

# ISSUE PAPER

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*Ensuring that benefits of bioenergy development materialise and risks are mitigated requires robust policies and processes. Designing these policies and processes with a multi-stakeholder approach helps identify and address the risks, and different interests and concerns in an effort to deliver the benefits. However, it is critical that stakeholder processes are carried out in the right way - how the process is done and who is involved are key factors that impact the effectiveness of the approach. There is a lot of global experience to draw from as, over the years, stakeholder engagement processes have developed to ensure that they are engaging, empowering and equitable. The bioenergy sector can learn from these experiences and draw best practice examples that directly apply to the sector.*

## BEYOND THE TALK: ENGAGING STAKEHOLDERS IN BIOENERGY DEVELOPMENT

Bioenergy is a sector that has captured much attention around the world for different reasons. In developed nations the driver for bioenergy largely comes from the need to reduce greenhouse gas emissions and to ensure energy security. In developing nations energy security is also an important factor but there are additional social drivers such as job creation and local economic development. As a result, and helped by biofuel targets and blending mandates, investment is expanding rapidly; and much of this investment is taking place in developing countries where large tracts of land are available for feedstock production.

The rapid expansion has given rise to concerns about the potential risk of negative social and environmental consequences. At the same time there is also plenty of evidence that bioenergy can support economic development, particularly in

rural areas. However, it all depends how bioenergy development is designed and implemented.

In order to optimise the benefits and minimise the risks, many countries are initiating national bioenergy policy development processes. And on the project level, several sustainability standards, for biofuels overall or by feedstock, are being developed. Effective stakeholder engagement on both levels is critical to ensure that policies and projects support human development and empower local communities.

### Why do stakeholder engagement?

Stakeholder engagement can ensure broad support and buy-in for decisions on bioenergy at both a project and a policy level. It ensures that stakeholders are informed of the developments, which is a first step to gaining support for the policy



or project and its subsequent implementation. It does this by allowing stakeholder differences to be addressed through dialogue, and for conflicts to be managed. Early inclusion of can help deal with stakeholder differences from the beginning, and clear up misconceptions as soon as possible.



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On the policy development level, meaningful stakeholder participation in the decision making and monitoring process is the most reliable way to optimise benefits and prevent negative impacts from policy. This is because a multi-stakeholder approach ensures that the different concerns, particularly of those most impacted by the policy decisions, are heard and taken into account, and that the balance between economic growth, environmental issues and social concerns and different interests by different groups is established constantly maintained through dialogue and debate. In particular, stakeholder engagement plays a critical role in educating stakeholders about the practical constraints and opportunities when it comes to commercial foreign investments.

Effective stakeholder engagement can also help government with compliance. Where stakeholders are involved in monitoring activities, they can help notify authorities if unanticipated consequences arise that require adaptive management processes.

Meaningful stakeholder engagement is also effective in ensuring transparency and social accountability in public decision making. Social accountability, according to the World Bank, 2010, is “an approach towards building accountability that relies on civic engagement, i.e. in which it is ordinary citizens and/or civil society organizations which participate directly or indirectly in exacting accountability.” Stakeholder engagement can strengthen the service delivery of projects and yield positive outcomes on the ground.

On a project level, engaging stakeholders in bioenergy developments on the ground helps to optimise the local benefits to stakeholders, and

address their concerns before they become problems. This helps reduce the risk of community unrest.

Moreover, stakeholders can usually provide insight into development initiatives and how best they can be implemented. Therefore, the quality of the decisions made will improve due to the addition of locally sensitive knowledge.

They can also point out less obvious negative impacts that might be missed by consultants from outside the community; thus, bringing the programmes and projects closer to a win-win solution whereas without this input, it is possible that decisions will be largely driven by the investors.

### Stakeholder Engagement in Bioenergy Policy Development

Bioenergy is a sector that cuts across a range of different interests, often part of different Ministries' responsibilities. Hence, bioenergy policy and strategy as the primary method to guide and facilitate particular actions and outcomes in this area, should be based - already on ministerial level - on cooperation between different policy areas through a multi-ministerial task force or similar setting allowing for coordination between energy, agriculture, transport, economics, environment and other sectors.

