Agents of Change:
Reflections on a working partnership between BP Azerbaijan and the International Institute for Environment and Development

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International Institute for Environment and Development
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This publication is dedicated to the memory of Ivan Bond, a much-loved colleague and partner on this project, who tragically passed away in February 2010. Ivan provided some of the great inspirational moments of this partnership and he will be remembered with great respect and fondness by all who worked with him.

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### Acronyms and abbreviations

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<td>Azeri-Chirag-Gunashli oilfields</td>
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<td>ASRC</td>
<td>Azerbaijan Social Review Commission</td>
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<td>BSD</td>
<td>Business and Sustainable Development Programme at IIED</td>
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<td>BTC</td>
<td>Baku-Tbilisi-Ceyhan pipeline</td>
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<td>C&amp;EA</td>
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<td>CDAP</td>
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<td>CIP</td>
<td>Community Investment Programme</td>
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<td>CSR</td>
<td>Corporate social responsibility</td>
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<td>DFID</td>
<td>Department for International Development (UK)</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IIED</td>
<td>International Institute for Environment and Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>NGO</td>
<td>Non-governmental organisation</td>
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<td>OSI</td>
<td>Open Society Institute</td>
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<td>PSA</td>
<td>Production sharing agreement</td>
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<td>RDI</td>
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<td>South Caucasus Pipeline</td>
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<td>SMEs</td>
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Executive summary

Between 2005 and 2010, the International Institute for Environment and Development (IIED) and BP Azerbaijan engaged in an experimental relationship to explore sustainable development issues related to BP’s operations in Azerbaijan.

The relationship was intended to be flexible, exploratory, provocative, and to encourage ‘thinking outside the box’ for both sides. There was a strong focus on learning and building mutual understanding. Individual experiences, inspirational moments and personal development were highly valued. Both organisations also recognised the importance of embedding their experiences and lessons learned within their respective organisations.

Key benefits to BP staff included gaining knowledge, awareness and confidence in sustainable development matters; gaining experience of what happens in other countries; building personal skills and being challenged to think differently.

For IIED, this was an opportunity to be exposed to a new kind of working environment; to learn about Azerbaijan and about how a big multinational such as BP operates in that context; and to have the possibility of influencing those operations.

Key challenges related to leadership and institutional ‘buy-in’ by both organisations; purpose and relevance (to the business) of the activities undertaken; organisational restructuring and budget cuts; the question of whether this was a relationship or a consultancy; logistics and communication; and following up on inspiring moments by incorporating lessons into day-to-day work.

This report focuses on some of the most revealing and/or representative activities undertaken. The aim is for this to be a useful document for organisations wishing to learn from or to replicate some of the activities:

1) Scoping visits by IIED staff to Azerbaijan.
2) Regional Sustainable Development Forum (RSDF): workshops with BP staff from Azerbaijan, Georgia and Turkey to address macro-level sustainable development issues.
4) Mentoring programme: IIED and BP staff paired up to explore issues together.
5) South Africa study tour: Learning about sustainable development in a different context.
6) Sustainability reporting study tour: Learning about good practice in sustainability reporting.

This report closes a chapter in the relationship between IIED and BP. It is likely that (funding permitting) IIED will continue to work in Azerbaijan more independently of BP, while still keeping in contact.
Introduction and background

1.1 Summary
Between 2005 and 2010, the International Institute for Environment and Development (IIED) and BP Azerbaijan engaged in an experimental relationship to explore sustainable development issues related to BP’s operations in Azerbaijan – a lower middle-income country facing social and environmental challenges. The relationship was intended to be flexible, exploratory, provocative, and to encourage ‘thinking outside the box’ for both sides. There was a strong focus on learning and building mutual understanding. Individual experiences, inspirational moments and personal development were highly valued. A key principle was the belief in the potential for the individual to become an ‘agent of change’. At the same time, the teams kept in mind the importance of embedding their experiences and lessons learned within their respective organisations.

The BP Azerbaijan Strategic Performance Unit (SPU) is BP’s unit operating in Azerbaijan, Georgia and Turkey. BP is the operator of Azeri-Chirag-Guneshli and Shah Deniz – two offshore oil and gas exploration and production projects in the Caspian Sea. BP also operates three major oil and gas export pipelines and has a licence to develop the Alov offshore field. In 2009 BP signed a memorandum of understanding with the State Oil Company of the Azerbaijan Republic (SOCAR) to jointly explore and develop the Shafag and Asiman structures in the Caspian Sea. The role of the Communications and External Affairs (C&EA) department of BP Azerbaijan is to mitigate non-technical risk. In practice they are involved in a wide range of activities across Azerbaijan, Georgia and Turkey.

