th>Most relevant lists of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offshore fixed facilities</strong></td>
<td>• Interference with subsistence and commercial fisheries</td>
<td>• Safety and security</td>
</tr>
<tr>
<td>Fixed platforms</td>
<td>• Local port, harbours and community interactions related to supply</td>
<td>• Consultation</td>
</tr>
<tr>
<td>Floating production/</td>
<td>and support functions</td>
<td>• Compensation</td>
</tr>
<tr>
<td>storage</td>
<td>• Impacts on local port infrastructure</td>
<td>• Cultural properties</td>
</tr>
<tr>
<td>Pipelines, sub-sea</td>
<td></td>
<td>• Employment</td>
</tr>
<tr>
<td>harbours and jetties</td>
<td></td>
<td>• National infrastructure</td>
</tr>
<tr>
<td>Other port facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Offshore transportation</td>
<td>• Interference with subsistence and commercial fisheries</td>
<td>• Consultation</td>
</tr>
<tr>
<td>systems**</td>
<td></td>
<td>• Compensation</td>
</tr>
<tr>
<td>Tankers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barges</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5 Lists of questions

This section presents ten lists of questions related to social issues encountered during the life cycle of a project. The lists are organised according to topics so that relevant information can be found quickly.

Each topic covered includes an introductory text section and a table of questions. The table is in three columns as follows:

- The first column describes the general topic related to the question (i.e., general background or project standards/commitments/specific agreements).
- The second column lists examples of the questions divided into topics. Examples by topic may be further subdivided.
- The third column includes general comments related to the topic and examples.

5.1 Job responsibility, key activities/issues, and most relevant lists of questions

The lists of questions are designed for use by a broad cross-section of individuals to:
- identify a potential range of issues, which may be important to a project.
- identify areas of potential internal and external interactions related to each issue.
- develop scopes of work.
- implement public consultation and data collection programmes.

In some cases, companies may wish to develop awareness and expertise in some of the areas of analysis described in the lists of questions. This objective may be met by:
- providing additional specialised training in social planning and implementation to key personnel.
- encouraging employees to participate in social impact assessment forums and discussions.
- working with outside social experts.

Many of the job areas that deal directly with social management are described overleaf.
<table>
<thead>
<tr>
<th>Area of responsibility</th>
<th>Key activities/issues</th>
<th>Most relevant lists of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>Overall strategic objectives, Social policies and commitments, Assure coordination and resources</td>
<td>Legal and other agreements, Safety and security, National infrastructure</td>
</tr>
<tr>
<td>Business development</td>
<td>Initial country entry, Relevant risk assessment, Legal and other agreements, Safety and security, Employment, National infrastructure</td>
<td>Legal and other agreements, Safety and security, Employment</td>
</tr>
<tr>
<td>Law</td>
<td>Negotiation of agreements concerning country entry, Applicable laws/exceptions, Land acquisition, Compensation, Environmental protection, Project-related infrastructure improvements</td>
<td>Legal and other agreements, Safety and security, Compensation, Employment, National infrastructure</td>
</tr>
<tr>
<td>Security</td>
<td>Risk assessments, Security of personnel and facilities, Risks associated with personnel actions</td>
<td>Legal and other agreements, Safety and security, Consultation, Employment</td>
</tr>
<tr>
<td>Construction and operations management team(s)</td>
<td>All aspects of development and operations</td>
<td>All lists of questions</td>
</tr>
<tr>
<td>Health, safety and environment team(s)</td>
<td>Management of environmental issues, Management of social issues, Environmental assessments, Management of worker health, Management of disease vectors, Employment related-occupational health</td>
<td>All lists of questions</td>
</tr>
<tr>
<td>Human resources</td>
<td>Employment, Personnel management, Labour issues, Training</td>
<td>Legal and other agreements, Employment, Health</td>
</tr>
<tr>
<td>Library/research services</td>
<td>Literature searches and compilation of background information</td>
<td>All lists of questions</td>
</tr>
<tr>
<td>Public relations</td>
<td>Management of public perceptions, Publicise/promote potential mitigation measures, Charitable contributions</td>
<td>Safety and security, Consultation</td>
</tr>
<tr>
<td>Community affairs</td>
<td>Work with local communities, Can also work as part of public relations, Beneficial projects and capacity building</td>
<td>Consultation, Compensation, Resettlement, Cultural properties, Employment, Local economic development, Health</td>
</tr>
<tr>
<td>Remediation technology</td>
<td>Prevention and clean-up of spills</td>
<td>Safety and security, Consultation, Compensation, Health</td>
</tr>
</tbody>
</table>
5.2 Lists of questions

**Legal and other agreements**

Many of the key social issues that will eventually be addressed during a project first arise during initial country entry or during negotiations for project development. Frequently, issues such as compensation, security, use of revenues, development of national infrastructure, employment and business opportunities are described and commitments made at these very early stages. As a result, it is important that company legal and operations staff understand the potential ramifications of agreements negotiated as well as relevant applicable host country laws and regulations.

In addition, some of the remaining lists of questions include a section related to laws, regulations and agreements.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Questions</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>General background</td>
<td>• How does the company negotiate agreements?</td>
<td>• Most project agreements include sections related to social issues such as land acquisition, compensation, employment and in-country business preferences. Since land acquisition and compensation are often major efforts affecting schedule, it is important to clarify responsibilities and to understand to what extent any negotiated terms may or may not meet the standards of typical international lenders.</td>
</tr>
<tr>
<td></td>
<td>• Do the procedures include consideration of social issues?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What type of information and pre-assessment studies are normally</td>
<td></td>
</tr>
<tr>
<td></td>
<td>generated/completed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Have these studies been completed and reviewed?</td>
<td></td>
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<tr>
<td></td>
<td>• On what types of information are these studies based (secondary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>literature, contemporary interviews, etc)?</td>
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<tr>
<td></td>
<td>• Are they completed in a sufficient level of detail so as to provide</td>
<td></td>
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<tr>
<td></td>
<td>key information needed to negotiate terms related to social issues (eg</td>
<td></td>
</tr>
<tr>
<td></td>
<td>land acquisition, compensation, employment)?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• If not, what additional information may be needed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Is there a need for country social specialists to provide an assessment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of current events and projected trends that may be relevant to the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ultimate risks and security associated with the project?</td>
<td></td>
</tr>
<tr>
<td>Project standards/commitments</td>
<td>• Are there any existing company/project agreements or standards with</td>
<td>• As part of this process, approaches and previous commitments (if any) should be reviewed and “lessons learned” evaluated. It is also important to understand expectations that may have been created by other operators if they have implemented actions significantly different from those likely to be proposed.</td>
</tr>
<tr>
<td>specific agreements</td>
<td>this country/entity which are applicable to the project under consideration?</td>
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</tr>
<tr>
<td></td>
<td>• If not directly applicable, what types of precedents might be</td>
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<tr>
<td></td>
<td>perceived to exist based on these agreements and/or prior company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>actions?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To what extent might more recent changes in company policies, result in</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the need to renegotiate parts or all of applicable agreements?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Do the anticipated agreements conform to standards established by the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>most likely lenders (if any)?</td>
<td></td>
</tr>
<tr>
<td>Country laws and</td>
<td>• What types of laws exist related to potential social issues such as</td>
<td>• In many countries laws may exist but implementing procedures have not been developed nor funding provided to implement/support these requirements. This may create an issue where the project may be expected to abide by existing laws by outside funding entities. To the extent feasible, outside funding entities should negotiate those issues directly with the country/entity.</td>
</tr>
<tr>
<td>regulations</td>
<td>those related to land acquisition, compensation and employment?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Are there applicable implementing procedures for these laws and other</td>
<td></td>
</tr>
<tr>
<td></td>
<td>legal directives?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• If so, are they applied in a fair and transparent manner?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• If not, what potential project issues might occur as a result of the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lack of implementing procedures?</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>Questions</td>
<td>Comments</td>
</tr>
<tr>
<td>-------</td>
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</tr>
</tbody>
</table>
| Regulations/policies of regulatory/funding institutions | - Are uses of outside/third-party lenders expected for all or part of this project?  
- Will any partner seek outside funding?  
- If so, do these parties have specific guidelines/policies that are applicable to the items to be negotiated?  
- What are they and to what extent should they be directly or indirectly addressed during project legal negotiations with individual countries and/or the lending parties?  
- To what extent might recent changes in company policies, or international laws and regulations result in the need to renegotiate parts of all of applicable agreements? | - Many of the major funding/lending agencies such as the World Bank Group have specific social guidelines/requirements, which should be implemented as a requirement for funding. Since these may be different from processes usually implemented by individual countries or entities it is useful to understand where potential differences may occur. |
| Revenue management | - Is management of revenues by the government(s) or entities with which project agreements being negotiated an important issue?  
- Do these parties have a history of transparent management of these revenues?  
- To what extent might local communities (in areas directly affected by the project) benefit directly from revenues generated by the project?  
- What is the company/project approach to providing community compensation/other types of support to directly affected communities?  
- Would these approaches differ if government revenue management more directly benefited these communities?  
- To what extent should project agreements balance the need for effective revenue management and anticipated community compensation? | - Revenue management is an important topic in areas where poverty alleviation is a significant issue. Revenue management plans are increasingly becoming a requirement of project lending if such entities are used and should be considered during project negotiations. |
| Sources of information | Company/partner agreements; in-house “lessons learned” reviews; news articles and county profiles; knowledgeable individuals; lender policies and procedures; International Labour Organization; country laws and regulations; terms of reference for required documents supporting permit applications |  |
**Safety and security**

Safety and security evaluation and management are an important and ongoing issue during a project life cycle. Risk is viewed in terms of probability of occurrence and scale of potential consequences. Risk assessments undertaken include consideration of issues ranging from catastrophic events (eg major explosions/terrorist acts) to risks associated with minimizing injuries to workers working with hand tools.

All activities have an associated risk – most of which occur as the result of human interactions (eg labour unrest). As a result, consideration of general and specific social interactions in the countries and areas where oil and gas projects are sited is an important part of ongoing project management.

Security of oil and gas employees and property may be at risk in some areas of the world, although the nature of the security risks may differ. The methods used to address major security events may significantly affect public perceptions surrounding a project. Some potential issues include:

- Presence of armed government security forces, including police and military forces.
- Use of armed private security forces.
- Responses to demonstrations.

A major issue facing companies is the stability and political organisation of the country or countries in which a project is proposed.

