Chapter

17

Social Impact Management and Monitoring

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17.1 INTRODUCTION

The preceding chapters describe major Project impacts, mitigation measures and other actions to be undertaken by SEIC and its contractors. Managing these impacts goes beyond simple recognition and measurement to include regular monitoring of the mitigation actions taken by SEIC.

In this chapter, the social management process will be described. In general, social management is the responsibility of all major parties engaged in the Project.

17.2 SOCIO-ECONOMIC MONITORING PARAMETERS

Social management involves the implementation of:

- Appropriate actions to mitigate Project impacts, and
- A commitment to making adjustments to actions taken as required.

Monitoring social data and the efficacy of mitigation measures are required to fulfil this objective. The actions and indicators identified in the preceding chapters will form the basis of social management.

However, this effort is not limited to maintaining a suite of statistics but also includes:

- Other remedial actions, such as a process to address grievances, and
- A process to manage changes to corporate policies and actions.

17.3 DATA COLLECTION

Data on appropriate, defined variables have been collected using a variety of methods. Methodologies, described in detail in earlier chapters, include:

- Collection and recording of comparable data (questionnaires, evaluation of statistics/reports, participant observation/interviews), and
- Databases (on compensation, community information, and other topics).

17.3.1 Collecting and Recording of Comparable Data

Successful evaluation of impacts (negative, neutral and positive) requires:

- Selection of appropriate, defined variables which can be linked directly to Project impacts (*e.g.*, subsistence activities that fall within the pipeline right-of-way),
- Avoidance of indicators that confuse or misrepresent relationships between Project related activities and social conditions (*e.g.*, general measures of community well-being),
- Development of standards for data collection and recording, and
- Collection of comparable information at specified intervals needed to assess time sensitive effects.

The overall data collection and monitoring effort will follow methodologies described earlier.

17.3.1.1 Administration of Questionnaires and Completion of Inventory Forms

Wherever possible questionnaires and other standardised forms will govern the data collection process in order to ensure consistency and accuracy. Examples of forms and questionnaires in use or planned for use include:

- Community Information Forms: questionnaires may be administered to collect community specific information related to infrastructure and community activities,
- Leading Economic Key Indicators Survey: a simple survey form to help compare local food and housing prices with normal inflation, and
- Resettlement Eligibility Questionnaires: for the few households that may be eligible for supplemental assistance and to monitor their success in re-establishing their livelihoods.

Depending upon the information needed, these questionnaires may be completed by:

- Specialists (*e.g.*, SA Group) or others under the supervision of specialists, or
- By suitably trained local administration personnel.

Responsibility for this work will reside with the SA Group and the External Affairs Division of SEIC.

17.3.1.2   Evaluation of Project Statistics and Required Periodic Reports

Project specifications call for contractors to periodically submit a report to SEIC concerning local procurement practices, employment, and housing. These data are needed to ensure that Project goals are met. A designated member of the SEIC SA Group will evaluate these reports.

Local statistical indicators and other publicly available social statistical information released by the Sakhalin Oblast will also be periodically reviewed, as described in Chapter 9.

17.3.1.3   Participant Observation and Key Interviews

The basic premise of participant observation is to systematically collect information on a set of topics by observing particular activities in a community. These qualitative observations can be used to track changes in communities.

Representative individuals in a number of appropriate communities will be interviewed at regular intervals over a set period of time. These individuals may include local leaders, key health workers, key representatives of specific local interests, *etc.* Respondents may be re-interviewed concerning the same issues during the course of the study.

For this Project, follow-up key interviews will be conducted before the start of construction, during or immediately following initial start-up, and at regular intervals during construction, and post-construction. These interviews will focus on communities in which temporary construction camps and permanent fixed facilities are sited.

17.3.2   Databases

The Project is developing a number of databases for monitoring purposes. Examples of information collected include:

- Data on those considered and/or are eligible for supplemental assistance,
- Grievances expressed (type and date), and resolution (how resolved and date), and
- Community information.

Other databases will be developed as appropriate to evaluate both qualitative and quantitative data.

17.4   TIMING

Detailed strategies will be developed to collect and evaluate additional data as needed. This work will be conducted under the auspices of the SA Group and will include:

- A specific timeline for the development of questionnaires and database,
- Tests on the usefulness of these,
- Establishment of a time schedule for administration of the questionnaires, and procedures for evaluation and feedback.