Beyond this, stakeholder engagement should be done through a multi-stakeholder, multi-sectoral approach, bringing all parties together to discuss and debate the merits and demerits of bioenergy policy proposals. Each sector/stakeholder brings their own perspective that generally represents most of the interests within a country. For instance, academics bring scientific research and knowledge, the private sector provide a market perspective, environmental NGOs will want to ensure sustainability, community leaders will seek to maximise benefits for the poor and jobless, interest groups like women and youth will push for greater benefits for their stakeholders and so on.

It is through the careful balancing of all interests, set within the context of the national government programmes and imperatives, that policy should be formulated in an effort to achieve the best result.

The creation of a *Task Team* or *Steering Committee* to oversee the process of policy creation ensures participation in the policy process. This group would have members of civil society included in its make-up in addition to the relevant government authorities. Representatives of NGOs, labour, the



private sector and various other interest groups sit as members and participate equally in the decision making processes. The life span of the multi stakeholder Task Teams can be extended beyond the policy phase into implementation, monitoring and evaluation. It could be used for assessing projects, particularly large scale ones where the impacts could be significant.

The second step of engagement is the creation of a *Stakeholder Forum*. This is often a forum that is comprised of several stakeholders from the community and from community NGOs, private sector members, and interested parties that have an interest in policy formulation. The Stakeholder Forum should be more inclusive and represent a variety of interests beyond that of the Task Team. The numbers need not be limited, but it may have separate chambers or sub-committees that deal with specific issues. These stakeholders should be engaged with throughout the policy planning process, and right from the beginning, at the feasibility stage.

### Stakeholder Engagement in Bioenergy Projects

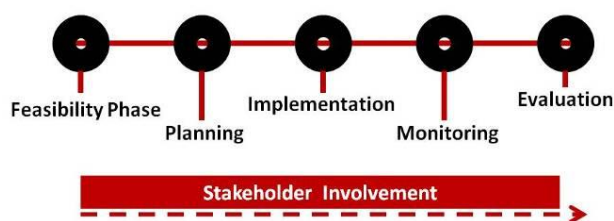
Once policy is in place, investors will feel secure to develop projects that safe-guard their investments. Generally, this will involve identifying areas where bioenergy feedstock can be produced.

In project related decisions local stakeholders are critical to ensuring that the proposed projects protect the interests and rights of local stakeholders and interest groups. Interests may differ from country to country and region to region, but the various interests should cooperate to ensure sustainability across social, environmental and economic interests and concerns.

Local stakeholders will take an interest in any multi-stakeholder process that will impact them directly; and various interest groups will often get involved if there are threats to socio-ecological resources.

In order to ensure a fair balance of all interests, it is necessary to seek out the various interest groups and encourage and facilitate their participation in negotiations and discussions. In developing nations, international NGOs and academics may also play a critical role in facilitating information by helping to communicate critical issues.

It is important to involve stakeholders as early as possible in the project cycle, and keep the process alive throughout – from the feasibility analysis, to planning, to implementation, and monitoring and evaluation (see accompanying figure).



For projects, unlike the policy process, only a stakeholder forum is required. However, for larger projects where the stakeholders are many and varied, it is also advisable to have a Steering Committee in which representatives of the sectors sit. Generally speaking, these processes form part of the government's ESIA process and thus decision making is ultimately done by the governing authority based on the results of the stakeholder consultation process.

It is recommended that governing authorities attend the main sessions of the Stakeholder Forum to ensure that they hear first-hand the concerns and issues raised by stakeholders for specific projects. This body should sign off on the report that comes from the consultation process.

### Reducing Risk: Stakeholders can affect your business if they are not consulted and listened to Case Study – Sinar Mas

The oil palm industry has always attracted controversy, but Indonesia's largest oil palm company Sinar Mas has appeared in the press more than others. This year, three of their biggest clients, Nestle, Unilever and Kraft, have announced that they will no longer be purchasing from them.

Why? In March 2010, Sinar Mas was again in the press when two community leaders were arrested and detained for three weeks for opposing a plantation in West Kalimantan (Indonesian Borneo). It is alleged that Sinar Mas cleared 250 hectares of community owned land without consulting or involving the community in dialogue. In September 2009, 60 members of the Silat Hulu village confiscated 2 bulldozers and one theodolite.

The conflict is ongoing, although the community has demonstrated willingness to negotiate. Nestle announced that they require independent auditing confirming that the company is operating legitimately and not removing pristine forest before reconsidering their purchase decision.

A robust stakeholder process involving environmental NGO and local community members, amongst others, could have led to a negotiated agreement up front, and might have avoided the conflict.