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<tr>
<th>Topic</th>
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<tr>
<td>General background</td>
<td>- To what extent does the government/area where a project is proposed have a history of unrest/military actions/social and labour unrest?</td>
<td>• Social issues are a major component of any initial or continuing risk assessment related to a project. Revenues generated by projects may exacerbate underpinnings of social unrest in an area, and may need careful management.</td>
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<td>- What were the causes of this activity and has the situation changed?</td>
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<td>- To what extent have these actions been directed toward projects of the type proposed?</td>
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<td>- To what extent have projects of the type proposed generated similar actions in other countries (eg lessons learned)?</td>
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<td>- Is there a potential that development/operation of a facility would place project employees at risk?</td>
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<td>- Can these risks be reduced to acceptable levels?</td>
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<td>- What is the potential for increases in crime or other civil unrest as a result of development/operations?</td>
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<td>- Are emergency response plans in place, including aspects relating to communication and information flow?</td>
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<td>Country laws and regulations</td>
<td>- What are laws and regulations of the country concerning the use of armed/unarmed security forces?</td>
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<td>- What liabilities and risks are associated with the use of difference types of security forces (eg military, gendarmerie, police)?</td>
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<td>- How are laws applied?</td>
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<tr>
<td>Project standards/commitments/regulatory structures</td>
<td>• Is a risk assessment needed?</td>
<td>• Companies may complete risk-assessment as part of overall project planning and periodically review and update these plans. Since many elements of a risk assessment are directly related to specific social responses to particular situations it may be important to include individuals with expertise and detailed knowledge of the local social environments as part of this effort.</td>
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<td>• If so, has it been completed and what are the recommendations?</td>
<td>• It is not uncommon for differences in normal practices by project proponents to occur between regulatory structures of policies of lenders and government entities. In some cases, project social and environmental actions may represent one of the first times such actions have been implemented.</td>
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<td>• Did the risk assessment consider the social issues most relevant to this project?</td>
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<td>• If not, how can these be evaluated?</td>
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<td>• What type of social expertise was incorporated into the assessment?</td>
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<td>• What are the standard project-approaches to minimise risks in areas and social settings such as the one under consideration?</td>
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<td>• Have other operators faced similar situations and how have they been managed?</td>
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<td>• Was the management considered successful or how could it be changed?</td>
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<td>• Who is responsible for the safety and security of project/facilities and personnel?</td>
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<td>• What occupational health and safety standards exist in the country?</td>
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<td>• Does the project have a policy on the use of force and firearms? (see OGP guide)</td>
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<td>Identification of pre-existing community/soc</td>
<td>• Have commitments been made to local communities or social groups by the project and/or other operators and projects and is it expected that these will be implemented as part of the proposed project? Examples might include preferences for local employment, funding of teachers and medical clinics.</td>
<td>In some cases projects may have established precedents for funding and maintenance of community facilities and/or other social commitments, which are no longer economically or socially feasible. Situations may have changed such that withdrawal of support/funding might lead to significant local social discord. In some cases the mere existence of the commitment may generate discord between groups competing for control over the resource.</td>
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<td>al commitments</td>
<td>• If so, what is the nature of these commitments?</td>
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<td>• How is the commitment perceived within the local communities?</td>
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<td>• Is it likely that these commitments would be continued?</td>
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<td>• If implemented, will these commitments have a significant impact on the project timing, budget, and public relations?</td>
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<td>Unstable governments/military conflicts/rebel</td>
<td>• Is the existing government considered stable?</td>
<td>Oil and gas projects are frequently developed in countries with long histories of ethnic and military conflicts, and opposition/target groups. Companies may be caught between these groups, needing both to work directly with governments as well as to understand the implications of opposition activities/concerns on the future operations of the project.</td>
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<td>groups/opposition groups and issues</td>
<td>• Are there potential/historical precedents for military conflicts to occur?</td>
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<td>• Is the project in an area where government representative/rebel groups operate or have operated in the recent past?</td>
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<td>• To what extent does a historical pattern exist in the region that would suggest that the project might attract activity by these groups?</td>
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<td>• To what extent could actions of opposition and/or rebel groups have on the ability to develop and implement the project?</td>
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<td>• Are there methods to manage these issues that can be implemented?</td>
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<td>• To what extent could some of these issues are identified/management strategies developed through consultation?</td>
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<td>• What types of agreements, outside interests (e.g., the World Bank Group) can be incorporated as part of the project to ensure that project commitments are maintained and will be honoured and transparent.</td>
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<td>Topic</td>
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| Government representation of stakeholders, opposition groups | • What is the government/entity approach/policy to identification and representation of stakeholders affected or potentially affected by the project?  
• If opposition groups operate in the project area does the government have a policy for government representation of these individuals?  
• Is it possible/appropriate for the project to consult with these groups independently of the government?  
• If the government policy is to manage representation of all potential stakeholders and opposition groups, how can the project gather information needed to evaluate risks. | • In some areas it is government policy that the government be the primary conduit through which community and individual concerns are expressed. In some cases adherence to this approach may not be in the best interest of a project if incomplete or inaccurate information is transmitted. If there are significant issues that are not identified to the company, it may ultimately lead to far greater management issues and risks after the project is in construction or operation. |
| Labour/local workforce                    | • Can the majority of jobs be filled from in-country pools of workers?  
• Does the country have a supply of sufficiently skilled workers?  
• Is there competition from other operators for available resources?  
• If sufficient skilled workers are not available, to what extent can training programmes be implemented to provide these skills?  
• Does the country have a history of labour unrest (eg strikes) among workers/worker representative groups most likely to be employed as part of project development, construction, and operations?  
• If so, what is the nature of these conflicts and are they a potential project issue?  
• How do in-country working standards, wages, living conditions for workers vary from those typical of the type of proposed project? | • In developing areas and areas of high unemployment there may be a significant demand for project employment of skilled and unskilled project personnel, employment of locals, and skill training. Labour conflicts arise for many reasons in projects, but an understanding of historical issues/treatment will provide a “lessons learned” forum and identification of issues which may or not be relevant to the successful transparent management of these issues. |
| Increases in crime/prevention              | • Is development of the project likely to result in increases in crime in the project area?  
• Will these likely be temporary or permanent in nature (eg associated with in-migration of individuals looking for jobs during construction)?  
• What measures can be implemented to minimise potential adverse increases in crime?                                                                                                                         | • Construction and operation of facilities in developing areas often bring with them increases in crime such as robbery and assault.                                                                 |
| Minimising long-term risks                 | • What types of long-terms risks are associated with the project that may be related to social planning issues?  
• What types of actions can be implemented to reduce/minimise the potential for adverse risks?  
• What types of local empowerment techniques are possible to ensure local buy-in related to minimisation of risks to project personnel and facilities? | • Long-term risk management often involves empowering local populations to have a vested interest in the security of project personnel and facilities. Early and effective public consultation is one of many techniques that can be used to identify appropriate measures. |
| Sources of information                     | Country and lender regulatory requirements/methods of implementation; Review of labour conditions and consultation with labour leaders; OGP guidelines on responses to demonstrations at company premises; OGP guidelines on responses to demonstrations at offshore facilities.  
A useful reference document may be the OGP publication “Firearms and the use of force” (Report No. 6.94/320, August 2001) which identifies types of issues that an organisation may wish to consider where the arming of employees or security contractors is deemed necessary. |                                                                                                                                                                                                 |

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Consultation and information disclosure

Public consultation is an important component throughout the life cycle of a project and will not be repeated here. The scope and focus of a consultation effort will vary, largely due to issues such as the education level of the general populace and the range of topics that are generally queried by potential stakeholders. Companies interact with stakeholders:

- through the process of public consultation and participatory interactions;
- directly during the process of land acquisition and compensation; and
- through provision of employment and other opportunities.

Participants will usually include a wide variety of individuals including Health, Safety and Environment (HSE) managers, practitioners skilled in the conduct of participatory consultation process (see Appendix C), local community contacts, and other community relations specialists.

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<tbody>
<tr>
<td>General background</td>
<td>• What public consultation may be needed for the proposed action?</td>
<td>• Public consultation and information disclosure are now required by most international lenders and are a significant component of planning and much government effort. Early and ongoing consultation is important throughout the life of a project.</td>
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<td>• What public consultation efforts have been conducted previously?</td>
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<td>• What type of project planning is needed?</td>
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<td>• Who are the most appropriate team leaders and what type of consultation team could be assembled?</td>
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<td>• Are materials and plans available to explain the social environmental assessment process, including the importance of stakeholder input?</td>
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<td>Public relations and public consultation</td>
<td>• What types of public relations and information dissemination efforts have taken place or are planned?</td>
<td>• Public consultation and public relations efforts may have different goals.</td>
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<td>• Where are the goals and objectives of public consultation/public relations efforts likely to converge/diverge?</td>
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<td>• How will different type of disclosure activities be coordinated/managed?</td>
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<td>• Does the project have a communication plan for safety and emergency issues?</td>
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<td>Project standards/commitments</td>
<td>• What are the company’s in-house policies related to public consultation (as opposed to public relations) and information disclosure?</td>
<td>• There is great variation between companies as to the types of in-house policies which exist related to public consultation efforts. Often, public consultation efforts may involve disclosure of information not traditionally disclosed and/or disclosure earlier in the consultation process.</td>
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<td>• If written policies do not exist, what types of actions have been typically implemented?</td>
<td>In areas with a large proportion of uneducated stakeholders, special consultation techniques might be needed to ensure that consultation is successful.</td>
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<td>• What are the government requirements for public consultation?</td>
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<td>• What are government requirements to report results?</td>
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<td>• Are similar types of actions planned and will they meet the transparency expectations of potential or actual project partners/lenders/and governments?</td>
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<td>• Have all applicable recent guidelines/requirements for public consultation and information disclosure by project partners/lenders/and governments been assembled and reviewed?</td>
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<td>• Where might potential differences occur which need to be addressed?</td>
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<td>• Does the project have a long-term action plan related to consultation?</td>
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<td>• If not, could one be developed and when?</td>
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<td>• What are competitor practices in this area?</td>
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</table>
## Key questions in managing social issues in oil and gas projects

**Topic** | **Questions** | **Comments**
--- | --- | ---
Demographics and social/cultural organisation of stakeholders | Community structure/traditional lifestyles/subsistence economies  
- What types of communities/social/and ethnic groups exist that are potentially directly and indirectly affected by the project?  
- What are the interactions/relations of these groups to each other (e.g., are some groups considered “caretakers” of others)?  
- What language(s) is/are spoken?  
- What is the potential level of understanding of the project?  
- Are there particular lifestyle issues of stakeholders that might influence the timing and nature of the consultation efforts (e.g., scheduling consultation efforts during periods when most individuals will be in home villages rather than planting or harvesting crops)? | In developing areas and within and between social groups there may be important considerations (gender differences, historical governance relationships) that need to be considered to implement an effective public consultation programme. The need to translate information into multiple languages, existence of similar concepts, level of education all influence how people are able to participate in the process.  
- Local expertise is often needed to identify the full range of issues that could be addressed and can be facilitated through local community contacts, governmental officials, and informal networking designed to address individuals in informal setting. |
Identification of values | Are there particular social values that would affect the ability to consult with different groups/individuals on the basis of gender, religions or other social values?  
- How can the public consultation effort be organised to implement consultation efforts in these types of environments?  
- How could any consultation team be organised to facilitate access to the greatest range of potential stakeholders (e.g., gender sensitivities, individuals of the same ethnic/gender/religious background)? | Identification of the entire range of potential stakeholders in a project is a primary factor related to the overall success of a project.  
- NGOs and other organisations often represent or claim to represent a variety of potential stakeholders. While it is important to include these types of organisations in the public consultation efforts, they should not be the sole focus of consultation efforts.  
- It is often true that during consultation one or more groups or individuals representing or claiming to represent the same set of stakeholders are identified. As part of the individual consultation process, the extent to which these entities truly represent individuals can be assessed. |
Identification of stakeholders | How to identify  
- How will stakeholders be identified?  
- What types of background information need to be gathered/individuals consulted in developing the plan to identify stakeholders?  
- Could the results be verified independently?  
- What types of constraints to identification of potential stakeholders exist (e.g., language, ethnic association and social status)?  
- Are there likely to be under-represented stakeholders?  
- If so, how can they be identified/approached?  
- Given the scope of a project, what is the most appropriate level of consultation?  
Umbrella organisations vs. local groups and individuals  
- What types of umbrella organisations exist which represent potential local stakeholders?  
- Are there multiple umbrella organisations representing the same set of stakeholders?  
- What other types of local groups exist who could be consulted?  
- How will individuals be consulted? How many?  
Government representation of stakeholders  
- See safety and security. | Identification of the entire range of potential stakeholders in a project is a primary factor related to the overall success of a project.  
- NGOs and other organisations often represent or claim to represent a variety of potential stakeholders. While it is important to include these types of organisations in the public consultation efforts, they should not be the sole focus of consultation efforts.  
- It is often true that during consultation one or more groups or individuals representing or claiming to represent the same set of stakeholders are identified. As part of the individual consultation process, the extent to which these entities truly represent individuals can be assessed. |
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| Vulnerable/indigenous populations         | • Are there stakeholders/ethnic groups potentially affected by the project that would be considered indigenous or vulnerable in accordance with the definition of the World Bank Group and/or other definitions?  
  • What are the regulatory requirements?  
  • Which lender guidelines will be applicable to the project?  
  • Are guidelines being revised and/or will other versions be potentially applicable to the project?  
  • If not a regulatory requirement, to what extend might the lender guidelines be incorporated into the proposed undertaking? | • More intensive consultation requirements are generally required with those groups considered to be vulnerable or indigenous. This is in part due to the fact that these populations are generally considered marginalised by the larger population as a whole and/or have special consultation needs. |
Compensation

Compensation is usually a significant development component of any oil and gas project where land is to be acquired. An understanding of land tenure, land acquisition, and compensation laws, regulations and practices of any country is usually important as early as the Country Entry/Prospect Evaluation phase.