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17.5 MONITORING FRAMEWORK

Although the World Bank is not a potential lender to Phase 2, elements of three World Bank Group Operational Directives have voluntarily been incorporated into SEIC social monitoring plans as they provide models of best practice in these fields. These directives are:

- Operational Directive 8.70, Project Monitoring and Evaluation,
- Operational Directive 13.05, Project Supervision, and
- Operational Directive 13.55, Project Completion Reports.

Being guided by these Directives enables SEIC to monitor the strengths and weaknesses of its actions against similar projects with similar monitoring and evaluation frameworks.

Operational Directive 8.70, Project Monitoring and Evaluation

The key elements of this Directive for SEIC purposes are:
- Monitoring provides continuous feedback on implementation,
- Monitoring identifies potential or actual successes and problems as early as possible,
- Interim evaluation identifies Project design problems, and
- Final evaluation assesses Project effects and sustainability.

The focus of SEICs monitoring efforts is to provide feedback in support of informed decision making that spans the life of the Project. In this context SEIC will evaluate the effectiveness of its proposed mitigation efforts. Evidence of this includes the importance attached to addressing grievances, corporate change management, and the integration of sustainability issues into the Project framework.

Operational Directive 13.05, Project Supervision

The key elements of this Directive of relevance to SEIC are to monitor:
- Progress in all major aspects of its project,
- Significant deviations from the original project plans,
- Steps taken to get project back on track,
- Management performance of those implementing the project,
- Procurement progress, and
- Environmental aspects.

Social performance measurement and management is a cornerstone of the SEIC efforts to mitigate negative social impacts of the Project.

Operational Directive 13.55, Project Completion Reports

This Directive concerns the preparation of a Project completion report, evaluating:
- How well the Project achieved its objectives,
- Factors affecting Project implementation,
- Project sustainability,
- Bank and borrower performance, and
- Assessment of outcome.

SEIC considers long term positive relationships as important to the viability of this Project. Reporting on the Project will enhance those relationships by ensuring that the Project does meet social objectives and targeted actions.
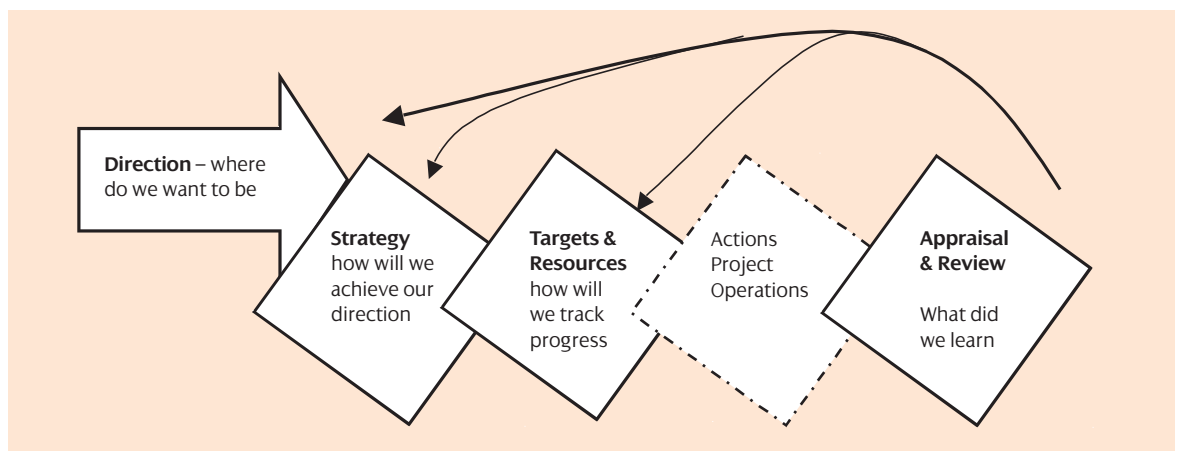
17.6   CHANGE MANAGEMENT PROCESS

17.6.1   Introduction

Monitoring mitigation measures supports informed decision-making. This is achieved through regular collection of information and consultation with a very specific operational focus. This focus enables an educated perspective on decisions to be made and a measure of the effectiveness of prior decisions. It enables SEIC to continually improve how it conducts business with the public, and individuals and agencies that formally represent public interests on Sakhalin Island.

17.6.2   The Planning Framework for Change Management

Monitoring mitigation measures and reporting the results is governed by the following planning framework.

FIG. 17-01: CHANGE MANAGEMENT FRAMEWORK

* Adapted from Group HSE Management System, Appendix 11: Group Planning Framework, August 1999.

