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Construction

GOOD PRACTICE POINTERS

- Identify stakeholders most likely to be affected by construction.
- Notify local stakeholders of construction activities and changes to schedules.
- Get community liaison staff on the ground quickly.
- Aim for rapid response times in resolving grievances.
- Report to stakeholders on progress of environmental and social management programs.
- Choose contractors with the capacity to engage effectively with stakeholders.
- Manage risks to stakeholder relations from contractors.



Stakeholder engagement during the construction phase will relate to all activities leading up to and during the physical construction of facilities, infrastructure or buildings (and the “temporary works” needed to complete construction, such as access roads), as well as the management of contractors and construction contracts.

For affected communities and stakeholder groups with interests in biodiversity and the natural environment, the **construction phase is a time of great concern**. Depending on the nature and scale of the project, adverse impacts and risks can be many and diverse, including loss of land and

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natural resources that are important to local livelihoods; deterioration of surface water bodies; damage to road, water, and health infrastructure; heightened risks of communicable disease; conflicts between the local population and the temporary workforce; loss of habitat and wildlife disturbances; and nuisances and health concerns from heavy traffic, dust, noise, excessive lighting, and air emissions. On the other hand, the construction period is also perceived by many as an **opportunity to secure local economic benefits**, whether through favorable compensation arrangements, direct or indirect employment opportunities, using temporary construction works to support local infrastructure development, or, in the case of larger projects, dedicated community development programs.

Early stakeholder engagement during project design and ESIA studies should have already helped ensure that most of the significant adverse impacts have been “designed out,” mitigated to within acceptable levels, or compensated for. Once construction starts, it is equally important to involve affected stakeholders in monitoring the anticipated impacts throughout the period. With the rapid mobilization of construction equipment and contractors, and an urgency to complete the work on schedule, there are risks that impact mitigation measures or employment and other intended benefits may not be as effective as anticipated. Engagement during construction is essentially about involving stakeholders in assessing whether measures are working as intended, being responsive to grievances, and identifying alternatives

where there are failings. How your company manages its engagement with stakeholders during the construction period can often set the tone for community, local government and other external relationships for the remainder of the project's operational life.

| ACTION | FURTHER GUIDANCE |
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| <p>Identify stakeholders most likely to be affected by construction.</p> | <p>Once the project design is finalized and the scope of construction work agreed with contractors, it will become much clearer precisely which stakeholder groups will be affected by various construction activities and when. Check this against prior information collected on stakeholders, as part of the ESIA for example, to ensure that all those potentially affected by pending construction have been identified and their concerns prioritized.</p> |
| <p>Notify local stakeholders of construction activities and changes to schedules.</p> | <p>For communities living near to a project site, the effects of noise, dust, vibration, traffic, and lighting associated with construction can cause disturbances and emotional stress, as well as pose a physical or health hazard. Whether for large capital works or minor construction activity, it is good practice to give the public notification of the following:</p> <ul style="list-style-type: none"> • the purpose and nature of the construction activities • the start date and duration • potential impacts • information on whom to contact if there are concerns/ complaints related to the contractor <p>There are a number of ways this information can be communicated, including roadside signs, poster boards in public places, newsletters, door-to-door leaflets, and via stakeholder representatives or public meetings.</p> |
| <p>Get community liaison staff on the ground quickly.</p> | <p>Getting community liaison staff hired, trained, and into the field before construction activities commence is an important part of managing stakeholder relations effectively at this phase of the project. Because the construction phase often carries the highest risk of potential negative impacts and therefore tends to generate the greatest volume of grievances, it is good practice for staff from both the project company and primary contractor to visit local stakeholders regularly before construction activities begin, and to be proactive about providing updates and answering questions. Once construction starts, try to have community liaison staff on the ground as much as possible during the process and accessible to affected communities.</p> |