Acquisition of land and payment of fair and transparent compensation can be a major challenge in some countries. This may include areas where the government owns the land, but traditional rights to land are recognised formally or informally. In other cases, the government may own the land, and rights to use it are recognised by leases and/or granted through government permission.

Where governments hold land, it can often be important to understand the range of practices through which compensation can be made. It is then advisable to consider whether this process may require modification based on policies and practices of other partners and/or likely lending agencies. Key issues to be considered include:

- Situations where individual and community rights are not recognised legally by the host country.
- Compensation paid on the basis of replacement not market values.
- Socially acceptable methods of compensation based on issues related to ethnicity, gender, social status and social circumstance (e.g., payments to women in developing areas).
- Potential transparency of methods based on availability of savings institutions.

Valuation surveys are usually conducted at regular intervals in those cases where compensation may be paid out over an extended period of time and/or the project has continuing land needs. It is useful to conduct a baseline valuation survey as far in advance of the project as possible in order to consider, at a later stage, valuation issues related to:

- year-to-year variations in yields,
- season of survey (e.g., peak harvest),
- geographic location, and
- informant bias

Stakeholder participation is required by most lenders and is likely to be an important element in assessing and designing a compensation programme.

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<tr>
<td>General background</td>
<td>How much land is needed for this project?</td>
<td>Almost any project, other than reactivation of existing sites, usually requires some type of new land and compensation for resources. It is useful to assess the potential issues which might be encountered during this process prior to country entry and develop contingencies to deal with a broad range of issues.</td>
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<td>What types of resources are likely to be located on the land?</td>
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<td>Will there be a change in the use of already acquired land?</td>
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<td>Is compensation for land and/or other resources needed for this project?</td>
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<td>Will the project likely have indirect effects on resources for which compensation might be considered?</td>
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<td>Has compensation been previously paid as part of this project?</td>
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<td>What were the range of resources and rates for which compensation was previously paid?</td>
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<td>Do previously paid or proposed compensation rates conform to currently applicable laws, regulatory oversight requirements/guidelines, and goals of the project?</td>
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| Project standards/commitments | • Does the company have existing policies or practices related to land acquisition and compensation?  
• If so, what are they?  
• Do any of the partners or potential partners have policies and/or practices which might be adopted/modified for this project?  
• What is the likelihood that one or more partners may wish to see their company policies/procedures implemented instead of those of the managing partner? | • It is often useful to gather information on existing company/partner policies and recently implemented practices to gain an understanding of the likely challenges/outcomes, which will be encountered. |
| Common lender/international standards and requirements | • In the event that private or public financing is sought for the project, do these entities have specific policies/guidelines related to land acquisition and compensation?  
• If so, what are they and how are they the same/different from company/partner policies/guidelines and/or government laws/regulations/practice?  
• Are any international standards applicable to the project? | • Fair and transparent compensation is usually a concern of companies, international lenders and project partners. |
| Country laws and regulations | **Basis of compensation (existing practice)**  
• What are the laws and regulations of the country related to land acquisition and use?  
• If so, what is the procedure and what is the typical timeframe to acquire land?  
• Does government have set rates for compensation?  
• Do existing laws/regulations set compensation rates for all or part of these resources for which compensation is likely due?  
• Who is responsible for implementation of compensation programme and payment of compensation?  
• Based on historical information, is this process implemented in a fair and transparent manner?  
• If not, what procedures may need to be implemented or supplemental programmes implemented?  
**Surface and sub-surface rights**  
• Are there differences in rights to surface and subsurface rights to lands needed for the project?  
• Will these rights change as a result of land acquisition for the project?  
• If so, does the change in rights require compensation?  
**Permanent vs. temporary use**  
• Does applicable law of the country in which land is needed distinguish between temporary and permanent land takes?  
• How might these differ from project definitions?  
• What are the rights of existing property users to reuse/have returned to their use - temporarily acquired lands?  
• If lands cannot be reused for similar pre-construction purposes after construction, will compensation be required? | • In cases where existing regulatory structures and compensation rates do not appear to fit the intent and valuations standards of the companies or other entities, supplemental programmes may need to be implemented (for example, a storage yard might only need to be used temporarily for two years in a situation where any use over one year would constitute a permanent taking under country law). |
## Key questions in managing social issues in oil and gas projects

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| Land acquisition and property rights           | **Land classification**  
• What are the legally defined types of land the project is likely to need?  
• If applicable, does the land classification system recognise/provide for traditional use rights?  
• Is it likely that the land will be reclassified as a result of the project land needs?  
• If the land is held under traditional rights, will the land be reclassified in such a manner that future reuse of the land might be affected?  
• What is the legal acquisition process?  
• Who is responsible for the land acquisition process?  

**What is the duration of use?**  
• Permanent (eg national road)  
• Life of project (removed at end of project)  
• Temporary (construction access roads)  

**Property ownership**  
• How is the property owned?  
• Is the property owned through private title?  
• Are there multiple levels of ownership/rights (eg government ownership of land upon which traditional use rights also exist)?  

**Land tenure and customary rights**  
• Is the land/resources held under traditional rights?  
• Are there potential non-governmental informal rights which people living on/using the land may hold or feel they hold?  
• How might these issues be handled?  

**Compensation for land**  
• Is compensation for land needed?  
• Who is responsible for providing equivalent land/other compensation for the land?  
• Is compensation potentially needed for loss of future use rights?  

• Use of land on a permanent or temporary basis is often confusing. Land acquisition laws in many countries define the difference duration of months for which land acquisition is considered temporary or permanent. The legal definition should be used when evaluating social compensation and identification of impact issues.
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| Compensation for investments in land and other resources | ▪ What is the range of resources for which compensation is due?  
▪ Are there rate structures/provisions for compensation for these resources?  
▪ Are there additional resources, for which people might feel they are entitled to compensation, which are not covered under existing government regulations/rates?  
▪ Which resources will be compensated based on applicable company/partner/lender policies and procedures?  
▪ How might any gaps be treated?  
**Agricultural crops and trees**  
▪ Do existing/proposed rates cover the entire range of crops and trees that might be encountered?  
▪ If not, would a market survey be useful to assess new/updated rates?  
**Structures**  
▪ Do rates already exist?  
▪ Do they adequately compensate for any potential structures/outbuildings, which might be affected, including those of the poorest individuals [eg compensation for dilapidated structures]?  
**Non-timber forestry products**  
▪ Is compensation needed for non-timber forestry products?  
▪ If so, which resources may need to be considered for compensation?  
**Other resources**  
▪ What other resources might need to be considered for compensation?  
▪ Were additional resources mentioned during stakeholder consultation? | ▪ Most compensation for private property includes compensation for investments in the land. In the case of traditional use rights, investments in the land may or may not be included in any compensation rate structures established for the land itself. Since individuals and/or groups often do not legally “own” land, these investments are often the basis for compensation. |
| Valuation methods                          | **Types of Rates**  
▪ Do rates exist for all resources and investment needing compensation?  
▪ If not, how will compensation rate be determined [eg government rate sheets, project market surveys]?  
▪ Do additional studies need to be completed to update valuations and information?  
▪ Do rates meet lender/government expectations/requirements?  
▪ Do rates meet stated project compensation goals?  
▪ Are rates based on market and/or replacement values?  
**Market values**  
▪ What basis was used to establish market rates [eg seasonal average, highest value during periods of scarcity?]  
**Replacement values**  
▪ How are replacement rates calculated [eg future production value or replacement of production yields]? | ▪ Valuation rates and methods used to establish rates in non-market economies may be a significant source of debate. Rates may or may not exist for the range of resources to be compensated, may be outdated, or be based on methods not supported by project lenders. Often, market surveys are implemented to determine rates; however, rates can vary significantly based on valuations methods used. |
### Key questions in managing social issues in oil and gas projects

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<thead>
<tr>
<th>Topic</th>
<th>Questions</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Payment methods</td>
<td>- Are cash and/or in-kind compensation appropriate methods of compensation?</td>
<td>- In areas without banking facilities or if there is a substantial risk of individuals losing all or portions of cash payment to local authority figures and/or bandits, in-kind compensation may be an appropriate procedure to implement.</td>
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<td></td>
<td><strong>Cash</strong></td>
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<td>- Does the local population participate in a cash economy?</td>
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<td>- Are there local saving/banking facilities and/or organisations?</td>
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<td>- Are there potential risks to the individuals if compensation is paid in cash?</td>
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<td><strong>In-kind compensation</strong></td>
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<td>- Can land be replaced with like or better land (in terms of use/yield/productivity)?</td>
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<td>- Is in-kind compensation an appropriate alternative to cash compensation due to security issues, lack of monetary economy/local markets?</td>
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<tr>
<td>Stakeholder consultation</td>
<td><strong>Compensation</strong></td>
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<td></td>
<td>- Do savings organisations/groups exist in areas where compensation will be paid?</td>
<td>- It is important to consult stakeholders during the compensation process to assess what the types of resources, which should be compensated, and in what manner. Since concepts of individual and community ownership/use of resources may vary between ethnic groups, it is important that all potentially affected stakeholders be consulted and that social and ethnic differences be accommodated.</td>
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<tr>
<td></td>
<td>- Are these organisations stable?</td>
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<td>- Are local people interested in using these organisations?</td>
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<td>- Do they know how or will they need to be provided with additional information?</td>
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<td>- Would payment in cash adversely affect the security of individuals compensated?</td>
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<td>- If compensation is paid, will payments be made in cash and/or in-kind?</td>
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<td>- Do savings organisations/groups exist in areas where compensation will be paid?</td>
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<tr>
<td></td>
<td>- If compensation is paid, will payments be made in cash and/or in-kind?</td>
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<tr>
<td>Grievance processes</td>
<td><strong>Is there a legal grievance process related to disputes concerning adequacy of compensation?</strong></td>
<td>- In many countries, legal processes exist through which grievances may be brought through legal actions. However, in areas with uneducated and poor populations the ability of these people to take remedial actions through a legal system would be practicably prohibitive.</td>
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<tr>
<td></td>
<td>- Is a mechanism in place through which individual and community grievances related to compensation can be expressed at no/low cost to the individual(s) expressing the grievance?</td>
<td>- Many lenders require that a no-cost, transparent, and locally available grievance process be developed and implemented as part of a project.</td>
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<td>- Has a transparent procedure been implemented to address and provide timely feedback concerning grievances?</td>
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<td>- If not, how would such a procedure be designed and implemented?</td>
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<tr>
<td>Sources of Information</td>
<td>The World Bank Group Policies and Procedures.</td>
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</table>
Resettlement

Resettlement may be required on certain projects. The concept of resettlement includes land-take for right of way, areas deprived from use for income (pipeline route across farmland etc); it is not just in cases requiring relocation. The World Bank *Operational Directive on Resettlement* sets out procedures that are applicable to Bank-financed projects and acts as the de facto standards in many situations where other guidelines do not exist. Different lenders have different thresholds for resettlement over which they require more detailed resettlement planning. Major issues associated with resettlement may include:

- Intensive public consultation.
- More in-depth understanding of cultural and ethnic systems and values in order to correctly define appropriate family/social units and norms of households eligible for resettlement.
- Evaluation of potential effects on communities by loss/gain of households.
- Identification and evaluation of the thresholds at which economic effects make a household eligible for resettlement.
- Fair and transparent compensation for land and resources.
- Potential to offer attractive alternatives to resettlement.
- Need for longer-term monitoring of resettled families to ensure that they are economically the same as or better off than prior to resettlement.
- Consideration of cumulative impacts if project-development is phased.