Source: [www.greenpeace.org](http://www.greenpeace.org)

Consensus views should be clearly distinguished from dissenting views, and each view should be identified as coming from a particular source/group. It is for this reason that the stakeholder mapping process is essential, as it is critical to understand influence, power, support and impact (discussed later).



### Principles and Standards for Effective Stakeholder Engagement

A number of principles and standards have been developed to guide the process of stakeholder engagement. The following collection of international best practice draws on principles and standards developed by the International Association for Impact Assessment (IAIA) for Environmental and Social Impact Assessments (ESIA) and are fully applicable within the context of bioenergy initiatives<sup>i</sup>.

#### *Free Prior and Informed Consent (FPIC)*

In addition to the above principles of stakeholder engagement, and in cases where bioenergy projects may impact indigenous peoples, international agreements such as ILO Convention 169 of Indigenous People's Rights should be adhered to, particularly in nations where the convention has been ratified<sup>ii</sup>. The ILO convention mentioned above first describes the principle of "Free, Prior and Informed Consent" (FPIC).

"FPIC is a collective expression of support for a proposed project by potentially affected communities reached through an

independent and self-determined decision-making process undertaken with sufficient time, and in accordance with their cultural traditions, customs and practices. Such consent does not necessarily require support from every single individual.

For FPIC to be achieved, consent must be "free of coercion, obtained prior to commencement of the project activities, and informed through access to all the information necessary to make the decision, including knowledge of legal rights and the implications of the project" (WRI, 2009).

Application of this principle makes stakeholder engagement more robust and ensures an equitable result.

It is advised that stakeholder engagements, at the level of policy and of project development (in particular large projects that will have significant impacts) are carried out by independent facilitators, as they can avoid bias and conflicts of interest.

### Tools for the Stakeholder Engagement Process

#### Stakeholder Mapping



Stakeholder mapping can be used on both the policy level and the project level. *Stakeholder mapping* is a term used to describe the process of identifying stakeholders and their interest. There are a variety of methods to use and the choice of method is related to the purpose of the engagement.

### Principles for Stakeholder Engagement

- **Integrated:** The process should be able to integrate the contributions of very different groups of stakeholders from government, to international organizations to local communities. This principle ensures inclusively and fair representation;
- **Adaptive:** The process should be flexible and also engage with a range of stakeholders through different methods;
- **Transparent:** The process should have clear, easily identified requirements. It should ensure that there is public access to information, limitations and difficulties should be acknowledged and the reasons why particular decisions were taken should follow a trail that is accountable;
- **Credible:** The stakeholder engagement process is the only way in which affected stakeholders may have an influence on the decision-making process. It is important that the process be conducted by professionals to ensure faith in the process and those facilitating it;
- **Rigorous:** The process should apply "best practices", using methodologies and techniques appropriate to the scale and phase of the stakeholder engagement process, specifically when it comes to stakeholder consultation and record-keeping;
- **Practical:** The process should result in information and outputs which assist with problem solving and are acceptable to and able to be implemented by proponents;
- **Purposive:** The process should aid in decision-making by taking into account the concerns of all stakeholders.

The process of stakeholder engagement, if it is to fulfil the intention of the principles above, should carefully consider who should be involved in the process.

Which stakeholders should be engaged with will depend on several factors: whether the development relates to policy or a specific project, the nature of the bioenergy development(s), and, the local context and the types of stakeholders who will be affected<sup>iii</sup>. It is important to determine the following: 1) stakeholder interest or impact (personal, organisational or issue based); 2) potential risks from a stakeholder perspective (are they likely to be negative to the process and if so what might be the adverse effects on the policy or project); 3) key people to be informed (local leaders, local businesses, government and regulatory authorities, etc.), and 4) marginalized or traditionally neglected stakeholders<sup>1</sup>.

A matrix of the stakeholders and their power, support, influence or the impacts they may bear can be very helpful at the start of the process. The following table describes the ways in which stakeholders could have an impact on policy development or a specific project, and the mapping process should identify which applies most accurately to which stakeholder.

Stakeholders that have a low level of influence but are highly impacted should be given very special consideration. The process should have, as one of its intentions, to give a voice to these voiceless people.