The International Institute for Environment and Development (IIED) is an international policy research institute and non-governmental body working to achieve more sustainable and equitable global development. Based in London and established in 1971, IIED works globally through partnerships in middle and low-income countries. Partners range from smallholder farmers and big city slum-dwellers to national governments, local and international NGOs and global institutions. Partnerships with big business are rare. IIED acts as a catalyst, broker and facilitator and helps vulnerable groups find their voice and ensure their interests are heard in decision making. IIED seeks to promote environmental sustainability and protect local livelihoods, but is aware that frequently in practice there can be trade-offs between the two. This report is a reflection on the BP-IIED relationship for a broader audience. Comparisons might be drawn with Oxfam and Unilever’s collaboration to explore the links between wealth creation and poverty reduction in Indonesia. However, the outcomes in this case were ultimately more to do with personal development and learning than with measuring BP’s external impacts.

This report focuses on some of the most revealing and/or representative activities undertaken. The aim is for this to be a useful document for organisations wishing to learn from or replicate some of the activities. These include:

1) Scoping visits: IIED staff visited Azerbaijan on two occasions to meet local staff and communities and to get a better idea of the overall situation in the country (Section 2).

2) Regional Sustainable Development Forum (RSDF): This BP forum covers Azerbaijan, Georgia and Turkey. IIED facilitated several workshops with BP staff to address sustainable development issues from a regional perspective (Section 3).

3) ‘Boundaries’ workshop and paper: IIED facilitated a workshop to help BP Azerbaijan staff explore the boundaries of business action at the public policy interface. This resulted in a discussion paper and a new way of thinking about boundaries – as flexible and dynamic (Section 4).

4) Mentoring programme: Meeting of Minds was a mentoring programme designed by IIED for the BP team. IIED and BP staff paired up as mentors and mentees respectively and engaged in a series of phone calls and meetings to explore sustainable development issues encountered by the BP mentee (Section 5).

5) South Africa study tour: IIED arranged a study tour to South Africa for BP Azerbaijan staff to explore sustainable development issues in a different context. It was an opportunity to engage with both new and familiar challenges (Section 6).

6) Sustainability reporting study tour: A member of BP Azerbaijan’s sustainability reporting team visited London to explore best practice in sustainability reporting by businesses and NGOs (Section 7).

1 www.unilever.com/sustainability/economic/developing-emerging-markets/indonesia/default.aspx
Figure 1.1: Map of Azerbaijan

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1.2 Azerbaijan’s oil industry and transition: from the 1990s to the 2000s

Azerbaijan is a former Soviet republic in the Southern Caucasus (Eurasia). Since 1993 it has been part of the Commonwealth of Independent States (CIS). It borders the oil-rich Caspian Sea to the east, Russia to the north, Georgia to the northwest, Armenia to the west, and Turkey and Iran to the south. Azerbaijan has a population of 8.68 million, the majority of whom (90.6 per cent) are ethnic Azeris. The population is majority Turkic and Shi’ite Muslim, though Azerbaijan is a secular republic. The capital is Baku (pop. 2 million).2

Since 2009, Azerbaijan has been classified as a lower middle-income country by the World Bank. In 2001, 49 per cent of the population were living below the poverty line3 but this figure had declined to 20 per cent by 2006 and is still falling).

Azerbaijan has been a major oil producer since the late 19th century. Production declined in the second half of the 20th century due to the second world war and Russia’s focus on its Siberian fields. The second oil boom came after independence from the Soviet Union in 1991.

‘Despite its long history of producing oil, Azerbaijan has little experience managing its petroleum wealth’ (Svetlana Tsalik, 2003) The early 1990s were turbulent for Azerbaijan’s economy due to post-Soviet restructuring and other factors, such as soaring inflation following a currency devaluation. As a result of the protracted Nagorny Karabakh war with Armenia, Azerbaijan has about 800,000 internally-displaced people. Between 1993 and 2003 President Heydar Aliyev focused on economic stabilisation, bringing inflation below 1 per cent, achieving a 10 per cent growth average and building up foreign reserves.