Early and careful assessment and siting of project components and minimisation of land requirements can significantly reduce the need for resettlement.
<table>
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<tr>
<th>Topic</th>
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</table>
| General background                      | • Will the project require land, which will require resettlement of individuals/families?  
• Are there other project actions which will affect the use/reuse of the land in such a manner as it would be considered a permanent taking?  
• Is it possible to reduce the size of footprints and/or reroute linear projects to minimise the need for resettlement?  
• Have potentially affected individuals and communities been identified during the consultation process? | • During the initial planning process it is often possible to assess whether resettlement might be needed and take steps to minimise the potential for resettlement. For example, footprints could be reduced, and/or linear project components rerouted around sensitive areas. |
| Project standards/commitments           | • If resettlement is needed, are there company/partner policies related to resettlement?  
• If so, what are they?  
• How will the identification and resettlement processes be implemented?  
• Which parties (eg the operator, government, lenders) will be involved with implementation and monitoring? | • Many international lenders have standards and policies related to resettlement. Most are directed at large-scale resettlement issues associated with displacement of large numbers of peoples and communities such as actions associated with dam projects.  
• Also see compensation question list. |
| Potential lender/government standards/guidelines | • Does the lender/government have guidelines/policies related to resettlement?  
• What is the definition of resettlement?  
• What activities does the lender consider resettlement? For example, if a house were rebuilt within the same community, would it be considered resettlement?  
• Are there different requirements depending upon the number of individuals/families to be resettled?  
• Is a resettlement plan required? At what threshold? | • Most lenders have specific policies or procedural requirements related to resettlement. Depending upon the number of individuals and types of activities involved, lender requirements may vary from fair and transparent compensation and resettlement assistance to preparation of major resettlement plans, extensive consultation, and long-term monitoring requirements. |
| Triggers for resettlement                | • Have all triggers for resettlement been considered?  
**Physical displacement**  
• Actual physical displacement of fields and or field within communities may be considered resettlement.  
• Physical displacement of individuals and families between communities is usually always considered resettlement.  
**Cumulative impacts/changes**  
• Indirect project effects, such as cumulative losses affecting the potential livelihood of an individual or family, may be considered a trigger for resettlement.  
**Changes in access/use rights**  
• During the land acquisition process, changes in land classification may trigger changes in traditional use rights to that land. Changes such as this can also potentially be considered a trigger for resettlement. | • There is a wide variety of resettlement triggers of which only the major ones are mentioned here. Potential triggers can often be subtle and may only become apparent during the consultation process. One example would be a situation where resettlement of the key economic contributors to a community may affect the economic viability of the entire community.  
• An example of a cumulative effect that might trigger resettlement would be if no additional subsistence land was readily accessible and a family could not be economically viable farming remaining land. |

Sources of Information: The World Bank Group Policies and Procedures
Cultural resources

There is a range of cultural resources in the world as well as diverse regulatory systems addressing management of these resources. Definitions of cultural resources vary somewhat from country to country. For the purpose of this document, the definition of 'cultural resources' will be the same as that for cultural properties in World Bank Operational Policy Note. 11.03, which states:

The United Nations term “cultural property” includes sites having archaeological (prehistoric), paleontological, historical, religious, and unique natural values. Cultural property, therefore, encompasses both remains left by previous human inhabitants (for example, middens, shrines, and battlefields) as well as unique natural environment features such as canyons and waterfalls.

In defining different types of cultural properties, it is important to consider the range of properties that may be important to different ethnic and religious groups in the project area. This information can be sought through public consultation and/or focused group/individual interviews.

However, it should be recognised that in some cultural systems it is a taboo to reveal the locations of these properties. As a result methods must be implemented to allow potentially affected peoples the opportunity to participate in project components so as to avoid these locations.

In general, the following steps are followed in the identification and treatment of cultural resources.

• Complete background research
• Conduct surveys
• Develop importance criteria and mitigation-of-impact strategies
• Implementation of mitigation measures
• Analysis and data reporting
## Key questions in managing social issues in oil and gas projects

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| General background                   | • Does the proposed project have the potential to affect cultural properties as defined by the United Nations? This includes: “sites having archaeological (prehistoric), palaeontological, historical, religious, and unique natural values. Cultural property, therefore, encompasses both remains left by previous human inhabitants (for example, middens, shrines, and battlefields) and unique natural environment features such as canyons and waterfalls”.
• Are there any existing inventories of studies, which have been completed to identify these types of properties?
• Was the inventory of sufficient scale and scope to identify all potential resources?
• If not, what types of additional investigations need to be completed?                                                                 | • Identification of cultural properties almost always requires completion of an intensive cultural resource survey. The absence of sites is usually a function of the absence of a survey. Unless an archaeological survey has been completed using intensive site identification methods, it is probable that additional sites may occur in the project area. |
| Project standards/commitments        | • Does the project have any existing commitments relating to protection, avoidance, and mitigation of cultural properties?
• If so, when were they made and do they address issues which might be of current concern to ethnic and social groups?
• What is the normal procedure followed by the company and/or partners in relationship to the treatment of cultural properties?
• Has a similar type of procedure been followed for the project under consideration?
• How will the location information of sites be kept confidential or handled on a need to know basis to avoid any potential increase in un-authorised removal of artifacts from the site or other disruptions. | • Project standards are usually structured to meet the regulatory requirements of governments and/or lenders. As a result, the types of programmes implemented by the same company may vary substantially depending upon the location. However, regardless of location, provisions should be made for the sensitive treatment of sacred and cultural sites important to local ethnic and social groups. |
| Potential lender/government standards/guidelines | • Does the lender/government have guidelines/policies related to management of cultural, sacred, archaeological and historical sites?
• Do regulations exist which are applicable to this project and which may also consider other types of cultural properties, such as historic landscapes, architectural structures/districts, etc?
• Are there properties which should be considered which are not covered by standards and guidelines? | • Standards and guidelines related to the identification and treatment of cultural properties can range from none to complex and detailed procedures depending upon the country and applicable lender policies and procedures. |
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| Sacred and religious properties           | • Properties may include locations with readily identifiable resources such as churches, cemeteries with marked graves, publicly known sacred places, etc. In addition, properties may include natural resources such as trees, rocks, and mountains, believed to contain spirits or other powers. They may also include locations where ceremonies have taken place, totems, or other spiritual object(s) buried.  
  • Have publicly known properties been identified?  
  • What steps were taken to avoid and/or otherwise mitigate project impacts?  
  • Might the proposed project potentially affect sacred and religious properties of ethnic and social groups, which are not readily identifiable because of religious or cultural customs? For example, cultural custom may forbid the individual(s) to reveal the location to outsiders.  
  • What type of consultation took place to identify these resources?  
  • Were procedures implemented (e.g., asking groups to select a route or site as to avoid a secret site or property) in such a manner as to not reveal its location?  
  • Is compensation needed to permit movement or relocation of spirits or other sacred properties?  
  • After construction, are there areas where people might have access (e.g., the pipeline rights of way) and create new sacred and cultural sites that might be affected by future maintenance and repair?  
  • If so, how will this be managed?                                                                                                                                                                                                 | Avoidance and/or minimisation of impacts to sacred and religious properties may be challenging and should be based on intensive local consultation. If location and/or nature of the property is not readily revealed and/or otherwise identified, steps should be taken to allow local peoples to identify indirectly the location of sites by identifying locations to be “avoided”. For pipelines and other linear projects this consultation should take place just before siting the line. This will allow minor routing adjustment to accommodate these issues. It may also be possible to provide assistance in acquisition of ceremonial items/foods needed to relocate spirits and other intangible objects. |
| Archaeological and historical sites/palaeontological sites | • Have archaeological, and/or historical and/or palaeontological sites potentially affected by the project been identified?  
  • What types of procedures were used to identify these sites?  
  • What types of professionals were used?  
  • Is there a need to complete any additional site identification procedures, especially procedures to identify buried sites?  
  • If sites might be or are potentially affected, have the sites of importance been identified and a treatment plan developed?  
  • If not, when will this plan be developed?  
  • How was the plan, or when will the plan be implemented?  
  • Does the plan include procedures to minimise potential impacts to important sites through avoidance, covering the site with fill, minimizing construction footprints, etc?  
  • What are the requirements during operations and/or construction?  
  • Are these procedures in place to evaluate any newly discovered resources during construction?                                                                                                                                 | Archaeological sites refer to any location containing material remains of human and/or hominin remains. Generally archaeological sites should be a minimum of 50-100 years of age to be considered as potentially important.  
  • Historical sites may contain artifacts (hence also be a historic archaeological site) and/or architectural structures. Generally historical sites are those evaluated as important because an important historical event occurred at that location. This event may or may not be associated with material remains.  
  • Palaeontological sites are those with remains of fossil animals and plant remains.                                                                                                                                                                                                                           |
### Key questions in managing social issues in oil and gas projects

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| Architectural sites                        | • Will any standing structures (buildings, houses, outbuildings) be affected by the project?  
• Have these structures been evaluated for their potential historic, architectural and/or architectural importance?  
• If not, when will this be completed?  
• When will appropriate treatment plans be developed and implemented?  
• Architectural sites include not only distinctive structure of particular architectural merit but may also include examples of once typical and common examples of vernacular and ethnic architecture, including outbuildings. |
| Human remains                              | • Are there human remains in the project area?  
• Is it possible to avoid these remains?  
• If possible human remains are found, has a qualified professional (e.g., a physical anthropologist or coroner) positively identified them?  
• Are they of recent origin?  
• If so, or it is unknown, have next of kin been identified and consulted?  
• If not, when will this effort be completed?  
• What are the regulatory procedures related to treatment of these remains? (Many countries have different procedures for dealing with modern/historical burials vs. ancient remains.)  
• If the remains are not recent, are there any living groups who might claim the remains and/or have specific wishes as to how the remains are treated?  
• If the remains are to be moved, will specialists in the relocation of modern burials and/or archaeologists move them?  
• Is compensation due for relocation of burials?  
• It is important to treat human remains with respect at all times; where suspected human remains are identified during construction, further work should be avoided until the remains can be evaluated and the appropriate treatment determined.  
• Many countries have laws related to treatment of recent and historic remains but not ancient burials. How they are treated will vary depending upon the area and affiliation with living groups. |
| Landscapes and other natural features      | • Will any natural feature and/or landscapes be affected by the project?  
• Do they require evaluation during the project development process?  
• How was this determination made and by whom?  
• When will appropriate treatment plans be developed and implemented?  
• In some areas important natural features such as waterfalls, mountains, trees and overall landscape should be evaluated and mitigation measures implemented if negative impacts might occur. |
| Underwater sites                           | • Will the project affect offshore areas?  
• Is there a potential for submerged archaeological sites and/or shipwrecks?  
• If applicable, has an underwater archaeological survey been completed? |
| Sources of information                     | The World Bank Group Policies and Procedures; UNESCO Guidelines; Guidelines of professional organisations and museums                                                                                     |                                                                                                                                                                                                                                                                          |
**Employment and labour actions**

Fair and transparent recruitment, hiring, training and management of employees can be a significant issue. For example, expectations concerning the scale and prospects for employment may be difficult to manage. Systems of political and job patronage may influence hiring and create perceptions of unequal distribution of jobs.

Traditionally, human resources specialists of the operator and/or sub-contractor manage hiring and training of project workers. Depending upon the project timeline and availability of skilled and semi-skilled labour, intensive training programmes can be implemented to ensure that an adequate supply of skilled workers will be available for selected positions. These types of actions in developing countries provide an excellent opportunity for building capacity.

Labour unrest may occur for a number of reasons. These may include perceived discrepancies in pay, lack of contracts, living conditions, working conditions and termination of employment. In some areas issues related to ethnic and religious issues may also contribute to this unrest. Transparent policies for hiring, managing and terminating employment may mitigate some of these issues.