STAKEHOLDER MAPPING	
POWER	High, medium, low
SUPPORT	Positive, neutral or negative
INFLUENCE	High and low
IMPACT	Negative or positive, high, medium, low

#### *Policy- level stakeholder mapping*

For policy development, stakeholder mapping depends on the quality of stakeholder data at the level of government. Most governments already have databases of stakeholders that deal with policy development or who have been involved in negotiations on a sectoral basis in the past.

<sup>1</sup> Such stakeholders may have less influence in the policy process or in the planning phases of a project as they often feel intimidated into accepting ideas or fail to follow the process effectively due to literacy levels or language skills, but if the project impacts their lives negatively in the long run they pose a serious risk to the successful and sustainable continuation of a project. This must be considered during the planning phases.



Policy development interest groups tend to have more capacity – they can be contacted by telephone, or fax or email, or they will respond directly to advertisements calling for stakeholder interest in newspapers, on the radio or through government bulletins.

However, some groups, particularly in developing countries, that represent specific interests may be more difficult to reach. Thus, the government should take care to ensure that these sectors are included. Some of these groups may represent the interest of the poor, smallholder farmers, women’s groups, indigenous communities and the informal sectors and entrepreneurs.

It is not necessary in a policy process to involve each and every stakeholder, or organisation that represents the multitude of interests. Generally speaking, it is optimal to ask each sector to select representatives that attend and participate in more formal Task Teams or Steering Committees that can serve as forums where ideas are debated and proposals put forward.

Larger more inclusive forums meetings can be held less frequently to ensure inclusiveness and to enable a more careful scrutiny of the policy development process. Government should endeavour to support the networking of interest groups outside of policy process, as this will facilitate the selection and identification of representatives from the interest group.

#### *Project-level stakeholder mapping*

For local projects, particularly within a developing country context, it is critical to ensure that local stakeholders are included. It is not sufficient to just involve the local chief or political leader as they may have different interests to some interest groups. Women, youth, labour, entrepreneurs, farmers, and locally skilled people should all be involved.

These groups may not be formally organised, thus the facilitator may need to assist in identifying representatives that can sit in decision making forums. Again, as with policy development, it is

important to have a forum where all participants can be included at least once or twice during the process. This will enable the operators and governments to assess if the proposed decision put forward by the forum are indeed acceptable to the majority of the people in the local area.

Similar to the policy process, attempts must be made to identify interest groups and interests that are unique to them. For instance, in many developing countries survival is the main occupation, and while the local communities will want to preserve it, local biodiversity may not be their first priority. For this identification of needs you may need to consult with NGOs or local interest groups.

### Increasing Public Participation in Environmental Impact Assessments

Environmental Impact Assessments (EIAs) or Environmental and Social Impact Assessments (ESIAs) let developers be aware of risks of projects, and can also be used as tools to promote community engagement in the feasibility phase of project design. EIAs and ESIs not only improve the predictive quality of environmental assessments, but can also ensure that the magnitude of impacts has been properly assessed. On a social level, it can also be a tool to raise awareness and transparency about a project at an early stage.

For further information on effectively using these tools for stakeholder engagement, see the IFC's guidebook: [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p\\_StakeholderEngagement\\_Full/\\$FILE/IFC\\_StakeholderEngagement.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_StakeholderEngagement_Full/$FILE/IFC_StakeholderEngagement.pdf)

### Market mapping for bioenergy projects

Market mapping is a different approach to stakeholder mapping. The *market mapping approach* used predominantly in value chain analysis can be adapted for use in the bioenergy context for projects. In this approach stakeholders are grouped into 1) actors directly involved in the bioenergy market or value chain; 2) those involved in regulating or enabling the market environment; and 3) those providing supporting services to bioenergy development.

This approach assesses the importance of various stakeholders within these groups and can clarify the roles of actors and active participants who have a stake in bioenergy development.

It does not, however, identify stakeholders that are directly or indirectly affected by the impacts of bioenergy development, because of geographic vicinity to project sites, or because they depend upon natural resources and ecosystem services that are affected by bioenergy development.

To overcome the weakness that the market approach does not identify actors that are indirectly impacted, the stakeholder analysis must also be complemented with a process of identifying stakeholders that are indirectly affected by new demand for resources for bioenergy; for instance industries that rely upon the same feedstocks for other production purposes. To do this, it may be possible to identify industry stakeholders through local chambers of commerce or other such networking channels.

