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Facts & Figures

THE CONCEPT AND ISSUES OF SOCIAL ACCEPTANCE
FOR INDUSTRIAL PROJECTS

April 2012

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SOCIAL ACCEPTANCE : CONCEPTS DEFINED

The expectations and demands of civil society towards organisations and their projects now exceeds the simple conformity with current regulations. Corporate Social Responsibility (CSR) represents the company's consideration of these new expectations.

CSR is defined at the corporate level, but it should not be confined to it: organisations primarily exert their social responsibility through day-to-day operations and the projects they carry out. At the project level, a particular aspect of CSR has become increasingly critical: *social acceptance*.

Illustration of conflicting positions
(Source : Greenpeace ; Collective SOS Mont Saint Michel)

What is Meant By Social Acceptance?

Protests against the exploitation of shale gas
(Source : Cahors, march 2011/ Photo DDM, M. Fabre.)

Contrary to the widely held belief, social acceptance is not *the acceptance of a project by the majority of citizens*; the level of social acceptance for a project cannot be reduced to the result of a survey decided upon by a population, on the basis of a shared vision of what is "for" or "against". This is, in fact, a flawed democratic conception because it neglects the fact that the conditions of acceptance are associated with each stakeholder along with the pretext that their opinion is of the minority. However, it has been repeatedly proven that a minority opposition can be enough to block a whole project.

Social acceptance is the result of a process in which the concerned stakeholders jointly construct the sufficient conditions so that a project can be integrated harmoniously at a certain time into a natural and human environment.

There are two essential factors in order to attain this :

- Taking **the local context** into account,
- Opening up the project into a process of **co-creation** with the stakeholders.
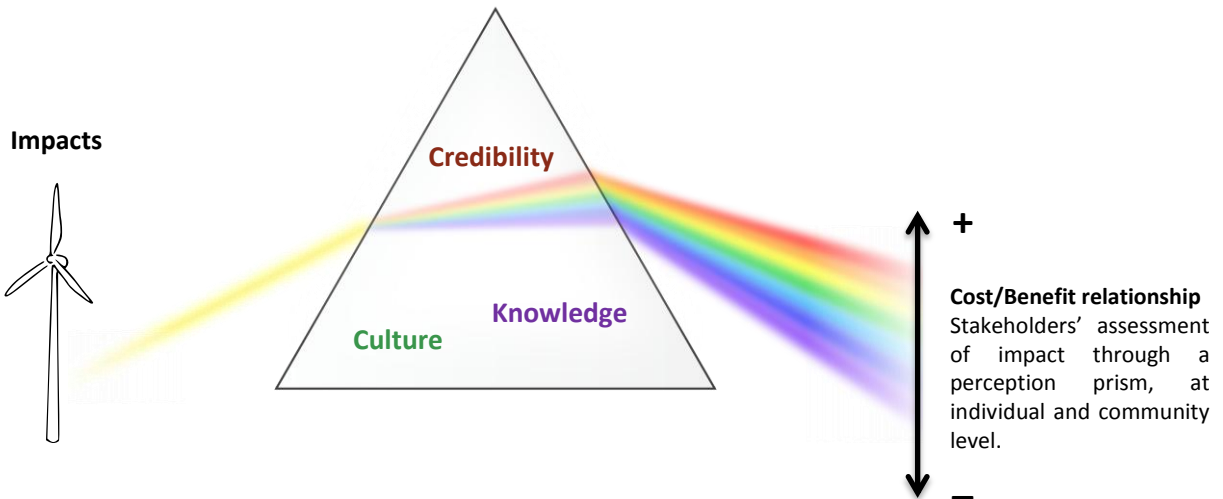
Social acceptance depends upon the stakeholders' **perception of the inconveniences and the benefits** of the project. Whether the conditions expressed by the stakeholders are acceptable or not to the project developer is of little importance: sometimes certain minimal conditions can be contrary to the foundations of the project. This can lead to project abandonment, or necessitate pressure for its continuation. Where applicable, launching an early consultation procedure with the stakeholders involved can reduce the associated economic losses of disagreement on the project's foundation.