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<th>Topic</th>
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| General background         | • What types of skilled and unskilled workers will be needed for the project?  
• How many people are needed and for what times and durations? 
• What are the general labour conditions in the country or area? 
• Is there a history of labour unrest?  
• If so, what have been the conditions under which this unrest has occurred? 
• Are similar conditions likely to occur as part of the proposed project? 
• If so, how can they be best managed to minimise any potential for unrest? 
• Have area specialists been consulted to assist in development of hiring policies/procedures? | • In developed areas there is often little difficulty in hiring a skilled and unskilled workforce to develop and/or operate a project. The major challenge is in areas where there is not sufficient skilled labour, or the existing labour pool requires additional skills development to meet fully project requirements and expectations. |
| Project standards/commitments | • Are there any negotiated terms/conditions in project agreements related to hiring and employment of nationals?  
• Are there any laws/regulations not specifically negotiated which would affect use of expatriate staff, and/or third-country nationals?  
• What are the applicable laws/regulations of the county in which the project company is based that might affect how individuals are hired/used on the project (e.g. the US Foreign Corrupt Practices Act)?  
• Are there specific policies/procedures/Human Resource requirements of the company or companies developing the project that should be implemented (e.g. discrimination on the basis of gender)?  
• How will any applicable policies/procedures be extended to major contractors and subcontractors?  
• If so, how will these be managed and monitored? | • There may be a broad range of disparate policies, procedures and practices related to employment when developing a project in a developing area. These differences should be identified as early as possible in the planning process and any significant disparity between contractors (in relationship to wage, housing, work hours, etc) should be managed if they have the potential to create significant labour issues. |
**Topic** | **Questions** | **Comments**
---|---|---
**Lender/ international requirements** | • Which international protocols regarding labour issues are applicable to this project (e.g., those dealing with international human rights, forced and harmful child labour)?  
• How will compliance with these protocols be implemented?  
• Are there other particular policies and procedures that may require implementation by project lenders?  
| • There is a large number of international protocols and conventions related to human rights, freedom from discrimination, and other issues related to employment. Any disparity between common employment practices in the area should be clarified early in the development process.  
| **Labour supply and demand** | **Availability of educated workforce**  
• Has an in-area/in-country labour survey been completed?  
• Is there sufficient skilled labour to meet project needs through either direct hiring by contractors or through subcontracting to in-country businesses?  
• If not, can all/part of this need be met through implementation of specialised training programmes?  

**Training and development**  
• What types of training programmes should be implemented? For example, skills development through intensive off-site training, continuing training during employment, pre-employment training and orientation.  
• Who will manage and run these programmes (e.g., subcontractors, government entities, private businesses, etc.)?  
• How will in-country expertise be developed (if applicable) over the course of the project?  
| • In areas without educated/skilled workforces, companies often use expatriates and/or third-country nationals to fill key positions. The planning phase is the best time to complete in-country surveys to identify the availability of personnel with the needed skills so that there is sufficient time to implement skills development programmes.  
| **Employment** | **Hiring practices (skilled and unskilled nationals)**  
• How will people be hired?  
• How will hiring be handled in a fair and transparent manner?  
• Will any preferential hiring be offered to individuals from communities most affected by the project?  
• How will hiring by contractors and sub-contractors be handled?  
• Is there a potential that the existing skilled/semiskilled workforce of proposed contractors/subcontractors be a source of concern in areas where the operator will be working?  
• If so, how will this be managed?  

**Expatriates**  
• Will an expatriate presence be needed during all or part of project development/operations?  
• If so, are there specific requirements by the country in which the work will occur related to the length of time and number of work visas that may be issued?  
• How might this affect project development/construction/operation?  
| • Hiring practices in developed countries are usually subject to a wide variety of regulatory procedures, although systems of patronage, age, gender and ethnic affiliation may exist. These should be considered when procedures are implemented to promote fair and transparent employment practices.  
• In developing areas with high rates of unemployment, there is substantial need to fill as many unskilled and semi-skilled positions from the local workforce.
### Key questions in managing social issues in oil and gas projects

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<th>Topic</th>
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<tbody>
<tr>
<td>Labour actions/issues</td>
<td>Wage/per diem disparity</td>
<td>• Will each contractor/subcontractor be required (under law or by the project) to pay essentially similar wages for similar jobs?</td>
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<td>• If housing allowances, or other per diems are offered, will these be essentially similar?</td>
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<td>• If disparities do occur, is there the potential that this may create labour unrest?</td>
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<td>• If so, how will it be managed?</td>
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<tr>
<td>Labour unrest</td>
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<td>• If labour unrest were to occur, how would it be managed?</td>
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<td>• What involvement would the project developer and/or government have in resolution of any labour unrest affecting contractors and subcontractors?</td>
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<tr>
<td>Gender issues</td>
<td></td>
<td>• Are there laws and regulations in the country, which prohibit employment for certain types of jobs based on gender?</td>
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<td>• Are there requirements that prohibit discrimination based on gender and or quotas based on gender and/or ethnicity?</td>
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<td>• If so, how will they be implemented and monitored?</td>
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<tr>
<td>Forced and child labour</td>
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<td>• Is there a potential for forced or child labour on the project?</td>
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<td></td>
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<td>• Has information related to actions that constitute or would be construed as forced or child labour been distributed to contractors and subcontractors and prohibited as part of negotiated contracts?</td>
</tr>
<tr>
<td>Sources of information</td>
<td></td>
<td>• International Labour Organization; United Nations web sites on Human Rights; Human Rights and Sustainable Development; Centre on Transnational Corporations; the World Bank Group Policies and Procedures; company human resources policies and procedures.</td>
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<td>• An interesting discussion of human rights issues and best practices in relation to hydrocarbon operations can be found on The World Bank Group website (<a href="http://www.wbg.org">www.wbg.org</a>).</td>
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</tbody>
</table>
Local economic development, housing and community impacts

Oil and gas projects result in a number of direct and indirect local economic and community impacts in areas where they operate. These include immigration, inflation, social equity/parity, local food, housing, water supply, schools and recreational pursuits. For example, the type, location and setting of employee housing can result in important direct and indirect effects. Potential effects depend upon the absorptive capacity of communities to manage the influxes of workers typical during the construction phases of the project.

Working with local communities and assessing potential effects in advance of construction can provide opportunities for:

- government investments in upgrading local infrastructure, and
- oil and gas companies to promote good neighbour practices through community compensation and investment.

In-country procurement and creation of business opportunities are methods through which oil and gas development can contribute to local economic development and the growth of sustainable enterprises. To achieve this goal, companies may need to work with governments to provide training and assistance, or use other methods so that local businesses can bid for work.

The potential for negative impacts on existing economic activities in a community should also be considered. These may include, for example, loss of natural habitats upon which local peoples rely, and introduction of money into a non-monetary economy.
<table>
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<tr>
<th>Topic</th>
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</table>
| General background            | • What are the opportunities for partnerships, capacity building and mutually beneficial projects?  
• What is the local economic development of the country?  
• Which communities will be affected by the project?  
• What types of construction and operations impacts might occur (e.g., loss of use of land, temporary nuisance impacts during pipeline construction, location of permanent major facilities in the community)?  
• What are the characteristics of these communities?  
• How has this information been compiled?  
• Has the community been consulted and input provided?  
• What types of evaluations should be completed in these communities? | Potential impacts on local community resources resulting from location of large construction camps and/or long-term facilities near a community can be a major consideration.                                                                                                                                                                                                                                                                                                                                 |
| Project standards/commitments | • What type of commitments/policies does the company have in regard to direct compensation to communities adversely affected by the project and/or where long-term facilities are located?  
• What types of commitments are typically made/implemented by other companies (if any) operating in the area and/or country?  
**Project sponsored/developed Improvements**  
• What facilities/resources might be developed for dual community/project uses?  
• How can assets/improvements be protected/maintained?  
• What is the best method to manage long-term expectations/maintenance agreements | The types of commitments made by development companies and/or other companies’ partners can vary considerably. Precedents set by other operators can be important components in how a project is assessed by local communities.                                                                                                                                                                                                                                                                                     |
| Country laws and regulations  | • Does the government make public or otherwise make specific commitments related to use of project funds?  
• Does the government have any commitments for project-related revenues benefiting most affected communities? | Government regulations may exist which regulate the types of employee housing and/or per diems that are provided to project employees. In some cases, the potential difference in costs to contractors is substantial and contractors may select the option that results in the lesser cost. However, selection of one option may result in community impacts requiring implementation of mitigation measures by other parties.                                                                                                                                   |
### Topic: Changing social environments/social equity

**Questions**
- **In-migration**
  - Should project construction/operations actions/construction of fixed facilities result in migration to communities in such a manner that it may directly or indirectly result in impacts to the community infrastructure?
  - Are these impacts potentially adverse?
  - If so, what project measures can be implemented to mitigate any potential adverse impacts?
  - If unknown, how can potential impacts be monitored and evaluated?

**Comments**
- In a developing country, the potential for project mitigation measures to change pre-existing social relations is possible. Information should be collected in such a manner to permit evaluation of this potential and implement measures that would promote social equity and minimise potential impacts from in-migration.

**Inflation**
- Could the project have the potential to result in local inflationary impacts? (See assessment of communal infrastructure below.)

**Social equity/parity**
- Could project actions result in exacerbation of existing social differences?
- If community compensation/other social programmes are implemented, should they be implemented in such a manner as to promote social equity?

### Topic: Housing and infrastructure

**Questions**
- What types of housing are needed?
- How will project employees be housed in urban versus rural locations?
- Are there country regulations related to housing of construction employees?
- If so, what are they?
- If a range of options exists, what option would contractors most likely select?
- Does selection of different options affect the potential impacts on community infrastructure?
- If so, are the project, government and/or contractor responsible for implementing mitigation-of-impact measures?
- Does the option exist to provide per diem versus permanent housing or housing in temporary camps?
- Is there sufficient housing in local communities to accommodate projected demand (including project-provided housing and/or housing obtained with per diem allowances) without exacerbating local inflation in the cost of rental housing?
- If there are not sufficient rental/housing units, how will this be managed?
- Will additional housing be constructed, existing units renovated and/or workers housed in mobile camps?

**Comments**
- Housing of project workers can have significant impacts on local housing stock, water supplies and other infrastructure.
- Reasoned decisions based on community consultation and survey of the existing infrastructure can substantially reduce project impacts.

### Topic: Business opportunities

**Questions**
- What types of businesses operate in the local area, country, etc?
- Are these businesses capable of providing the necessary goods and services?
- If not, why not?
- Can scopes of work be modified in such a manner to permit local business to compete without any overall impact in quantity, quality and price?
- Can government participate/sponsor business development for project-related goods and services?
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<th>Topic</th>
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| Assessment of communal infrastructure and project-related issues: Local housing supply | • Will project workers be housed in local communities?  
• If so are there national laws/local labour standards for per diems and housing?  
• If workers are housed in local communities, are there sufficient numbers of units in appropriate price categories to fill project needs?  
• Will new units need to be developed?  
• Might project needs tighten the local rental market and drive rental prices up?  
• Should local inflation in rental prices indirectly result in the displacement of local residents?  
• If new housing is provided, how will water and sanitation standards be maintained? | • Pre-construction housing surveys.  
• Periodic monitoring just before/after construction.  
• Take steps to ensure local populations are not displaced by boom bust local inflationary cycles.  
• Construct/otherwise provide additional construction-operations related housing. |
| Assessment of communal infrastructure and project-related issues: Local water supply | • Will the project need additional water from existing supplies and/or new supplies for development (eg dust abatement during construction; water for mobile camps) and/or operations?  
• Are there other types of project activities which affect traditional patterns of water usage (eg downstream runoff of silt during construction, dust settling during road construction)?  
• Has a survey of local water supplies in affected communities been completed?  
• Have all local water supplies/uses been evaluated (eg potable water sources, river water for washing, irrigation, waste disposal)?  
• Are local potable water supplies sufficient to meet project needs without having a negative impact on existing supplies, including during the period of greatest scarcity?  
• If additional water wells or supplies are developed for local populations in developing areas, how will they be used and maintained? | • Assessment of project needs.  
• Surveys of water usages in communities potentially affected by construction.  
• Implementation of a monitoring programme.  
• Development of potable water supplies for local populations. |
| Assessment of communal infrastructure and project-related issues: Local food supply | • How will project workers be fed?  
• In developing areas, or areas with limited local food supplies, how will food purchases be distributed?  
• Are there opportunities to develop local agricultural and animal production practices to meet long- and short-term needs of project workers?  
• Is there the potential that indirect induced in-migration to the project area by people looking for jobs may result in local food shortages and/or inflation of basic staples that would adversely affect the existing local populace?  
• If so, how will this be measured/monitored/mitigated? | • In developing areas, purchase of locally produced foods to feed project workers can be an important source of income. However, in areas of relatively scarce food and a limited market economy, local purchases may result in inflation of local food supplies and/or the poor selling subsistence food supplies that are difficult to replace at a later time when they are needed. Common steps include:  
• Completion of market surveys well in advance of construction.  
• Frequent periodic monitoring.  
• Design of a programme to reduce any indirect food shortages/inflation of the cost of local staples relied upon by the poorest people in the community. |
## Key questions in managing social issues in oil and gas projects