The main elements of the planning framework are:

- *Direction* - an expression of where SEIC wishes to be in regard to the success of mitigation measures,
- *Strategy* - identifies the long-term objectives that are attainable in a defined period of time,
- *Targets and Resources* - are the short-term achievable action plans,
- *Actions* - are the implementation efforts, and
- *Appraisal and Review* - is the process of feeding the results of monitoring mitigation measures back into the Project design cycle.

The monitoring (Appraisal and Review) is to be conducted by the SA Group in coordination with the CLO network. Information will be gathered as part of the ongoing monitoring efforts stated earlier. Since this model represents a method for continual corporate improvement special attention must be paid to, how, when, and to what level of the SEIC management this information is reported.

17.6.2.1   Frequency and Nature of Reporting

Each diamond in Figure 17-01 depicts a functional level of reporting. The 'Appraisal and Review' diamond represents the efforts of the SA Group as part of the EA Division. 'Appraisal and Review' will set out key results for each mitigation measure against commitments under 'Targets and Resources and Objectives.' This will include and be limited to:

- Status of impacts and mitigation measures,
- Reconciliation with any prior changes in mitigation measures,
- Proposed actions to correct measures that are not working,
- Actions for mitigation measures that are required and not yet implemented, and
- Key issues that need to be addressed at a higher level by the strategy process.

The next diamond (Actions) represents the operational component of the company. This group will require information and analysis on a regular basis. This is needed to avoid exacerbating potential conflict situations resulting from mitigation measures not achieving desired results.

The category 'Targets and Resources', is a critical link between strategy and implementation. It represents short-term performance standards guiding placement of mitigation measures. Often, standards are adequate but the allocation of resources required for the successful implementation are not.

Functional groups within SEIC requiring feedback on the effectiveness and efficiency of the mitigation measures include, but are not limited to: Approvals, HSE, and HR. Biannual reviews of mitigation results are appropriate at this level of management.

Finally, the Leadership of SEIC is responsible for the overall direction of social performance measurement. They require a formal yearly review of mitigation measures, based on the identified 'Strategy' and overall direction chosen. Strategic changes may be implemented at any time to address immediate needs and/or to more effectively address stakeholder needs.

17.6.2.2 Special Considerations for Change Management

SEIC recognises mitigation measures may be changed to address needs arising during construction and operations. Any changes made will be implemented through a Change Management Process.

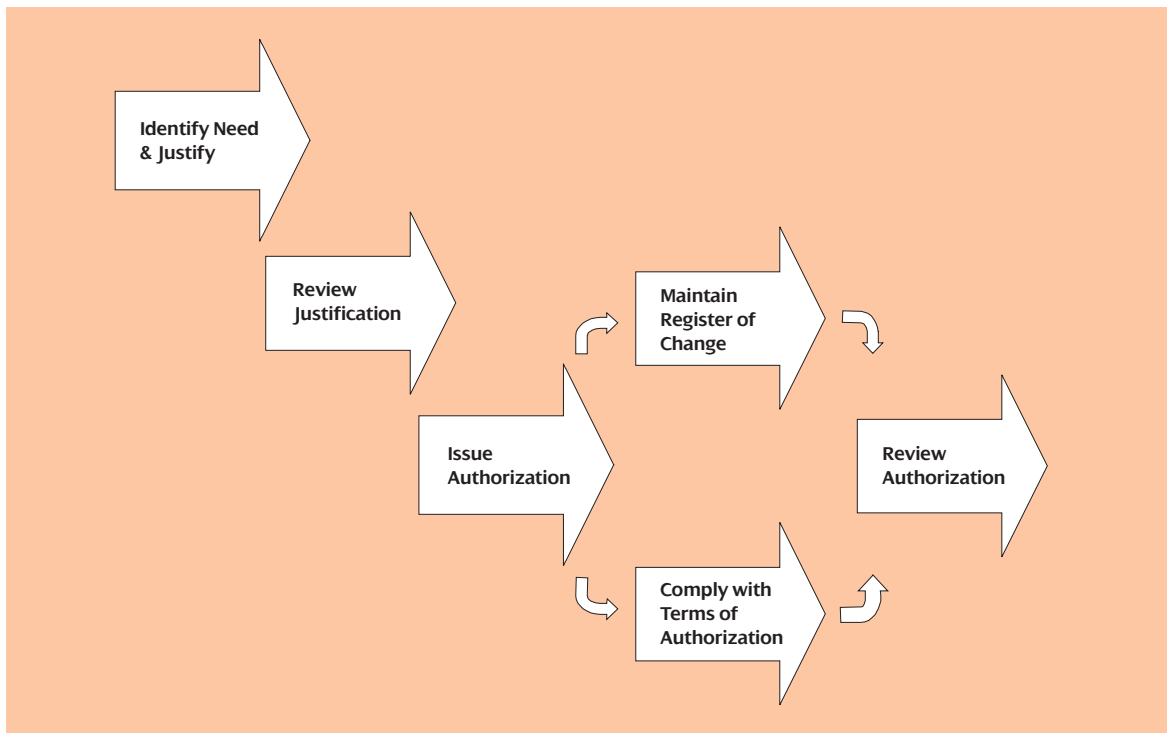SEICs change management process covers a variety of needs to manage change:

● When compliance with requirements of legislation, policies, standards, or procedures cannot be achieved, or
● Is not the most effective means of performing the task or activity.

This procedure has been adapted to managing change concerning mitigation measures previously identified to address Project impacts. Changes must be authorised and documented-including the justification for the change.

This is a formal procedure that requires written authorisation for change. These authorisations will come from the appropriate Department heads in HQ as well as the senior SEIC representatives on site.

Figure 17-02 identifies the sequential elements of the change management procedure.

FIG. 17-02: COMPLIANCE MANAGEMENT

* Adapted from Figure 1: Deviation and Non-compliance Management, SEIC Procedure for Management of Deviations and Non-Compliance July 2002.

The level of assessment and justification framework is proportional to the risks associated with deviation or non-compliance. As a minimum, assessment will identify:

- Significance of the non-compliance,
- Issues associated with proposed alternatives, and
- How these issues will be managed.

A Deviations and Non-compliance Form has been developed and will be used.

Review of the assessment will be undertaken by an individual or team displaying the necessary competencies for this task. This team may, from time to time, include members of the SA Group. The reviewer(s) will then make recommendations to the authorising person or organisation for either acceptance or rejection of the justification for change.

17.6.2.3 Verification

Results will be monitored as appropriate and may include review of ongoing consultations, public documents, and/or other external requirements. Results will be documented and subsequent appraisal will follow methodological standards. External verification may be part of that process.

Information will be collected to assess if:

- Measures (definition and scope) are consistent with 'Strategy and Targets',
- Significant data and facts have been reported,
- Data reported are accurate, and
- Appropriate internal checks and reviews have been completed to assess the reliability of the information.

17.6.2.4 Review Triggers

There may be times when stakeholder dissatisfaction with mitigation measures precedes the formal monitoring process. In these cases, the SEIC grievance process will trigger the change management process.

Authorisation will require acceptance of the change in writing and will identify the conditions of acceptance. Review of the changes will be undertaken annually in order to assess the effectiveness of the change measure and the need for continuation.

17.6.2.5 Grievance Procedures

SEIC is committed to finding voluntary solutions to public grievances whenever possible. This grievance process has been developed for several reasons. The process:

- Facilitates timely feedback and supports the commitment made to continuous improvement,
- Requires documentation of activities, facilitating change in corporate behaviour as well as helping to reduce potential liabilities,
- Guides the successful resolution of grievances thereby reducing the risk of escalation of conflict,
- Ensures measures to resolve conflicts are applied wherever practical and avoiding unnecessary costs, and
- Where appropriate, addresses concerns in accordance with international best practices.

This grievance process is a two-level one distinguishing between informal and formal approaches, depending on the level of the grievance. Five levels of grievance, following the Shell Risk Assessment Matrix, have been identified. The matrix tracks consequences with increasing likelihood of occurrence and presents recommended actions. The table is summarised overleaf.

TABLE 17-01: RISK MATRIX

CONSEQUENCES				INCREASING LIKELIHOOD				
People	Assets	Environment	Reputation	A	B	C	D	E
				Never heard of in industry	Heard of in industry in SEIC	Incident has occurred times/year in SEIC	Happens several times/year in SEIC	Happens several times/year in a location
No health effect/injury	No damage	No Effect	No Impact					
Slight health effect/injury	Slight damage	Slight effect	Slight impact		Increasing Risk			
Minor health effect/injury	Minor damage	Minor effect	Limited impact					
Major health effect/injury	Localised damage	Localised effect	Considerable impact	Low				
Permanent Disability or 1 fatality	Major damage	Major effect	National impact		Medium			
Multiple fatalities	Extensive damage	Massive effect	International impact			High		

The degree of severity identified in this table has been applied to the grievance process developed for addressing community concerns.

