Public and Stakeholder Strategies for Managing and Reducing Risks

Better negotiations.
Better decision making.
Better results.
Brief Outline of Points

- Quick background on myself
- Hypothesis to build from
- Recognizing hard challenges
- What are some thoughts for doing better
Quick Background (and likely biases)

- Land use planner
- Mediator and facilitator of various natural resource, environment, and energy issues locally to nationally
- Work with NGOs, gas and oil companies, water utilities, government agencies, and communities

**Credit**: Some of my statements are informed by a diverse work group I facilitated with Tom Wilber in a two day conference sponsored by the Union of Concerned Scientists in Los Angeles recently

- All statements, conclusions, and errors are my own
UCS Stakeholder Engagement Group: Acknowledgment

- UCS group: mixed NGOs, municipalities, academics, and industry

- We recognize that there are important “if” questions about what should be – should fracturing happen here in my community, my state, my country? – as well as “how” questions – if it is going to happen, how does it happen so that my community is protected?
Community engagement is essential: in generating information, framing research questions, digesting information, and using it. AND, communities must be part of not just information-sharing but decision making to ensure that their interests, moral viewpoints and values are taken into account.
Why Is this so hard?
Why is this so hard?

- Energy policy/siting is inherently complex
- Property rights as well as legislative and regulatory regimes bound the space for dialogue
- The controversy is framed on multiple fronts at multiple levels
- Audiences are numerous and very different
- A number of cognitive barriers/risk perception challenges bind the space
- Declining trust in institutions by citizens across the political spectrum problematic
- Information, power, and control are asymmetric
Some thoughts on how and where to do it?
Four Areas for Possible Change

- Increase Disclosure
- Institutionalize Joint Fact Finding
- Increase Industry Capacity
- Engage Communities More Actively
Key Hypothesis:
- In the face of uncertainty and “secrets” fear and suspicion will only grow
- A “little” disclosure is a bit like being a “little bit pregnant”
- Disclosure itself is more likely to be trusted if it is produced jointly
- More information is a not a panacea to reducing conflict

Key questions:
- Who is the audience?
- What is being disclosed at what stage of development?
A few thoughts

Greater disclosure of fracturing fluids and techniques

* Examples currently include Frack Focus and Frack Tracker (two non-government responses)
* The most likely “trusted” disclosure will be through legislatively required, consistent, enforceable disclosure (Toxics Release Inventory) or a partnership of industry-NGOs-government in producing such information
* Disclosure is particularly important about where it’s happening – is fracturing happening in my community, near my home, and how, when and where?

Greater disclosure of research and background information

* Who paid for it, what uncertainties, what checks and balances on possible bias, etc.
Engage in Joint Fact Finding

Key Hypothesis

- “Information” is more likely to meet the three-pronged test of salience, credibility and legitimacy, if it is produced jointly across sectors/interests
- Joint fact finding, as we call it, would need to occur at multiple levels
- Translation, interpretation, synthesis and outreach are key to improve trust in information, not just “here’s the data”

Key Questions

- Are our existing institutions sufficient to produce more “trusted” information
Engage in Joint Fact Finding

A Few Thoughts

- 2008 recommendation still holds true: ensure transparency, pay attention to facts and values, be explicit about uncertainties, engage an independent review or collaborative inquiry

- We need to consider new institutional arrangements for producing more trusted information at the national or at least regional level (examples)
  - National Wind Coordinating Committee
  - Bat and Wind Energy Cooperative
  - Health Effects Institute
  - Water Environment Research Foundation

- At the community level
  - Work with communities and trusted local institutions (hospitals, public health) in the spirit of producing information and jointly learning, rather than telling, educating, or merely informing WHEN major controversies arise

- Look to examples in other industries: lots of examples in the last many years – Superfund, geothermal resources, wind energy development, etc.
**Improve Industry Capacity**

- **Key Hypothesis**
  - Many companies do not have the full skill set to engage communities and the public at a fine-grained level effectively
  - Regulatory agencies will continue to be budget constrained for years to come

- **Key Questions**
  - What are the appropriate mix of skills and expertise needed?
  - How do you overcome internal barriers within companies to integrate engineering, economics, and social performance?
A Few Thoughts

- Companies likely need to staff up, learn up, and engage up.
- A “code of communication” or “conduct” across companies AND regulatory agencies could be useful.
  - Such principles as: share uncertainties, acknowledge current unknowns, talk about risks don’t just minimize them, share information to the greatest extent possible, etc.
- Investors may have a role.
  - Consider more investor rankings and standardized CSR reporting to increase competition for “best in field.”
Engage Communities More Directly

Key Hypothesis

- Engaging communities directly, and well, will have economic, social, and moral value.
- Successful trust building requires long periods of engagement, over many years.
- Scale of development and representation challenges, conflict of values and lack of trust in both information and institutions, these last 3 noted at least somewhat in the 2008 report, will remain challenging.
A few broad thoughts

- 2008 recommendations still hold: inclusive, focused on collaboration in both problem and solution formulation, transparency of process, and "good faith" communications important.

- Engaging a range of views, not just the powers that be nor one’s allies is important.

- Early notification of company activities across the spectrum of actions essential to increase trust.

- *When* information is provided is key: having information to evaluate development before it happens is strongly preferred and allows communities to consider and plan and not just react and try and catch up.

- There are numerous social media and web-based technologies to deploy, but they still need to adhere to the criteria noted in the 2008 report.
Engage Communities More Directly (2)

- Explore a number of techniques
  - Community Advisory Groups
    - Superfund experience, for instance
  - Community liaisons
    - Wind development in Europe, for instance
    - Community Liaison Officers in some companies
  - Complaint and grievance mechanisms
    - Consider the lessons from hospitals in medical errors
    - Look at IFC and other international best practices
  - Charters of principles like the Louisville Charter
  - International Initiatives
    - Extractives Industry Transparency Initiative (EITI) on revenues
Create best practices and metrics to measure them by

- A common “social performance” score card across companies
- Community score cards and evaluation
  - Mining has examples
  - Nigeria, the Niger Delta, and Chevron
- On-going evaluation of efforts and foster joint learning (challenging in highly competitive environments)
Final Thought (or two)

- There is much more to do to engage
- But engagement alone is not sufficient; you have to think seriously about the allocation of costs and benefits across stakeholders/rights holders
- For instance, to name one:
  - Economic theory tells us that winners can always compensate losers with some proportion of the surplus, but do they?
  - Engaging with policy makers, advocates, and citizens to create better mechanisms to improve the nexus between government revenues from gas and oil development and the impacts on those most directly affected is important
For more information:

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