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<th>Topic</th>
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<tr>
<td>Assessment of communal infrastructure and project-related issues:</td>
<td><strong>Community schools</strong>&lt;br&gt;• Are there schools in local communities where permanent facilities or long-term construction camps will be located?&lt;br&gt;• If so, are local educational facilities sufficient to meet the needs of employee families?</td>
<td></td>
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<tr>
<td>Other</td>
<td>Recreation pursuits (game parks, cinema/TV facilities, bars, public lands for hunting/fishing, public recreation facilities)&lt;br&gt;• What local recreational facilities exist in locations where project workers will be housed?&lt;br&gt;• Are there sufficient facilities or will additional facilities need to be developed?&lt;br&gt;• In areas dependent upon subsistence hunting/fishing/gathering, might workers have potentially adverse affects on resources depended upon by the local populace?&lt;br&gt;• If so, how will this be managed?</td>
<td></td>
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<tr>
<td>Waste and power</td>
<td>• Are waste disposal facilities adequate to handle the incremental wastes from the project?&lt;br&gt;• Are there adequate power supplies for the project or will existing infrastructure be over loaded?</td>
<td></td>
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**Sources of information**<br>The World Bank Group publications on business and sustainable development and environmental assessment references.
National infrastructure and utilities

Many oil and gas projects in developing countries require construction of new infrastructure (roads, telecommunications systems, water supplies and power generating facilities). Although oil and gas companies and governments may share in the expense of the development of some of these facilities, the oil and gas companies may feel that infrastructure improvements are the responsibility of the government and thus should be funded through project-generated revenues and tax revenues.

Infrastructure improvements may include construction of new schools, medical facilities, water supplies, public sanitation facilities and provision of additional governmental services. The long-term sustainability of these improvements should be considered.
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| Project standards/commitments/precedents set by other industries and companies | • What types of improvements/changes have other projects made in local and national infrastructure?  
• To what extent are some of these changes expected to be improved/provided with project-generated revenues?  
• To what extent are these improvements expected as part of government approval of the project?  
• To what extent might expected costs be offset against revenues? | • Precedents and agreements set by projects already operating in a country may create expectations concerning the minimum level of commitments expected to develop/enhance national infrastructure. |
| Assessment of national infrastructure and project needs | **Transportation infrastructure (roads, waterways, rail systems, air transport)**  
• Are existing systems adequate to meet project needs or are upgrades and/or other improvements needed?  
• Will new facilities need to be constructed?  
• Will new and/or temporary roads be constructed?  
• Will direct and indirect induced impacts occur as a result of improvements to or construction of new linear systems?  
• If so, what are these impacts?  
**Telecommunications and information transfer systems**  
• Are existing systems sufficient to meet project needs?  
• Will systems need to be improved or built?  
• To what extent might use of existing systems affect timely transmission of information?  
**Waste disposal systems/landfills/recycling/borrow pits**  
• Are there adequate waste disposal facilities in-country to meet current international standards for disposal of different classes of wastes?  
• Can existing facilities be upgraded or will new facilities be needed?  
• Can selected project materials be recycled and made available to local communities (e.g., plastic water bottles, storage containers, recycled oils)? | Projects in developed areas generally have minimal impact on the existing infrastructure. The extent of impacts should generally be mitigated and should be based on assessments made during environmental assessment. In developing areas, projects may develop or expand existing infrastructure to meet minimum project needs. |
| Financial and banking institutions | **Banking/money management systems**  
• What type of banking/savings institutions exists in the project area?  
• Do facilities exist in both urban and rural areas?  
• Are the systems stable?  
• If facilities do not exist, will the government and/or project provide them?  
**Payroll**  
• Depending upon existing facilities, how can payrolls be managed to ensure safe deposit and transfer of funds?  
• Is there a potential for increases in local crime associated with local paydays?  
• If so, how will this risk be reduced? | The existence and stability of banking and savings institutions in developing areas can be an important issue in relation to security of employees. |
| Investment in sustainable enterprises | • How can business development opportunities be implemented in such a manner as to promote sustainable development? |                                                                                                                                            |
| Sources of information | IFC publication on Business Development and Sustainable Development; UNDEP publications on sustainable development. |                                                                                                                                            |
Health

Health management is an important factor not only to the project workforce: an effective strategic health management (SHM) system can yield benefits that extend from the health of the project workforce into the host community. The OGP publication *Strategic health management, principles and guidelines for the oil & gas industry* (report no. 6.88/307, June 2000), lists some of the benefits of SHM. These include, but are not limited to:

- improved health of the workforce and dependents, and reduced health costs through better host community health care systems and infrastructure;
- improved health status in the surrounding community through promotion of primary health initiatives;
- increased opportunity for future economic development and sustainability of changes in host community health status through strategic planning;
- enhanced industry relationships in the host community, including government, the local health system, and civil society through cooperative consultation; and
- improved corporate reputation through proactive focus on health.

Furthermore, the OGP report lists the following key principles that should guide company involvement in SHM:

- emphasis on primary health care initiatives;
- industry co-operation and partnership in strategic planning and implementation;
- focus on strengthening existing resources and fostering local programme development and ownership;
- early consultation with host government and key stakeholders on goals, roles and plans;
- activities based on assessments of local health status and needs, and guided by strategic health plans; and
- use of objective measurements to monitor and evaluate results.
### Key questions in managing social issues in oil and gas projects

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| General background                                 | - What is the general health status of the country/area where the project will be constructed/operate?  
- What are the local health risks in communities and the project work force (e.g., sexually transmitted diseases, especially HIV/AIDS, water-borne diseases, chemicals/pollution, alcohol and drug use)?  
- Who are the local health authorities?  
- What is the structure of the local community health delivery system?  
- What are the local community and project-related health needs and expectations?  
- How adequate are available local health resources?  
- What types of health facilities are available in the project area?  
- Do the facilities meet western standards?  
- What types of occupational illnesses, disease, surgeries can be treated in the area?  
- What types of surgery can be performed in the area? |                                                                                                                                      |
| Country laws and regulations                       | - What types of laws/regulations exist in relation to:  
  - confidentiality of health information  
  - right to refuse treatment  
  - involuntary commitment  
  - quarantine  
  - informed consent  
  - substance abuse (testing and rehabilitation)  
  - accommodation for disabilities  
  - licensing of health facilities/providers  
  - occupational health laws? |                                                                                                                                      |
| Cultural impacts on occupational health and safety | - What is the role of the occupational health versus primary health care provider?  
- What gender issues exist in providing occupational health services?  
- What is the role of insurance or other health care financing? |                                                                                                                                      |
| Spread of diseases/epidemics/prevention           | Medical and healthcare facilities  
- Do existing medical facilities meet standards established by the project for care of nationals and non-nationals? |                                                                                                                                      |
### 6 References cited

**Emery, Alan R.**  

**Canadian Petroleum Industry**  

**E&P Forum**  

**E&P Forum/UNEP**  

**ICGPSI – The Interorganizational Committee on Guidelines and Principles for Social Impact Assessment**  

**International Finance Corporation, Operational Directive 4.10, Scupholme et al.**  

**Shell International Exploration and Production B.V.**  

**World Bank**  
*Note The World Bank Operational Directive on Indigenous People is under review. Please to refer to the World Bank web-site for current information.*  

**World Business Council for Sustainable Development**  
Appendix A: Tools and techniques in the social assessment and consultation process

Types of assessments

Social assessment and information collection efforts vary depending on the type of project and location of effort. While the initial project assessment is the typical entry point for social planning, it does not address the continual feedback and interaction process typical of long-term planning, changing development strategies, and operations feedback.

Assessing what is relevant varies from project to project and depends on perceptions of project stakeholders.

There are many different types of social assessment processes. The two major types of assessment used in oil and gas projects are Social Impact Assessment which is an independent process, and Social and Environmental Assessment which is an integral part of the overall planning process.

In addition, learning and appraisal techniques such as Rapid Rural Appraisal and Participatory Rural Appraisal are also popular tools to gather the minimum amount of information to make a reasonable decision. They may be used independently or as part of larger data collection and evaluatory systems and are considered a compromise between detailed and cursory studies.

If properly performed, these assessments can help integrate environmental and social considerations into project planning and implementation in a cost effective manner. For example, if The World Bank Group finances a project, the project would need to demonstrate that the Bank’s mission to alleviate poverty had been addressed. In such a case, either the project proponents and/or benefiting governments would need to collect information, implement actions, and develop measures to demonstrate that the project will help to alleviate poverty. This objective might be met through development of revenue management plans and monitoring of actions implemented. It may also require collection of more specific information from individually affected stakeholders or communities and long-term monitoring programmes.

Steps in the assessment process

The overall evaluation process can be broken down into the following steps.

Desk studies, legislative review and information updates

Collection and review of information from publicly available sources is an important and continuous process during the project life cycle. This information can provide a basic understanding of a project’s social setting, potential stakeholders, stakeholder issues and the range of probable social impacts to be addressed.

Compilation of selected background information is an important step during the earliest stages of project consideration, country entry, scoping and field studies.

Information available varies depending upon the areas involved. Useful information, including area specific information, can often be found in archival and secondary sources such as statistics, reports and other planning documents collected/issued by private and public agencies. Typically, information (of varying quality) can be obtained from:

- Country laws and regulations
• Published and secondary literature and statistics
• News sources
• Web sites (eg international bodies such as IMO, International Labour Organization, etc)
• In-house policies and procedures (both company, project partners, and lenders)

The reliability of any information used should also be considered.

**Scoping**

Scoping is a key step in management of social issues, since its purpose is to develop a basic understanding of a project’s social setting, potential stakeholders, stakeholder issues and the range of probable social impacts to be addressed. Scoping is conducted at the beginning of the assessment process. Potential social impacts are identified, and likely mitigation measures and monitoring requirements are described. As a project develops, assessments are conducted to evaluate and update the initial scoping results.

Several assessments might take place during the planning, development and operations phases of a project, and then be modified as new information is obtained. By the time a project has become fully operational, assessments of socioeconomic objectives may take the form of an annual evaluation, with updates of previous year’s activities and development of new objectives.

Many scoping objectives can be anticipated and planned during the earliest phases of project planning and country entry. This is, in part, because of the commonality of some project elements. In many cases there is a limited number of ways an issue can be treated. In other words, the underlying objective may be common to similar types of projects; however, the ultimate methods used to achieve the objectives may vary because most issues can be mitigated in two or more ways.

A good place to start is with traditional in-house management issues common to almost any oil and gas project. Such issues include employment, labour management, business procurement practices, work-force housing, health and safety issues.

Regardless of the type of project proposed, general parameters (eg number of people needed, types of skills, and potential health and safety issues) can be defined. Because these parameters are known and there are a finite number of responses, these issues can be readily incorporated into a scoping process.

It is often appropriate that scoping efforts be reviewed and feedback requested. Typically this might include review by socioeconomic managers from other similar types of projects, outside consultants familiar with the goals and objectives of the company/project, and a limited number of stakeholders.

**Consultation**

Public consultation is an effective two-way dialogue between the company and stakeholders. In general, public consultation should be underway by the beginning of seismic operations, intensify during development, and continue through production and decommissioning. OGP and IPIECA have identified the following guidelines on the consultation process (E&P Forum 1997:5-7).

• There is no single standard approach that can be used for consultation.
• Effective consultation is two-way.
• Identifying and building relationships with potential consultees can take considerable time.
• Consultation programmes are integral to project planning and decision-making.
• Programmes require appropriate representatives and expertise on the company side.
• There are limits to the consultation process.
• Process should be open and transparent.