TABLE 17-02: LEVELS OF GRIEVANCE

SEIC Grievance Process	Procedure		Examples		
	Informal	Formal	Pre-Project	Construction	Operations
Minor	Yes	Yes	Is my land needed for the Project?	I am angry because dust from your trucks is dirtying my laundry.	Please replace the light in your yard that I use to see at night.
Low	Maybe	Yes	A truck backed into my garden and I expect you to pay me.	Some workers shouted at me and stepped on my flowers.	I am unhappy with road safety signals.
Moderate		Required	I will not sign the agreement since the compensation offered is not adequate.	You need to control your workers because fights are always breaking out in the You need to control your workers because fights are always breaking out in the local bar.	I saw one of the camp trucks dump a full load of rubbish in the woods.
High		Required	As a major land-owner I am seeking legal action to stop the Project because I am dissatisfied with the agreement offered.	My union, dissatisfied with work conditions, is consideringa major work slow-down or strike.	A member of my family was injured by your truck yesterday. What are you going to do?

This table demonstrates the linkage between the level of grievance and the procedure to be followed.

Informal processes are sufficient for addressing minor or low level grievances. These involve no or very low impacts and effects on members of the public. The mechanism typically employed is consultation. Low-level grievances will typically be handled by the CLOs. The primary outcome in resolving the grievance is the ongoing maintenance of good community - company relationships and addressing stakeholder concerns.

Formal processes would be required for moderate to more severe impacts and effects. Primarily the EA Division would handle these, with input from SEIC line departments as appropriate. Dispute resolution techniques will be used to try to reach voluntary agreements. Negotiations may be needed.

CLOs will have an important role in the grievance process. They will be responsible for:

- Receiving and recording complaints, and
- Making the preliminary assessment as to the degree of complaint.

Actions might involve additional SEIC staff of corresponding appropriate levels of authority.

The role of the SA Group in addressing community grievances is two-fold.

- Firstly, they will assist CLOs with minor to low-level grievances as appropriate. In the case of moderate level grievances this group will act as the lead in applying dispute resolution techniques, and
- Secondly, they will be responsible for monitoring post-resolution public satisfaction. In this capacity the group will be involved in the redress of grievances as required.

17.7 IMPLEMENTING CHANGES SOCIAL INVESTMENT PLAN

SEIC has developed and is planning to implement a sustainable development policy. Within this document, two of the three main policy commitments relate directly to social issues:

- Contribute to present and future needs of the society on Sakhalin Island while keeping a balance between economic development, environmental protection and social responsibility, and
- SEIC will work with stakeholders to identify ways to contribute to wider, long-term economic, environmental and social benefits in the Sakhalin Region.

The success of meeting these commitments will be monitored. Some parameters are already covered as part of this SIA. For example, employment, cultural heritage and grievance procedures have already been referenced. Additional monitoring will focus on other dimensions of social performance and social investment. Broad categories of actions to be monitored might, to name a few, include:

- Contractual provisions on social migration,
- Efficacy of current and proposed social investment activities such as support for indigenous activities, children's groups, and educational programmes, and
- Economic related actions such as micro-enterprise development, business training for small Russian companies.

The SA Group will monitor sustainable development actions as they are implemented. Many of the potential programmes will be geographically specific to organisations and communities. CLOs will assist as appropriate.

17.8 ORGANISATIONAL RESPONSIBILITIES

In the case of the Sakhalin II Project, parties responsible for social monitoring and management will include:

- SEIC (primarily through the CLO and SA Group),
- Project construction contractors and subcontractors, and
- Russian authorities.

Organisational responsibilities of each of these parties is described below. SEIC holds primary responsibility for management of social issues resulting from land acquisition and construction.

17.8.1 Sakhalin Energy Leadership Team

SEIC functions under the umbrella of the Sakhalin Energy Leadership Forum (SELF), comprised of corporate officers and senior line managers. SELT leads SELF. SELT is made up of the SEIC Chief Executive Officer and nine department heads. Department responsibilities are allocated between corporate and Project interests.