### Participatory rural appraisal

After a stakeholder mapping process has been conducted, project developers will also need tools to interact with the community. An approach often used in stakeholder engagement for this purpose in rural poor communities is called *Participatory Rural Appraisal* (PRA). It is a process methodology that involves local people in the collection and analysis of information that is then used by them for their own planning and decision making processes. Practitioners of this approach have devised a range of participatory data collection and analysis tools that empower local communities and legitimise their indigenous knowledge. PRA has five central concepts:

**Empowerment** – Sharing knowledge which is understood by local people. External expertise and local knowledge is accessed and assimilated by local people for their own purposes;

**Respect** - Researchers and experts are transformed into listeners and learners, no longer holding fort and dominating proceedings. They are there for the people, to ensure that their voices are heard in the planning process;

**Localisation** – Extensive use of local materials and representations encourages visual sharing;

**Enjoyment** - It is meant to be fun;

**Inclusive** – Ensure that marginal and vulnerable people such as women, children, youth, aged and the destitute are all included.



Women pressing jatropha cake, Senegal

Some countries have built on this process and have adapted it for their own context. Planning for Real, for example, which has been used in the UK, uses models rather than pictures in the sand, and has more rules to ensure a robust process such as - experts are not allowed talk unless asked to by the community<sup>iv</sup>.

process of engagement through focus groups: labour, youth, environmental groups and so on. Appropriate communication and engagement strategies are critical and should take into account cultural, financial and capacity constraints - including literacy levels and technological capacity of the various stakeholders.

### Ensuring the Stakeholder Process is Engaging and Participatory

Stakeholder engagement is not merely about passive consulting of people. For all of the tools that were mentioned before, and any other form of engagement, in order for it to be effective, stakeholders need to be fully engaged in the process.

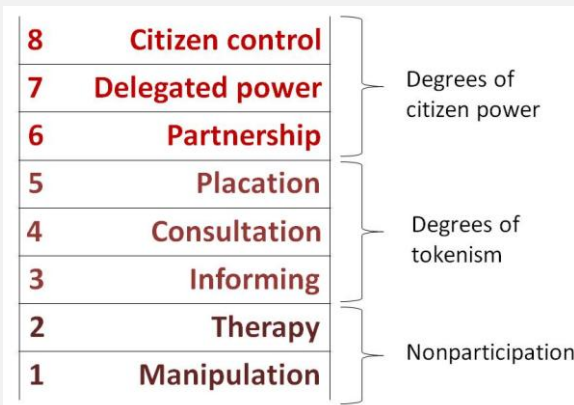
In developing countries this will more than likely require capacity building, so that the stakeholders understand the issues fully. The way the process is designed will also have an impact on the level of engagement. For instance, women in developing countries rarely speak in the presence of men, and thus holding women-only focus groups may help identify gender specific issues. It is also recommended that each sector is allowed its own

**The mode of communication is important.** For instance, in rural Africa it is inappropriate to notify local stakeholders by email, but posting notices in clinics or sending messengers into the community will be far more effective. However, in developed countries, it may be most appropriate to send out emails and letters inviting stakeholders to meetings.

The use of technologically advanced equipment like GIS mapping and even advanced presentation material may confuse less literate stakeholders but excite and engage people from technologically oriented societies. In the former, which is likely to be the more traditional societies of developing countries, oral communication may be most appropriate, with simple maps, diagrams, symbols, physical objects and group memories playing a significant role in the process.

### Engagement and Not Tokenism

There has been much written over the years about how a legitimate process can be assured. Arenstein, in 1969, described what she called the 8 rungs in the ladder of citizen participation (Figure 1) and these have been used widely and interpreted to fit various cases. The lowest rungs are what she calls non-participation, where stakeholders are manipulated into a particular position: this can easily happen when people are uneducated and poorly informed, yet desperate to seem to be co-operating in the hope of jobs or benefits. However, this can backfire later, when the expected benefits do not materialise. The figure below represents the eight rungs on a ladder of citizen participation (reproduced from Arenstein, 1969<sup>iv</sup>)



The next level or rungs are captured under the term tokenism. This is where stakeholders are informed, passively consulted and placated, but they are not actively engaged. This can lead to levels of frustration and less buy-in by the participants as they may feel they have not actively participated in the decision making process. It could result in conflict if the project designs put forward are not implemented as described. The stakeholders will tend to step back, accepting no responsibility and playing the blame game in the event of (even necessary and unavoidable) changes and alterations to the project design during implementation.

