

Tri-Sector Partnerships: Environmental Impact Assessment (EIA) as a tool to secure the Social Licence to Operate

EIA

An **Environmental Impact Assessment** (EIA) is carried out for most large scale facilities prior to construction or other major activity e.g.:

- oil and gas field developments
- new or expanded mine sites
- laying of major pipelines
- construction of processing, storage or waste management facilities
- related activities: land reclamation, land fill, housing, roads etc.

“Partnering can enable EIA studies to bring about two types of project permissions: the formal permit from the Ministry of Environment, and the informal social licence to operate from the affected communities”.

Chi Nkele, HSE, Shell Petroleum Development Company, Nigeria

can be improved so that it delivers not only the ‘formal’ environmental operating **permit from the regulators**, but also the ‘informal’ **social licence to operate** from the affected communities.

Alongside expanding the scope of the EIA study to fully include social impacts and ensure more effective public consultation, partnering with community leaders and groups, non-governmental organisations (NGOs), local government authorities and international aid agencies offers a way for company’s to improve the contribution the EIA process makes to securing the social licence to operate.

The EIA is commonly required by local regulators (Ministries of Environment, Energy, Minerals etc.), corporate environmental management systems and investor institutions.

EIAs frequently lead to improvements in project design in the form of siting, pollution abatement, hazard management and wildlife conservation.

Conventional EIA fares less well as a tool to manage the negative social impacts of projects, e.g. on the health, livelihoods and the physical environment of local communities, and often fails to ensure that the project is acceptable to the local communities.

EIA and the Social Licence to Operate

A key challenge facing companies in the extractive industries is whether the EIA process

Partnering in EIA

Certain stages of the EIA process lend themselves to partnering. These include:

- 1. Baseline Data Collection** – partnerships between the company, research institutes, communities and government authorities to improve the **accuracy, reliability** and **public credibility** of environmental and social baseline data used in EIA studies.
- 2. Scoping** – short-term partnerships (1 to 2 months) convened to set the ‘scope’ and ToR for the EIA. In contrast to the conventional approach to ‘public consultation’ within EIA, a partnering approach involves key informants from communities, government and civil society working as an integral part of the Scoping Team, alongside the company and their consultants.

Natural Resources Cluster
Business Partners for Development

A unique collaboration between:

➤ Anglo American Corporation

➤ BP plc

➤ CARE International

➤ Department for International Development (UK)

➤ Integrated Coal Mining Limited

➤ International Council for Mining and the Environment (ICME)

➤ Norsk Hydro

➤ Placer Dome

➤ Rio Tinto

➤ Royal Dutch/Shell

➤ World Bank Group

➤ WMC Resources



Expanding the Scoping Team in this way can begin to address **the lack of trust** that often arises between community and company over what is included in the EIA studies; **mobilise community participation** to more accurately identify potential impacts; ensure that the **methods of assessment** are relevant to those affected; and help **manage community expectations** of what an EIA can deliver.

3. Impact Mitigation Working Groups – small groups formed with representatives from the affected communities, local NGOs, and government authorities – working alongside the company and their consultants. Different working groups are convened for different impact categories: eg bio-diversity, water resource management, community health, socio-economic etc.

Each group functions as a partnership, pooling knowledge and expertise, agreeing significance criteria and mitigation options. The approach can provide greater community **relevance** to the studies, **credibility** in the results and ownership by communities in the choice of mitigation measures.

4. EMP and Community Development – all too often the Environmental and/or Social Management Plan (EMP) that results from an EIA study is divorced from (or worse, conflicts with) the community development programmes of government authorities, NGOs and aid agencies. Towards the end of the EIA study one option is to draw together representatives (e.g. from each mitigation impact working group) into a new partnership, and task this group with integrating the individual EMP with the wider community development programmes of external organisations.

5. EMP monitoring – panels comprising representatives from the company, the affected communities, civil society and government, convened to **verify the effectiveness of EMP implementation**.

Key Success Factors

Factors critical to a partnering process that enhances the role of EIA in securing the company's social licence to operate include:



The **'EIA Improvement Project'** is part of the ongoing efforts of the **Shell Petroleum Development Company (SPDC), Nigeria** to build trust between itself and its surrounding communities. Along with improved EIA procedures emphasising social and community health impacts, and a 'buddying' system to strengthen the skills of its EIA staff and consultants, SPDC are engaged with the oil regulators, universities, NGOs, and aid agencies to explore opportunities for 'partnering' to carry out the 25+ EIA studies it conducts each year.

Across the company's portfolio of social investment and environmental management initiatives (including EIA), SPDC is looking to 'partnering' as a means to "strengthen the social part of the 'triple bottom line' that underpins the Shell approach to sustainable development". HSE Director, SPDC

- ▶ choosing partners with knowledge and expertise credible to the affected communities;
- ▶ partners whose collective expertise covers all aspects of community expectations regarding the new facility, both the negative impacts eg on livelihoods, and the benefits, e.g. of jobs and community development.
- ▶ recognising where the objectives of different partners might conflict (e.g. time-scales of the company vs those of community groups).

Where to go for Advice

The web-site of the Natural Resources Cluster of Business Partners for Development (BPD) provides case-examples of oil gas and mining operations round the world working in partnership to manage a range of social issues: see www.bpd-naturalresources.org

Alternatively, contact the person whose business card is attached to the Briefing Notes folder. He/she is tasked with providing advice to those interested in tri-sector partnerships.