Consultation is a method to ensure transparent interactions and minimise potential risks through stakeholder alignment and participation. These interactions are generally documented and maintained as part of the public consultation and interaction records for the project. In many instances, summaries of this interaction are reported on a regular basis to lending agencies and oversight institutions.

In some countries government may assert itself as the sole stakeholder representative based on regulatory and/or customary practices. Depending upon the social environment, this may or may not facilitate stakeholder input. When faced with such a situation, joint efforts and/or independent levels of review may be proposed.

A variety of techniques can be used during consultation including informal discussion, focus group and key interviews, and questionnaires. The actual materials and techniques used depend, in part, on the stakeholders.

Consultation efforts can be handled by different groups (e.g. public relations or HSE), which may work closely to coordinate feedback to project managers and developers.

Some environmental consultants may claim that they can do public consultation because they have environmental impact assessment experience, but they do not have the background, methodology, or staff expertise to design and implement an effective public consultation process. There are experts in different methodologies of public consultation that know what is effective in specific situations, given relevant objectives, audiences, etc.

The International Finance Corporation (IFC) has produced a useful guideline on consultation, Doing Better Business Through Effective Public Consultation and Disclosure – A Good Practice Manual (1998). The International Association for Public Participation has also produced a Public Participation Toolbox that identifies tools techniques and key considerations relating to their use.

**Identification and representation of stakeholders**

Depending on the project, consultation at the local, regional and international level may be appropriate and may involve a diverse set of individuals and organisations including:

• individuals directly affected by the project,
• residents and representatives of communities,
• community based interest groups and organisations,
• non-governmental organisations,
• government agencies, and
• partners.

Identifying relevant stakeholders can present significant challenges. It can be difficult to anticipate and engage stakeholder groups. Demands to participate in the consultation process may come from those whose affected interests are unclear, appear insubstantial, or who do not appear to be directly associated with communities affected by a project. Conversely, it may be difficult to ensure adequate representation of some important stakeholder groups due to cultural, religious, gender, economic or other factors.

It is important to provide mechanisms through which grievances can be expressed and resolved during consultation. These mechanisms may include remedies through the legal sys-
tems of host countries, as well as informal grievance processes. The latter are of importance where it may be difficult for individuals to participate in the legal system due to issues such as education or cost. These approaches provide a positive avenue for the company to interact directly with stakeholders and build positive relationships.

Consultation helps the company identify interested stakeholders and understand their needs, concerns, ideas, and values. From a stakeholder point of view effective consultation:

- allows stakeholders to see, understand and influence company decision-making process by providing clear, accurate, understandable and timely information to stakeholders about the proposed project and its potential impacts on them;
- identifies and clarifies stakeholder values, interests and concerns regarding potential impacts, and explores alternative approaches, mitigation measures and trade-offs to address those concerns;
- develops practices and procedures to avoid or reduce negative impacts;
- enhances its social soundness and acceptability; and
- establishes transparent procedures for carrying out proposed projects.

It must be emphasised that communities, especially indigenous people, may not have a clear understanding of the impacts of a project or be able to assess the technical nature of some documents provided as part of a consultation. A company needs to make sure that people have a clear understanding of the issues in order to give assurance that they can provide meaningful input. Sometimes, a local consultant needs to be given an educational/training role to ensure that people understand the potential impacts of a project. IFC has prepared a Guidance Note F for its Environmental and Social Review Process that has a very useful outline for preparation of a public consultation and disclosure plan.

**Benefits of effective consultation and public disclosure**

Consultation can have complex dynamics and raise issues difficult or uncomfortable for the company to address as described by the E&P Forum (1997). These issues may include:

- Involvement of individuals or organisations that strongly oppose the project, company or even the entire industry.
- Addressing stakeholder demands or expectations that the company cannot technically or economically modify the project to meet.
- The need for difficult decisions about the nature and extent of documents and information to provide.
- Balancing competing demands of local communities and government partners or regulatory agencies.
- Desire of local communities for the company to provide facilities or other infrastructure or services that government should more appropriately provide but is not willing or able to.
- Entanglement of project-related environmental or social issues with broader issues of government allocation of oil revenues and community benefits, human rights or even political movements over which the company has no meaningful control or influence.

From a company point of view, engaging in meaningful consultation, and release of some types of information, can have both perceived and real risks for the company. However, increasingly many companies have found that effective consultation provides benefits, especially in sensitive areas, which ultimately outweigh the risks. In addition consultation can reduce potential project financial risks and result in direct cost savings by:
Key questions in managing social issues in oil and gas projects

- assisting in the identification and understanding of key environmental and social issues involving the project or activity;
- if conducted early in the planning process, enabling project design and other changes to be made early and most cost-effectively;
- facilitating resolution of stakeholder concerns and potentially increasing stakeholder ownership in and support of decisions;
- helping to establish and maintain good relationships between stakeholders and the company;
- reducing likelihood of costly delays or stoppages in development or operations;
- potentially enhancing social benefits to local communities; and
- facilitating legal and lender requirements.

Each company must make its own decisions concerning information to be released during public consultation and who will be included in consultation. This will vary by company as well as the type and nature of the projects proposed. No matter how well the process is carried out, satisfaction of desires of all parties involved may not be possible.

Dispute resolution

It is inevitable that not everyone will agree with everything that comes from studies and assessments relating to impacts and appropriate compensation. A dispute settlement process is usually needed to balance expectations and project needs. This process should be established early in the project life.

Collection of social information

Field studies may be needed to address issues raised during the scoping process as well as to collect information needed to assess effects, develop mitigation, and implement monitoring programmes. Although most major studies are completed during the project development stage, follow-up studies to update information (e.g., market survey data for project ongoing land needs) are frequently needed. In addition, new issues sometimes arise which need to be addressed.

Types of studies

Common types of studies, which might be undertaken, include:

Baseline individual, household, and community data

These data may be used to assess potential effects related to compensation, resettlement, employment and labour actions, and health. Individual, household and community information may be collected using a variety of methods such as compilation of information from public sources, as well as observation and interviewing methods.

Indigenous-vulnerable peoples surveys

Indigenous/vulnerable peoples survey may be needed. Types of issues to be addressed and specific consultation topics may be found in guidelines such as those issued by the World Bank Group.
Labour and business surveys

These surveys often address questions related to employment and labour actions, local economic development and impacts to community and national infrastructure. Methods may include compilation of local business and employment information, conduct of interviews and administration of questionnaires.

Compensation

Studies may be undertaken to determine the range for which a compensation value might be assigned (e.g., crops, trees, houses, non-timber forestry products and cultural properties), as well as their replacement values. Information may also be collected on socially acceptable methods and forms of compensation, and local savings/banking institutions.

Health impact assessments

Surveys may be completed concerning health impact assessments (see lists of questions - Health). A good source of information concerning useful variables and measures is the OGP publication entitled Strategic Health Management, Principles and Guidelines for the Oil & Gas Industry (Report No. 6.88/507, June 2000).

Social effects monitoring

Social effects monitoring is a method to track project-related effects and may be required by lenders as a condition of lending. Because of the potential need for monitoring, collection of baseline information should focus on issues for which monitoring may be needed, and information that can most easily be measured without the influence of non-related project effects.

Examples of typical issues for which future monitoring may be needed include local inflation of food and housing costs, resettlement success, induced access and impacts on infrastructure.

Linking information collection to future planning needs

The types of information to be collected should be linked to a demonstrable, measurable and meaningful outcome. A wide variety of tools and techniques may be used to collect information needed to evaluate issues described in the lists of questions (see Table A.1).

Since most socioeconomic information collection and analysis focuses on the measurement of project-induced change (positive, neutral and negative), it is useful to understand how the information will be analysed and results presented. It is also useful to understand what additional future information collection efforts and/or commitments might be made through the use of this information.

Types of information collected and how the information is used will be largely based on the skills of those individuals collecting and analysing this information. Companies should recognise that, although there are many skilled socioeconomic specialists working in the field, many have little or no training in quantitative methods. As a result, reports produced by these specialists tend to focus on simple descriptive analyses. Changes are often described in relationship to changes in percentages, sometimes without the benefit of even presentation of the underlying size of the data set.

There are also many individuals who are highly skilled in the development and execution of statistically based surveys. There are a number of quantitative methods to measure project-induced changes. However, depending upon the level of quantitative information needed, they often involve multi-year, multi-level data collection efforts and the application of sophis-
ticated quantitative techniques. Efforts of this complexity and scope are not needed on many projects.

**Information collection techniques**

There is a wide variety of tools and techniques for collecting social information. Open-ended observations can be presented as descriptive text and can be used for low-level and initial inferences, while specific types of interviewing techniques and questionnaires can be used to collect more detailed information.

There are also numerous types of interviewing techniques, including ethnographic, in-depth open-ended and semi-structured. Each of these interview types is used for different reasons. It would not be unusual for one or more interviewing techniques to be used during the course of a project.

Key and focus group interviews are commonly used. Key interviews usually focus on specific sub-topics and the interviewees are experts or individuals extremely knowledgeable on the topic. For example, if information is needed about community health issues, key interviews might be completed with local health care workers. Many key interviews include a combination of open-ended and forced-choice questions.

Use of focus group interviews is also a common way to collect information and obtain feedback. Focus group interviews are conducted with groups of people with interests in particular topics, such as women’s entrepreneurial businesses.

In addition to interviews, questionnaires are a very common method to collect information. Questionnaires are useful because they are generally structured to require forced choice answers. Short answers may also be recorded and later coded using top-down methods. Like most survey techniques they should be tested on a sample population before being administered to the target population.

**Some issues with analytical methods**

Most information collection processes include some type of sampling. However, sampling may not be needed in cases of small numbers of observations and/or other needs (e.g. collection of information needed for compensation). When long-term monitoring is needed, it is important to determine whether the same people will need to be interviewed over a number of years, or whether other people can be substituted.

This consideration will significantly influence the size of the initial population sampled because larger samples will be needed in areas where people are highly mobile and move frequently.

If quantitative information is needed, this information should be measurable and statistically comparable, and sufficient observations should be recorded to permit valid statistical comparisons. Most statistical analysis of social information assumes non-normal distributions.

During analysis and interpretation of results, it should not necessarily be assumed that because two types of observations are interrelated they therefore have a cause/effect relationship. This can even be more difficult to assess over longer time periods because of the influence of other factors, such as changes in populations/health issues in communities around major facilities.
Effects identification and evaluation

Oil and gas projects generate many different types of effects. These can include many positive effects, including generation of revenues for host countries that can be used for health, education and infrastructure improvements, job creation and business development. While these are large-scale positive effects, it is still the overall goal of a project to reduce potential adverse social effects associated with project development and operations to insignificant or acceptable levels.

There is a tremendous variation in types of project effects. Any data collected for the purpose of effects evaluation should be clearly linked to the ability to predict and measure outcomes. An effect that may be desirable in one setting may be totally undesirable in another. Some examples of variations in effects include their desirability, scale, duration in time, physical or spatial scale and level of intensity.

Effects can be cumulative, and positive effects may balance negative effects. Potential positive, negative and neutral effects can be identified only after the variation in effects is reviewed within the particular context and siting of the project.

The range of direct project primary effects, as well as the general types of mitigation measures typically implemented, is usually predictable at a general level (cf the World Bank’s Environmental Assessment Handbook 1991). However, there is often a significant challenge in assessing what types of secondary effects a project should address.

Effects can also be roughly divided into those directly affecting individuals, households, communities and the overall region. As a result, it is often challenging to assess which effects should be considered direct or indirect effects of the project and to implement appropriate mitigation measures.

During the course of the evaluation process, the potential for long-term cumulative consequences of project related actions should be considered. These actions may result in positive, neutral or negative impacts on stakeholders, as well as having potentially synergistic impacts on other companies and/or other project-related developments.