FACTORS OF SOCIAL ACCEPTANCE

Which Factors Establish Social Acceptance

For each stakeholder, the costs/benefits of a project deployment depends on **their perceptions of the potential or proven impacts**. At least three inseparable elements make up the stakeholders' perception of an impact. Together these elements function as a prism mapping impacts to the cost/benefit relationship.

Impacts

Credibility

Knowledge

Culture

+

Cost/Benefit relationship
Stakeholders' assessment of impact through a perception prism, at individual and community level.

−

Impacts : All the consequences, positive and negative, that can be attributed to the project. This could be change, or the lack of change (stagnation, problems not dealt with). Certain impacts are direct (creation of jobs, visual disturbance…), others are indirect (devaluation of a section to the benefit of another through the reallocation of resources, conflicts of usage…).

Creditability and Legitimacy: The perception of risk is strongly determined by the trust stakeholders put in those in charge of the project and the information which is relayed to them. This trust is built upon by demonstrations of honesty and transparency, through expertise, or the project developer's welfare concerns for the other stakeholders' wellbeing. It is also based on project developer's history and reputation: the presence of a local actor can offer reassurance, whereas a bad reputation on social or environmental issues can incite mistrust.

Culture and Shared Values : Culture also dictates the perception the stakeholders will have on a project. The acceptance of such projects may differ according to the cultural context : different shared values (customs, value attributed to the landscape…) can sometimes lead to radically different judgements on similar impacts.

Level of Knowledge: The level of knowledge determines understanding of the issues, the perception of risk and potential benefits. Technical deficiencies can be a source of unfounded and false rumours. On the contrary, the manipulation of information delivered to an insufficiently informed public can artificially generate a positive perception of a project based on the ignorance of the social groups concerned (minimised negative impacts or amplified positive impacts).

Relationship of Cost/ Benefits: The stakeholder's opinion on the project depends on the values that are attributed to social costs and the benefits it generates. These values fluctuate from one party to another depending on the factors outlined above, at both a community (developmental vision of society) and individual level (affect on daily lifestyle or personal interests). When these two levels contradict it can lead to the emergence to the following syndromes: NIMBY ("*Not In My Backyard"*), NIMEY ("*Not In My Election Year"*), or NIMTO ("*Not In My Term of Office"*), etc.

AN INDUSTRIAL CASE STUDY

The issues of social acceptance for a LNG regasification plant in Mexico

Context : The project comprises of a LNG regasification plant in a fishing community of 2000 inhabitants in northern Mexico, and 800km of pipelines across the Sonora desert. The marine transportation is provided via the Cortez sea, a highly protected area for its richness in biodiversity. The project creates employment for thousands of workers (foreigners to the locality).

Impacts : There are several potential impacts associated with the project. First of all, environmental issues are a sensitive subject given the natural richness found in the Cortez sea. In addition, there are the localised disturbances associated with the construction, and the positive economic impacts made from the activity generated.

Knowledge and Familiarity with the Industry : The locals are not well educated and do not understand the industrial and technical problems related to the project, maritime transport and pipelines. They have no strong desire to know more on the subject, but are nevertheless keen to know the details of the impact on their quality of life, the measures of remediation and compensation for themselves and their community.

The population fear an explosion. However, it should be noted that somewhat paradoxically, there is a fuel tank which supplied the power plant next to the village school for more than 10 years, which has not been subject to the same level of fear (the perception of the threat depends on the familiarity experienced with the danger).

Culture & Values : The village concerned is a traditional community. The inhabitants are very religious and many are part of evangelical movements. They are wary of the influx of large numbers of young men who risk endangering the "morality" of their daughters. On the other hand, they are also impressed by the wealth and knowledge associated with the strangers.

Creditability : Some of the investors are foreigners, and represent an international company with a controversial past on environmental and social issues.

Cost/ Benefits: Environmental NGOs are concerned about the potential damage of biodiversity in the Cortez sea. Most of them oppose the project.

The villagers are divided. They are finding it increasingly difficult to live off their fishing livelihood and so are willing to work on the project. However, the lack of training limits job opportunities for hands-on positions, causing a negative sentiment towards the project developers. Moreover, the influx of foreign workers, the disturbances associated with construction, and the perceived risk of an explosion is worrying the local people.