One of several departments linking corporate and Project interests is the EA Division. EA is responsible for corporate reputation and is the lead in integrating social issues into SEICs decision making process. Within EA, two groups support social issues management and monitoring - the CLO and SA Groups. Both

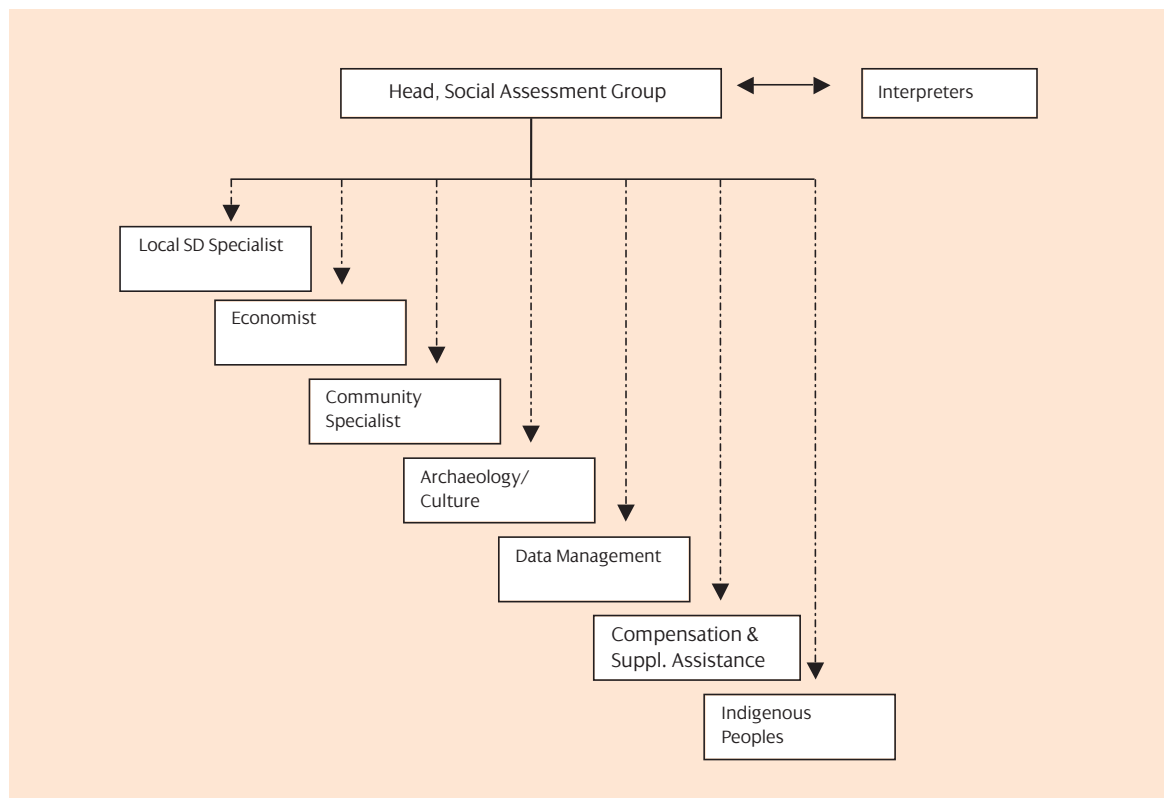report to the Social Integration Manager who in turn reports to the head of External Affairs in Yuzhno-Sakhalinsk.

17.8.2 Social Assessment Group

The SA Group is responsible for monitoring Project impacts and the mitigation measures implemented. It has been the vanguard of community liaison and relationship building through earlier efforts in preparing this SIA. The Group comprises a group manager, local social science experts with detailed knowledge of the social conditions on Sakhalin Island, and interpreters. The SA Group was formerly the core of the larger team responsible for community consultations and analysis required for the SIA. Figure 17-03 illustrates the SA Group.

FIG. 17-03: STRUCTURE OF THE SA GROUP

The SA Group is accountable for providing corporate support to community liaison field personnel by:

- Monitoring the social and economic conditions in communities affected by the Project,
- Monitoring and assessing Project impacts and mitigation measures and recommending appropriate actions,
- Managing Supplemental Assistance and coordinating head office social assessment informational needs,
- Identifying opportunities in support of short and long term sustainable development projects, and
- Addressing moderate level grievances.

The SA Group, based in corporate headquarters in Yuzhno, will conduct regular consultations in communities in support of monitoring activities. Examples of the Group's monitoring tasks include:

- Social issues and communities,
- Breadbasket/medical/housing price and availability monitoring,
- Employment,
- Construction,
- Objects of culture, and
- Compensation (Russian Regulatory and Supplemental Assistance).