| ACTION | FURTHER GUIDANCE |
|---|--|
| <p>Aim for rapid response times in resolving grievances.</p> | <p>The construction phase will often provide the real test of how well your grievance mechanism works. Because construction work is often fast-moving, with material and men mobilized and work rescheduled at short notice, responses to grievances need to be equally rapid and effective. For example, if heavy construction traffic is presenting a hazard to school children, changing the route or slowing the vehicles is something that must happen quickly. Companies should be prepared for a rise (sometimes sharp and unexpected) in the number of grievances received during this phase and, for larger projects, be prepared to devote additional resources as necessary.</p> |
| <p>Report to stakeholders on progress of environmental and social management programs.</p> | <p>Communicate your progress to affected stakeholders on how the project is meeting its environmental and social commitments during the construction phase. The type of information and frequency of reporting should be proportionate to the scale of stakeholder concerns. Publicly disclosing monitoring reports, including those of third-party monitors if any, is considered good practice.</p> |
| <p>Choose contractors with the capacity to engage effectively with stakeholders.</p> | <p>During construction, it is typically the contractors and sub-contractors who have day-to-day contact with local stakeholders. The quality of their interaction with the affected communities, government authorities and other stakeholders will reflect directly on the project and can have reputational consequences for the project company. Developing pre-qualification appraisal criteria and related questionnaires that assess the capability of the main contract bidders to meet minimum standards for stakeholder engagement and social performance can help in the selection process. For large or complex projects, it is good practice for the main contractor to have their own Community Relations Manager and grievance resolution mechanism.</p> |
| <p>Manage risks to stakeholder relations from contractors.</p> | <p>If responsibility for the implementation of any environmental and social impact mitigation measures have been assigned to contractors, assess the risks of the contractor failing to deliver and thus undermining relations between the project and local stakeholders. If risks are identified, and/or the capacity of the contractor is found to be lacking, it is advisable to retain management oversight within the project company for implementation, monitoring and follow-up on these commitments.</p> |

BAKU-TBLISI-CEYHAN PIPELINE: GRIEVANCE MECHANISM

An effective and well-functioning grievance mechanism is an essential part of managing community relations. For the **BTC pipeline project**, the company developed a separate grievance process for each of the three countries affected (**Azerbaijan, Georgia, and Turkey**) to manage complaints arising from the project. The objectives of the process were to: (i) provide affected people with straightforward and accessible avenues for making a complaint or resolving any dispute that might arise during the course of the project; (ii) ensure that appropriate and mutually acceptable corrective actions were identified and implemented; and (iii) verify that complainants were satisfied with outcomes of corrective actions. In addition, a parallel grievance process was developed by the BTC construction contractors.

Some key elements of BTC's grievance mechanism included:

- Community Liaison Officers (CLOs) based in the field and responsible for receiving complaints and coordinating responses
- A "complaints log" recording individual complaints, corrective actions taken and responses to complainants
- A two-week response time to all complaints (even if just a summary of proposed actions that will be taken to resolve the complaint)
- All complaints responded to in writing (or verbally where circumstances warrant)
- Recourse to pre-judicial and judicial process under host country law in cases where satisfactory response to the complaint cannot be negotiated
- Weekly and monthly reports prepared by the lead CLO detailing the number and status of complaints and any outstanding issues sent to the BTC Community Relations Manager in each country

During the construction program BTC had to continually augment their CLO resources in some locations to manage their response to the number of complaints received by project-affected communities in a timely manner. A general lesson learned is that despite extensive community consultation carried out, significant complaints may still arise. Project companies and contractors need to be prepared for this possibility and be able to source additional skilled resources if needed.

Source: "The BTC Pipeline Project: "Lessons of Experience," (IFC) September 2006 available at www.ifc.org/envirolessons

BOX 13: PRE-QUALIFICATION APPRAISAL CRITERIA FOR THE MAIN CONSTRUCTION CONTRACTORS

Include in the **Bid Data Sheet** a request for:

- evidence of management systems certifications and other social and labor standards compliance (e.g. ISO, SA, etc.)
- social and community engagement policy
- numbers of suitably qualified managers and staff in the following areas: local procurement management, community liaison, competency training/apprenticeships, and local business support
- employee training and community relations record
- on large projects, a Community Relations Manager