Conscious of the potential range of impacts and social acceptance issues, project developers decided to open up a process of consultation with interested stakeholders, particularly NGOs, at the conception stage of the project.

Opening up the dialogue with several dozen opposing NGO's and the local populations from the start of the consultation process has helped to reduce the tensions and opened up a win-win co-creation process for all parties.

THE LEGITIMATE SOCIETAL REPRESENTATIVES

Who Are The "Stakeholders"?

Stakeholders are groups who relay the signals of social acceptance to the project developer. It is therefore essential to identify them and the way in which they could be impacted. It is also important to foresee their expectations in order to address the real issues involved in establishing project acceptance. Three concepts are commonly used to define stakeholders:

- **Impact**: "stakeholder" is a notion that was first introduced by Mr Freeman, who defined it as *"an individual or group of individuals who **can affect and be affected** by the achievement of the organisational objectives"* [1]. Primarily identified through the tangible impact perimeter, the Sherpa Association states that "the company operates in a very varied environment and as such can affect various actors, **selected by itself** *(suppliers, clients and shareholders)* **or not** *(neighbour, NGO, local community, consumer, etc.)"* [2]. As a result the impact can be contained within the scope of "***formal and/or fact control***" [3] whether direct or indirect.

- **Power**: The relevant stakeholders are identified by the angle of influence that the project or the organisation will have on it, or conversely the influence that the stakeholder could have on the organisation. As such *"the power of a stakeholder manifests itself when it is **capable of leading other actors to do something they would not have otherwise have done"** [4]. This power can also affect indirectly, on behalf of stakeholders who are considered weak (e.g. an NGO representing the environment).

- **Interests**: Stakeholders can also be interpreted as *"individuals or groups of individuals who […] have an **interest in the outcome of the project"*** [5].

It is by combining together the interest shown and the impact subject to this interest that makes it possible to evaluate the *legitimacy of a* request from a stakeholder. Independently, the *power* determines if the stakeholder can carry out the issue of acceptance from the point of view of the project developer.

Public Participation Within the Law "Grenelle II" [France] by SAVIN MARTINET ASSOCIÉS

One of the components of social acceptance is taken into account by the Law, 12th July 2010, called "Grenelle II". It aims to strengthen public participation in the decision making process on environmental matters through the review of the impact assessment and the public inquiry regulatory process.

- Article L. 122-1 of the Environmental Code has extended the impact assessment of all "work projects, public and private projects or schemes, which, by their nature, size or location are prone to have significant effects on the environment or human health".
- In addition, when the project is subject to impact assessments and is not subject to any public consultation organised by the texts, the operator is required to make available to the public the impact assessment under the Article L. 122-1-1 of said Code. This same provision also states that "the observations and proposals collected during the public provision are examined by the petitioner or the owner and the authority who is qualified to make the decision".
- The "Grenelle II" law also modified the subject of the public inquiry on the environment. Now under the upcoming version of Article L. 123-1 of the Environment Code, the law aims to "provide **information and public participation** and the **inclusion of third party interests**", and thus broadens the scope to include people who are not directly affected by the project.

These advancements respond to the need to guarantee the feasibility and sustainability of the projects while enabling a more active role from the public, who are central to social acceptance.

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1 In reference to Freeman   3 According to the ISO26000 reference   5 According to Elodie Brulé and Dimbi Ramonjy
2 According to the Shera association   4 In reference to Mitchell et al, 1997

APPROACHES TO TAKE INTO ACCOUNT FOR SOCIAL ACCEPTANCE

Which Approach Needs to be Put in Place?

There are two main schools of thought which try, each in their own way, to measure the perception of stakeholders and to create the most suitable conditions for social acceptance.

The Qualitative School

The first approach favours open meetings, setup for citizens in regards to the project, with the aim of kick-starting a constructive debate to gather the various opinions of the stakeholders. Whilst this school captures the much needed human aspect of opposition initiatives, it often faces difficulties in multiple areas: achieving the necessary objectivity in debates, the structure

(Source : Le management de projet agile / dantotsupm.com)

and traceability of communications, the duration and the validation of agreements obtained. Of course, the empathy of the professionals in charge of stimulating debates, their personal understanding of the issues, the influence of certain actors, even the representation of the views expressed, are difficult to measure accurately. We have observed a lack of connection between the scientific reality assessed by the project developer, and the reality perceived by the civil society. It is not surprising that the stakeholders have difficulty in knowing their perspective on the final decisions.