Additional tasks include:

– Develop/implement monitoring system for relevant changes to community profiles
– Provide high level support on medium and high level community grievances
– Participate meetings on mitigation and compensation strategies and actions
– Coordination weekly information on Project status, and Project changes for affected communities
– Compile, analyse and report on media information
– Report on key economic and labour indices
– Compile information on community impacts and recommend appropriate mitigation actions
– Compile community consultation/participation reports and assess for compliance with external requirements
– Organise and execute focused consultation plans as required

The SA Group is also actively involved in working with SEIC staff and contractors in addressing grievances in the communities as these relate to Project activities. Through early consultation efforts, the SA Group has acted as the vanguard for building good community relationships. Its role is therefore critical in assisting others in the maintenance of these relationships. In its ongoing role of monitoring impacts and community attitudes, it will continue building and maintaining relationships with the public, one of SEICs corporate goals.

The SA Group is responsible for providing timely information and analysis in support of informed decision making. The mechanism chosen also reflects a commitment to feedback. This is primarily in support of SEICs commitment to change management. Reporting will:

- Identify and communicate changes in social condition in the affected communities,
- Act as a report card by communicating the efficacy of mitigation measures undertaken and report these to key stakeholders,
- Identify gaps in information, and
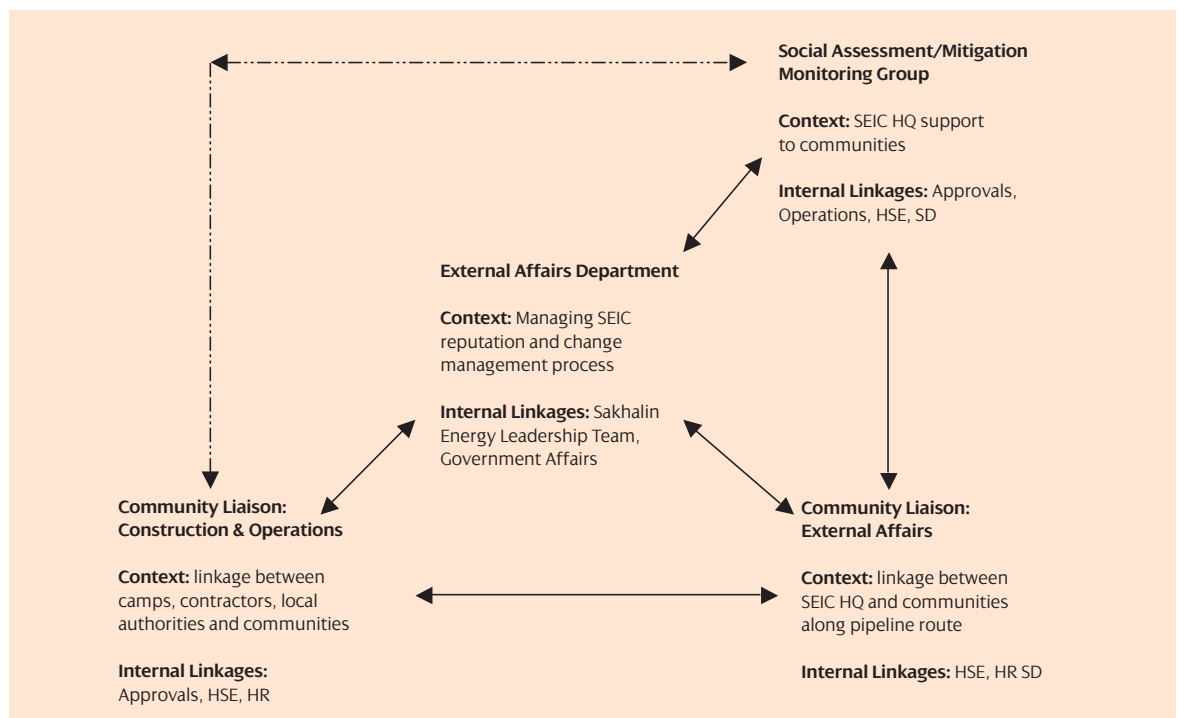- Give credit where credit is due.

Reporting will be conducted on a weekly and monthly basis with a major yearly review. Details of reporting can be found in the preceding section on monitoring.

17.8.3 Community Liaison Officer Organisation

The SA Group will interface directly with the:

- Community Liaison Officer network,
- Phase 2 Camp Community Liaison Officer network, and
- Indirectly with contractor community liaison organisations, as required.

FIGURE 17-04 INTERACTIONS BETWEEN GROUPS

17.8.3.1 External Affairs Community Liaison Officers

The primary responsibility of the CLOs is to build and maintain good community relationships. They are SEICs long-term representatives living and working in communities along the pipeline route.