Include a **questionnaire** in the bid package designed to capture the capacity of the contractor to manage stakeholder engagement during the construction work, including for example:

- how they would go about implementing the types of environmental and social impact mitigation measures that will become conditions of the contract (concentrating on the high-risk impacts)
- practices for managing engagement with affected communities
- practices for recruitment (including rotation cycles), worker camp management, local procurement, and human resource development and training
- specific experience in enhancing the employment and local procurement opportunities for communities adversely affected by construction activities (experience should relate to communities with similar skill levels and livelihood vulnerability to those in the project area)
- extent of past efforts by the contractor to develop the capacity of regional sub-contractors and local level suppliers

Source: Shell International, "Social Performance during Construction, Management Social Performance" Guidance Note.

TABLE 2: COMMON CONCERNS OF STAKEHOLDERS DURING CONSTRUCTION

| ISSUE | TYPICAL CONCERNS |
|-------------------------|--|
| Land acquisition | <ul style="list-style-type: none"> • Involuntary resettlement (physical and/or economic displacement) • Loss of assets and livelihood impacts • Compensation issues |
| Livelihood resources | <ul style="list-style-type: none"> • Loss or degradation of, or impeded access to, important renewable natural resources such as agricultural land, wildlife, habitats, timber and non-timber forest products, fish stocks, etc. |
| Indigenous peoples | <ul style="list-style-type: none"> • Undermining of cultural values and indigenous rights • Damage to or loss of access to sites of cultural value |
| Biodiversity | <ul style="list-style-type: none"> • Loss of habitats with high biodiversity value • Disturbance of wildlife from noise, vibration, lighting, traffic etc., especially during breeding and migrating seasons |
| Water resources | <ul style="list-style-type: none"> • Degradation of surface waters and ground water from dredging for aggregates, soil erosion from disturbed areas, discharge of drilling slurries, produced water, etc. • Unsustainable water abstraction rates, e.g. in equipment servicing, or in discharging sanitary and domestic wastes |
| Infrastructure capacity | <p>Infrastructure requirements of construction activities or migrant workers may deplete the capacity of local district or community infrastructure, to the detriment of local users, for example:</p> <ul style="list-style-type: none"> • Deterioration in quality or usability of roads and navigable waterways from overuse • Reduced capacity of utilities due to high demand for transportation, telecommunications, power, water, and waste treatment and disposal • A “drain” on local health care facilities and rising user costs |
| Waste | <ul style="list-style-type: none"> • Human health impacts from waste transportation accidents, such as oil or chemical spills • Ineffective treatment or disposal of hazardous and non-hazardous wastes |
| Disturbance impacts | <ul style="list-style-type: none"> • Disturbance and adverse human health effects from noise, dust, air emissions, traffic accidents, pollution, excessive lighting, etc. |

TABLE 2: COMMON CONCERNS OF STAKEHOLDERS DURING CONSTRUCTION *continued*

| ISSUE | TYPICAL CONCERNS |
|---------------------------------|--|
| Workers and labor camps | <ul style="list-style-type: none"> • Labor standards that breach national law and international agreements • Unacceptable behavior toward local communities by labor camp workers • Fuelling of prostitution and disrespect for cultural norms of local communities • Transmission of infectious (STD/HIV) and endemic (malaria, TB etc.) diseases |
| Negative socio-economic impacts | <ul style="list-style-type: none"> • Unfulfilled expectations of local people to realize expected employment opportunities • Local wage rate/expectations higher than imported labor, leading to loss of employment opportunities for local people • Influx of migrant workers resulting in economic displacement, loss of purchasing power parity among local people, and social problems such as crime, alcoholism, gambling, prostitution, STDs, etc. • Tension within the local community of migrant workers, and intra- and inter-community rivalries, with potential for violence • Construction wage levels in excess of market norms (e.g. compared to agriculture) leading to "labor drain" and an indirect reduction in maintenance and investment in the staple industries of the region, such as agriculture, livestock, tourism, etc. • Rising prices of food, housing, and services, or conflicts over scarce natural resources • Adverse effects of employee/sub-contractor retrenchment post-construction |