The final rungs of the ladder include true partnerships, delegated power and even citizen power. At the higher levels, participants engage actively in decision making and journey with the project, thus taking responsibility for the way the project develops. In this case, stakeholders are more likely to be willing to negotiate and accept changes if they are seen to be necessary, even if they are not wholly beneficial to them.

Stakeholder engagement should aim to achieve levels of engagement that reaches the top three rungs, where people are fully empowered and enter into true partnerships with regulating authorities or project proponents. Stakeholder's voices are heard and actions arise out of their concerns. Dialogue brings resolution to conflict, negotiated settlements and trade-offs. In this way, stakeholder engagement will lead to robust, appropriate and acceptable decisions that can be supported by all stakeholders. It will reduce risk to bioenergy producers as they will be aware of all concerns and issues well before they become critical.



## Summary

Many communities, particularly poor ones see bioenergy as an exciting opportunity to bring new development to their difficult lives. Many academics and activists recognise the potential that bioenergy has to improve sustainable energy supply. However, nearly all stakeholders agree that the development of a global bioenergy industry has its risks.

Involving all stakeholders in the discussion around bioenergy and in particular biofuels is a key strategy to optimise the positive impacts and minimise the risks. Stakeholders will present their views to forums and decision making platforms and contribute to the debates and dialogues. It is from the careful balancing of all of the views, ensuring that everyone has a voice and all are listened to with respect, that robust, sustainable and equitable policy can be developed. At the level of projects, effective stakeholder engagement will ensure that local stakeholders benefit without causing unsustainable harm to the environment.

Stakeholder engagement, when done correctly, is a friend to governments, industry and project proponents. Without effective stakeholder engagement the risks are high, as stakeholders can exert their power and influence in other ways, outside of decisions making forums. This can be avoided, through facilitating a process where all stakeholders feel listened to and where they have a place where they can bring their grievances and find solutions.

### Resources:

- The Round Table on Sustainable Biofuels (RSB) set of guidelines specifically developed for biofuel project developments that details how to facilitate stakeholder engagement and build consensus:  
<http://energycenter.epfl.ch/webdav/site/cgse/shared/Biofuels/Version%20One/Version%201.0/30-11-2009%20ESIA%20guidelines.pdf>
- UN Energy Bioenergy Decision Support Tool (DST) to assist government in the process of policy development and assessment of projects. This contains a very detailed section on stakeholder engagement in bioenergy development. (website forthcoming)
- The International Fund for Agricultural Development (IFAD) *Good Practices in Participatory Mapping*:  
[http://www.ifad.org/pub/map/PM\\_web.pdf](http://www.ifad.org/pub/map/PM_web.pdf)

<sup>i</sup> IAIA. 1999. Principles of Environmental Impact Assessment Best Practice. Available at:

[http://www.iaia.org/publicdocuments/special-publications/Principles%20of%20IA\\_web.pdf](http://www.iaia.org/publicdocuments/special-publications/Principles%20of%20IA_web.pdf)

<sup>ii</sup> ILO convention 169 of Indigenous People's rights.

<http://www.ilo.org/public/english/region/ampro/mdtsanjose/indigenous/derecho.htm>

<sup>iii</sup> ESMAP, The World Bank and ICMM (2005). Community Development Toolkit. ISBN: 0-9549954-3-0.

<sup>iv</sup> Arenstein S. R. (1969) A ladder of citizen participation. *Journal of the American Planning Association*. 35: 4, 216- 224.

## AVENUES FOR SUSTAINABLE BIOFUEL PRODUCTION LOOKING AHEAD

- Ensure that stakeholder engagement is carried out early in the process; and that is meaningful and actively engages the stakeholders;
- Mobilise and map stakeholders, to understand what each brings to the table, describe their roles and responsibilities, understand the agenda, determine how they are likely to behave during stakeholder engagement;
- Develop the policy and project processes using a set of principles that guide the process, peoples' actions and the outcomes and which ensure that the process achieves its purpose;
- Set up appropriate fora for the process required for both policy and project development;
- Ensure that the stakeholder process engages stakeholders actively and that its design includes methodologies that empower local people, the voiceless and marginal groups;
- Ensure that stakeholders are continuously engaged, that stakeholder engagement does not end with project planning but is used to its fullest extent during implementation and as an early warning, monitoring and evaluation mechanism;
- Appoint independent and professional facilitators to organise the stakeholder engagement process to remove biases and subjectivity.