The Structural School

The structural approach seeks to quantify and formalise the decision using tools, which are almost exclusively statistic-based. However, the latter, and in particular the measuring tools relying on the Gaussian function (tools based on the notion of average value, standard deviation…), are rarely suitable for measuring the variety of perceptions from stakeholders. This includes conflicting interests between stakeholders, on complex subjects and multiple issues. Opinions that do not respect the democratic majority are often sidelined, and extreme opinions are eliminated or at least poorly represented. Yet it is in this same dispersion that one can find the reason why stakeholders do not interpret the reality in the same way.

The high performing statistic tools based on fuzzy logic can take into account the disparity of opinion. They are, however, extremely complex and cumbersome to implement (the black box phenomenon). As a result, this method is less suitable or conducive to establish a genuine dialogue, which requires a certain spontaneity and transparency.

Towards the Operationalisation of These Approaches

The increase in the problems surrounding acceptance, particularly in the energy sector, has lead to research on more operational approaches. The goal of these new approaches is to ensure the establishment of a genuinely open dialogue, which is transparent and dynamic while still maintaining a high level of traceability of exchanges and without the over-simplification of the Gaussian function. Social acceptance is rarely the result of a single vote, but a collaborative process of concerted efforts to build supportive development scenarios.

INDUSTRIAL CASES & SOCIAL ACCEPTANCE

Energy and industrial projects are now facing increased problems with social acceptance, which can often be explained by several common issues:

- By their very nature, the potential impacts are significant ;
- Given the technological and technical dimensions, the public find it difficult to fully understand the project and grasp all of its implications ;
- The industry suffers from a bad image which curbs its ability to develop trust among stakeholders ;
- Finally, in certain cases, the cultural gap between the project developer and the local population can complicate the situation.

Taking these factors into account while deploying a **stakeholder consultation strategy in advance of project development** is recommended. Some of the most striking examples which failed to do this are presented below.

Onshore & Offshore Wind Turbines

In terms of social acceptance, the development of wind projects rarely escape controversy. A study by EWEA (European Wind Energy Association) in July 2010 carried out on wind farm projects in 27 European Union countries found that the absence of social acceptance is the reason behind the numerous delays and terminations of projects, and thus economic losses :

- **40 % of delayed projects** are due to lawsuits related to the impact assessment stage,
- **30 % of delayed projects** result from the actions of environmental NGOs,
- **30 % of abandoned projects** are a result of legal summons and community resistance.

Conflicts of interest with wind farms
(Source: FDE / Coordination 76 / Express)

Hydro Electricity

The Subansiri dam project in India
(Source: The Hindu / Ritu Raj Konwar)

The development of hydroelectric dams is controversial, both in the Global North and Global South, because of potential impacts on biodiversity, conflicts of use, risk of rupture, and sometimes displacement of populations.

In North-Eastern India, the mobilization of activists, students, scientists and politicians against the Subansiri dam project reached its peak in December 2011. Protesting against the magnitude of environmental impacts and the subsequent risks incurred by the population due to the seismicity of the area, the movement has won a battle. The construction of the work previously planned for 2012 has been postponed to 2014 at the earliest and this delay has **increased the budget by 60% to $ 1.5 billion.**

In France, the exploitation of the remaining hydro potential is paralyzed due to problems of social acceptance.

INDUSTRIAL CASES & SOCIAL ACCEPTANCE

Mining Sector

In 2006, the British group Vedanta Resources planned to increase their capacity to refine bauxite in a mining site in India from 1 Mt/a year to 6 Mt/year (and the capacity of the power station dedicated to it from 75 MW to 300 MW).

Beyond the environmental impacts of the activity, the project threatened the lifestyles of three local tribes (livelihoods, essential resources for the development of populations).

Following four years of community protests the Indian government took a stand against the industry. It threatened to cancel the license granted to Vedanta for the refining of aluminium in the region.