CLOs will be involved in a wide variety of activities including daily and weekly monitoring of Project activities during construction and operations. They will consult with all communities along the pipeline route, not just those where construction camps are located. Additionally they responsible for resolving minor and low level grievances that are a direct result of Project activities.

Examples of their tasks include:

– Attendance of relevant public meetings
– Document all grievances and evaluate/participate in resolution of minor and low level grievances
– Meet regularly with officials/individuals
– Organise/facilitate community meetings
– Write regular status reports

– Coordinate weekly with contractor/Project CLOs
– Survey/document community attitudes on Project impacts
– Survey local media for community events
– Provide input on projects for community support
– Document Project activities/community impacts through written reports/photographs

17.8.3.2 Camp Community Liaison Officers

The CLO is responsible for maintaining relationships during the construction and will usually reside in construction camps. They represent a short term but vital commitment working with communities and contractors during construction to minimise potential impacts and enhance community benefits.

They are the lead operational CLO team for Project-specific activities: In this capacity they will:

● Be involved in monitoring daily and weekly activities,

● Communicate daily with contractor liaison staff,

● Relay information back to the other CLO staff, and

● Address minor and low level grievances.

Examples of other tasks include:

– Attend daily/weekly Project update meetings
– Meet with contractor community liaison personnel
– Meet weekly with HSE personnel on compliance issues
– Disseminate Project information to community authorities/ businesses/individuals

– Assist individuals with preparation of job applications, provide information on job training
– Organise community/company meetings
– Write weekly, and monthly status reports
– Weekly documentation of consultation and notification activities
– Document Project activities through written reports/photographs

It is expected that this group will decrease in scope and size as the Project cycle progresses.

17.8.4 Interface Between Social Assessment and Community Liaison Group

The SA Group is part of a larger community liaison initiative. This group must therefore maintain continuous contact, not only with key SEIC line departments, but also with the other community liaison functions inside as well as outside the company.

The other community liaison teams include:

● Community liaison officers living in the communities potentially impacted by the Project and operating directly under the direction of the External Affairs department,

● Community liaison representatives of the infrastructure upgrade programme who will operate in those communities where camps and lay down yards are based, and

● Community liaison personnel who are directly employed by contractors.

These linkages are important for the following reasons:

● Coordination of SEIC communications with communities is important in order to maintain clear and consistent messages,

● This group, as the first team to conduct substantive consultations with the public, has valuable information to transfer to the other liaison teams that are in the early stages of operation,

● Other community liaison teams, living and working in the districts and communities can offer the Social Assessment Group timely and accurate information in support of their own assessment work, and

- With specialised skills in dispute resolution this Group will, by necessity, work with other community liaison teams, advising, coaching, and leading them in conflict management situations.

17.8.5 Interface Social Management and Other Monitoring Functions

Two additional monitoring initiatives will interface with the SA Group and CLO network. These are: health impact assessment and environmental impact assessment.

Both initiatives are described in their respective documents (HIA, EIA). Interactions with these initiatives are designed to complement rather than duplicate efforts. In situations where health and environmental issues have a social (and relationship) component either or both the SA Group and CLO network will be involved.

17.8.6 Third-Party and Independent Review Solicited by SEIC

Throughout the life of the Project SEIC may elect to initiate third-party and independent reviews as appropriate. These reviews will be conducted in accordance with international practice. The results of such reviews will be incorporated into SEIC decisions and corresponding actions.

17.8.7 Contractor and Subcontractor Responsibilities

It is a tendering requirement that all contractors will have their own community liaison organisations. This will include Contractor SEIC Plans as well as Contractor HSE and community liaison staff. The Community Liaison Officer network, along with the Social Assessment Group, will provide the vital linkages between contractor community liaison efforts and those efforts conducted by SEIC.

17.8.8 Russian Authorities

It is expected that Russian authorities will have their own interests in monitoring social impacts and mitigation measures. These initiatives may be in response to legal requirements or to operational guidelines of the respective federal and regional departments. These efforts will be conducted independently of SEIC initiatives.

17.8.9 Timeline

The Social Assessment Group is currently in place. Monitoring functions are already being conducted.

The Community Liaison Officer network has been organised. Recruitment for the EA CLOs is now in the final stages of personnel selection. Induction and technical training will then ensue with early placement of the EA CLOs to be completed by January.

The Phase 2 Camp Community Liaison network is currently in final stages of preparation for advertisement and recruitment. It is expected that these personnel will be in place by mid-winter, 2003.