Development and implementation of mitigation-of-impact measures

The purpose of adopting and/or employing mitigation measures is to remove, minimise and/or compensate for residual adverse effects to the extent reasonably feasible. Following completion of the effects analysis, implementable mitigation measures should be developed which will address potentially adverse impacts identified. Examples of types of measures and common mitigations include:

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoidance</td>
<td>Reroute around area of concern</td>
</tr>
<tr>
<td>Prevention</td>
<td>Vaccination programmes</td>
</tr>
<tr>
<td>Impact reduction</td>
<td>Reduce size of construction footprint</td>
</tr>
<tr>
<td>Probability of occurrence</td>
<td>Upgrading road systems to reduce risk of accidents</td>
</tr>
<tr>
<td>Compensation</td>
<td>Individual/community compensation in cash or in-kind</td>
</tr>
<tr>
<td>Enhancement</td>
<td>Improvement of education system, public utilities</td>
</tr>
</tbody>
</table>

There are cases where significant adverse impacts may be identified for which no realistic and/or practicable impact mitigation measure exists. In some cases it may be possible partially to mitigate the scale or degree of the impact but a significant residual adverse impact will remain. These impacts are usually identified in environmental planning documents and
need to be determined to be an acceptable consequence of the project if the project is to be approved.

Identification of appropriate mitigation measures will also vary with the project. For construction related impacts, some of the most effective mitigation measures may be to resite facilities, reduce size of footprints, and use best practices methodologies.

**Identification and development of appropriate measures through collaborative efforts and stakeholder participation**

Collaborative efforts to identify and implement mitigation measures provide a potential opportunity to engage and create partnerships with NGOs, CBOs, governments or other entities. Mitigation measures implemented in this manner often enjoy a higher degree of success than measures carried out unilaterally, due the ability to align goals better and to consolidate a variety of resources to implement a particular mitigation measure. Effective consultation may identify the most appropriate and transparent mitigation of impact measures, including sustainable development measures.

Similarly, without active stakeholder consultation and participation, implementation of mitigation measures may not achieve the desired result. A typical example is associated with drilling of water wells in areas lacking sufficient supplies. Unless there is local participation to maintain the pump, wells may go unused because pump parts are stolen and sold.

**Implementation of mitigation measures**

Several choices of mitigation measures exist for most effects. Almost any effect can be mitigated and will require the participation of one or more entities. Because such choices exist, selection of actual measures should consider the present and future equity of impacts, and who benefits from the measure. For example, a mitigation measure might be implemented which will benefit a local community in the short-term, but have potential long-term adverse effects on future generations.

Social mitigation measures may be viewed as a social investment. Such investment may lead to increased cooperation between stakeholders and project proponents in addition to potentially reducing risks. However, as with any mitigation measure, government and regulatory agency concurrence may be important, especially in cases when one of the project partners is a government and a stakeholder in the long-term success of the measure.

It is desirable to have full company management support of mitigation measures. Management support facilitates integration of mitigation efforts as part of daily management expectations. It also provides the support for funding and implementation programmes and encourages active assessment and change as appropriate. Use of public relations to publicise and/or promote the measures may also benefit the project proponent by raising awareness of the positive effects of the measure.

**Indicators of mitigation effectiveness**

Development and use of social indicators is one method to identify:

- potentially important issues, and
- methods to monitor and measure each issue.

There is no specific “best method” to assess the level of detail at which indicators need to be developed. For planning purposes, indicators are constructed by:

- describing the primary issue to be studied (eg to what extent has resettlement been successful);
• describing the actions/events relevant to this issue through those changes which could be studied (eg how many families were able to re-establish fields and previous or better income levels after resettlement);
• determining what types of information should be collected (eg family income and/or harvest information);
• how the information will be collected (eg surveys may be conducted once a year after the harvest by a third-party);
• assessing how the data will be compared (ie, simple statistical tests);
• determine at what point a measure should be considered significant; and
• if significant and adverse, identify change management measures, which might be needed.

*Health performance indicators* (E&P Forum (OGP) report no. 6.78/290, June 1999) is an excellent source of information on health indicators.

**Ongoing monitoring, review, assessment and change management**

Monitoring is a method to evaluate compliance and a tool to evaluate and update mitigation strategies if conditions change or original strategies are not effective. It also documents anticipated impacts and assists in the identification of unanticipated impacts.

Follow-up monitoring and assessment of the effectiveness of mitigation measures may need to continue throughout the project life cycle. Management support of these mitigation measures is a key element in their success. Like all measures, they benefit from accountability through measurement and reporting.

Mitigation measures are usually developed and managed in several different ways. This may be a result of:
• condition placed on a project; and/or
• normal management and feedback process; and/or
• response to changing situations.

Supporting mitigation monitoring plans usually describe details related to monitoring of social issues required as a condition of project approval. These plans may include details of the types of actions to be monitored, information to be collected and compared, and thresholds at which change management processes might be implemented. One of the most effective methods to demonstrate the effectiveness of a mitigation measure is through periodic reporting of performance against a measurable standard.

Ongoing assessment of social issues will benefit from continuous and periodic review and revision as appropriate. Such assessments may involve a cross section of individuals representing public relations, health, security and other functions.

These issues are dynamic. Over the course of any major project it is likely that changes will need to be implemented. This is part of the continuing social impact assessment process. It can occur either in response to new situations, or because formerly used processes are no longer applicable or effective. In either case, measures may need to be reassessed and mitigation measures revised.

It may also be appropriate and necessary to respond to changing and/or unanticipated situations. This may include not only sudden political and/or catastrophic changes but also significant long-term gradual changes in situations. In the former, potential scenarios are generally addressed during risk assessments. In the latter, changes may be best-identified and managed through regular measurement and reporting.
It will be useful to document changes in socioeconomic planning through a changed management process. Most processes include written documentation describing the new and/or changed situations, reasons for a proposed change, and new efforts to be implemented. Before implementation these may require review and approval by management.

**Issues related to tools and techniques**

**Reporting and dissemination of information**

Determining the most appropriate format in which to release information derived during social studies should be carefully considered, due to the need to:

- inform stakeholders of the results of the studies;
- protect the privacy of information obtained from individuals/families; and
- limit disclosure of potential trade/development sensitive information.

Many social experts belong to professional organisations that require which the individuals conducting the study share results of this study with the participants. However, this feedback can be disseminated in many ways including verbal communications and summary texts. In some cases, reports submitted to lending agencies automatically become part of the public record.

Dissemination of study results is a potentially difficult issue. Prior to undertaking a study the types of information to be generated and anticipated results should be reviewed with the contracting entity. Potential issues with public release of study information should be resolved prior to initiation of the work.

**Cost management**

Costs for information collection, analysis, and implementation of mitigation programmes can be substantial. They can be partially managed by:

- effective scoping during the initial phases of project development, by providing key information on data needed for future assessment, monitoring, and change management needs;
- integrating data collection activity as part of other project activities;
- design and implementation of targeted information collection and analysis programmes;
- sampling (although in some cases sampling may not be cost effective or useful in the long-term); and
- responding to unanticipated events/needs on a proactive basis.

**When there are little or no data**

In some cases there may be a need to make decisions and/or plans related to socioeconomic issues where information cannot be readily obtained through field studies. This may occur in a number of situations including:

- stakeholders do not share/reveal potentially important information due to cultural and/or other constraints (eg secret initiation sites);
- there are adverse physical risks associated with data collection; and
- relevant events will occur relatively rarely.

Many of the circumstances under which stakeholders will not share information can be anticipated and mechanisms put in place to collect these data indirectly. For example, during...
pipeline routing, stakeholders may be asked to assist in routing the pipeline in such a manner that sacred and cultural sites will not be disturbed without revealing the exact location or nature of the site.

There will be very few issues that would warrant attempting to collect information that might result in adverse physical risks. This might occur in cases where it may be believed that illicit operations or bandits may be operating in the area. In such cases, these issues could be identified as part of the risk assessment and incorporated in higher level planning strategies.

**Terminologies and multiple languages**

It is not unusual for project teams to work, conduct consultations and produce documents in more than one language. Individuals involved in project planning, development and operations may come from a wide variety of professional backgrounds and have quite different concepts of what different words mean. As a result, project objectives need to be clearly explained, keeping in mind that, initially, the audience is unlikely to have a common understanding of the concepts. Words such as consultation, information programmes, transparency, stakeholder identification and temporary, may be interpreted much differently depending upon an individual’s background.
At all levels, it is possible that project goals and objectives may be lost or modified as they are translated into different languages, some of which may not have words to identify the concept. This fact alone creates the potential for misunderstanding and issues. Because of this potential, company teams may consider measures to minimise the potential for misinformation.

### Table A.1: List Of Common Information Needs

<table>
<thead>
<tr>
<th>Information related to</th>
<th>Types of information</th>
<th>Examples of lists of questions to which information is relevant</th>
</tr>
</thead>
</table>
| Demographic and population characteristics | • Ethnic/tribal affiliation/racial diversity  
• Age, gender and occupation  
• Employment  
• Health  
• Social status  
• Inflows and outflows of people | • Consultation  
• Employment  
• Health |
| Social | • Wages, direct/indirect employment, including historical patterns  
• Changes in social status (social equity of impacts, distribution of power within affected population)  
• Attitudes and behaviour, including perceptions of risk  
• Changes in economic structure  
• Patterns of community life  
• Purchasing of local/national supplies | • Legal and other agreements  
• Safety and security  
• Consultation  
• Employment  
• Local economic development  
• National infrastructure |
| Natural resources | • Land and water  
• Accidental contamination/pollution  
• Demand for land for resettlement | • Legal and other agreements  
• Compensation  
• Resettlement |
| Infrastructure | • Project infrastructure development  
• Government organisation/linkages  
• Revenue (eg royalties and taxes) at local/national levels and associated public spending impacts  
• Educational/recreational facilities  
• Volunteer and religious organisation  
• Banking facilities/organisations  
• Transport and roads  
• Housing  
• Public safety such as fire and police | • Legal and other agreements  
• Safety and security  
• Consultation  
• Compensation  
• Local economic development  
• National infrastructure |
| Cultural resources | • Prehistoric/historic archaeological, historical, and historic architectural  
• Religious, spiritual, and cultural | • Cultural properties |
| Health | • Health care facilities  
• Water/power supply and waste management  
• Changes in public health and associated social impacts  
• Health risk assessment/management  
• Monitoring and surveillance | • Local economic development  
• Health |
Appendix B: Use of expert consultants

It is rare to find a single consultant who can address all of the social aspects of projects since individuals with in-depth knowledge concerning local social and developmental issues often have little or no working experience in oil and gas development. Also, as the discussion on Consultation in Appendix A describes, consultants with environmental impact assessment experience may not be suitably qualified in public consultation processes.

As a result, it is often useful to consult with experts who have area expertise prior to country entry as well as those who have on-the-ground experience. The latter can often elucidate issues not evident through review of the news media. This may be especially true in areas where access to the press is restricted and disclosure issues are problematic. Such interactions provide the opportunity for local capacity building and to fulfill local content requirements.

In any project a variety of consultants may be used to manage social aspects of the project including:

- social scientists;
- communications/public relations’ specialists;
- development specialists; or
- former in-house industry experts who have extensive experience in managing the social components of projects.

Consultants may vary from an expert anthropologist who has worked with local peoples for several decades to a local community health care worker. It often requires skilled communication and education efforts to help these consultants understand potential impacts and issues associated with construction, while drawing on their local knowledge to discover any potential issues to be addressed.

Hiring, training, labour relations, contractor community relations, housing, and business procurement are traditional social areas typically managed by HR specialists and/or industry specialists who have gained this experience through long-term on-the-job experience. Individuals with this type of experience should have regional specific experience as well as experience in the management of the type of development action planned.

Routine actions that oil and gas employees would consider trivial on a routine basis may result in vastly different effects in different social settings. In such cases it is often useful to pair individuals with this type of expertise with social specialists who have worked on oil and gas projects in similar types of developmental settings and/or with in-house staff to identify development actions of importance.

Most outside practitioners are members of professional societies whose members are required to abide by particular codes of conduct. Occasionally, project needs may appear to conflict with standards described in the codes of conduct of the professional society.

One, particularly the requirement to share results of a study with stakeholders, has been problematic on some projects, especially when studies are done at a time when sensitive commercial information (eg types and siting of facilities) may be of concern. These differences can usually be resolved providing each party recognises and works towards an acceptable approach.