The forced abandonment of this project resulted in loss of finance and impacted the company image. This resulted in a sharp drop in the Vedanta stock value following the Indian government's announcement in August 2010, which led to a -6% drop on the open market, and equated to a loss of 300 million GBP in share value.

Protests against Vedanta
(Source: Survival / Reuters)

Carbon Capture and Storage (CCS)

For the CCS sector (Carbon Capture and Storage), social acceptance is a major challenge. There are many issues raised locally:

- Safety of CO_2 storage in the long term (risk of leaks)
- Pollution of groundwater
- Impacts on property value
- Potential job creation
- Increase in electricity prices

Barendrecht in the Netherlands is often cited as a good example of the possible failure: after three years of talks with a well-organized opposition group, the project developers had to close the case despite government support.

For the Lacq storage project in southern France, the lack of support from local politicians (the NIMTO phenomenon) and fuzzy rulings on the subject at its launch contributed to the weakening of acceptance of the project.

Protests against storage projects in Jurançon, Cottbus and Lacq
(Source : Réseau Action Client France / Greenpeace / Total)

SOCIAL ACCEPTANCE OF INDUSTRIAL PROJECTS

Key Points

Social acceptance **is the result of a process in which the concerned stakeholders jointly construct the sufficient conditions so that a project can be integrated harmoniously at a certain time into a natural and human environment.**

Today the classical approach of "Decide, Announce, Defend" is becoming increasingly less viable. Obtaining a "license to operate" has become an **essential prerequisite for the integration of new infrastructure.** Without it the project eventually risks an expensive social embargo.

It is therefore necessary to engage with consultation mechanisms to progress forwards with shared value creation. This means the project developer should:

- **Understand the context**: The context of the implementation for each project is unique. It is crucial to **understand the specifics, to identify all project stakeholders** and how they may be affected.

- **Open-up the consultation**: An approach of transparency and the willingness of project developers to enter into a process of co-creation can generate the **necessary trust to establish dialogue**. However, to be relevant, this **dialogue should be initiated as early as possible**, from the design phase. The use of supportive decision-making tools to **structure the dialogue**, particularly with the prioritisation and analysis of the evolution of stakeholder perception, will support this process.

Illustration of a supporting decision-making tool managing the dialogue process.
(Source: Guide 4.0 – C3 Consensus)

TO TAKE IT FURTHER…

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Albane Gaspard and Franck Jésus (ADEME), 2011, *La concertation en Environnement*

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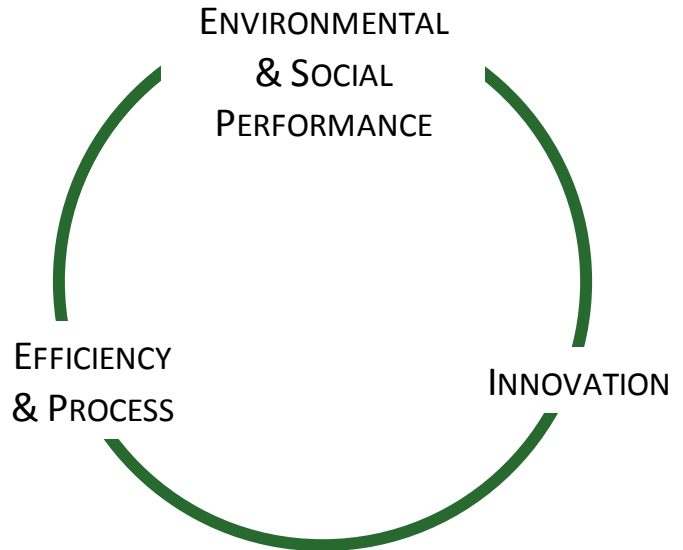
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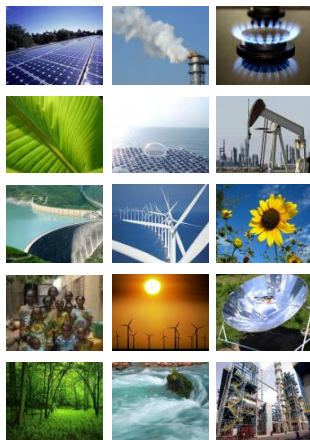
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