In 1994 the government signed the so-called ‘Contract of the Century’ – a 30-year multi billion dollar production-sharing agreement (PSA) for the Azeri-Chirag-Gunashli (ACG) oil fields offshore in the Caspian Sea. BP is the operator of the consortium.4 The potential ultimate recovery at the ACG field is estimated to be in excess of five billion barrels of oil. The first oil from the field was produced in 1997. The associated oil revenues allowed Azerbaijan to reverse the currency devaluation and inflation in the mid-1990s and have since been used to finance the government’s budget deficit.5

Other major investments in the oil sector include the Shah-Deniz offshore gas project (also operated by BP), and the 1,768 km, US$ 4billion Baku-Tbilisi-Ceyhan (BTC) pipeline. The BTC consortium is made up of 11 companies, led by BP.6 At the peak of construction the BTC project employed about 21,000 pipeline workers. The pipeline became operational in 2006.

Azerbaijan’s GDP has grown along with foreign investment in the petroleum sector, which accounted for 60 per cent of the increase in GDP between 1995 and 2001, and one-third in 2006/7.7 Today Azerbaijan’s oil and gas sector contributes approximately 54 per cent of GDP and nearly 50 per cent of budget revenues. In 2009 it constituted over 80 per cent of total exports. Yet the sector employs only 1 per cent of the work force, while agriculture contributes about 5.8 per cent of GDP but underpins the livelihoods of nearly half Azerbaijan’s households.8

Azerbaijan’s economy is highly vulnerable to oil price shocks. Furthermore, Azerbaijan has been showing signs of ‘Dutch Disease’, with the decline in manufacturing and other non-oil sectors, such as aluminium and cement.9 The construction and service sectors have fared better as they support the oil industry, with growth rates of 36 per cent and 13.7 per cent respectively in 2008. There have been similar boosts for the housing, food and transportation sectors. The agriculture sector reported growth of 6 per cent in 2008. Azerbaijan’s non-oil sectors need support, particularly small and medium-

5 A total of 300 million USD paid at strategic points in project development (e.g. 150 million USD at signing; other payments when production reaches certain volumes).
6 The others are: SOCAR, Hess, ConocoPhillips, Eni, Inpex, Itochu, Statoil, Total, TPAO and Unocal.
7 Tsalik, 2003; www.ecosecretariat.org/Countries/Azerbaijan/tab_report.htm
9 Dutch disease – real exchange rate appreciated between 1997 and 1999, making it easier to import goods/services rather than produce and procure domestically.

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2 Tsalik (2003); World Bank (2009); www.worldbank.org/az; www.bp.com/caspian
3 According to IMF (2005).
4 Other partners or ‘co-venturers’ include: Statoil, Chevron, SOCAR, INPEX, ExxonMobil, TPAO, Devon, ITOCHU and Hess.
sized enterprises (SMEs). A major obstacle to SME development is access to affordable credit.

The last United Nations’ ‘State of the Environment’ report on Azerbaijan 2002 found that nearly 30 per cent of its coastal area and over half its larger rivers were polluted. The Absheron Peninsula, where Baku and Sumgait are located, is considered to be one of the world’s most polluted areas. Limited water resources, poor air quality, deforestation, and a lack of access to energy in many places, all threaten citizens’ quality of life.10

Oil production is expected to peak in 2014 (O’Neill, 2009), which allows a relatively small window for Azerbaijan to maximise the development benefits of oil revenues. The State Oil Fund of the Azerbaijani Republic (SOFAZ)13 was set up in 1999. SOFAZ funds have been spent on internally-displaced people, BTC pipeline costs and other socio-economic development projects. Local and international NGOs have expressed concern about the level of control of the executive branch of government over the use of SOFAZ funds and other budgetary matters.

Azerbaijan was ranked 143rd out of 180 countries in Transparency International’s Corruption Perceptions Index in 2009.11 This is despite Azerbaijan being an early signatory to the Extractive Industries Transparency Initiative (EITI) in 2004, and becoming EITI-compliant in February 2009.15 There have been calls to apply transparency to oil revenues as they flow into the main budget process.

The current president, the former president’s son, Ilham Aliyev, won a second five-year term in October 2008. In a 2009 referendum, voters approved constitutional amendments including removing the limit on the number of presidential terms served. The president’s New Azerbaijan Party has the majority of seats in Azerbaijan’s Parliament (Milli Majlis).

Civil society development is hampered by government efforts to control NGO registration and limit opportunities for obtaining grants, tax-exempt status and the right to convene public meetings. In November 2009, two Azerbaijani bloggers were sentenced to two and 2.5 years respectively on hooliganism charges, though it is widely accepted that the real reason was a satirical video posted on the Internet.16

Despite Azerbaijan’s success in overcoming the economic and political upheavals of the early 1990s, increasing investment and reducing overall poverty, many challenges remain to be addressed. The challenge now is to make use of the relatively short lifespan of oil to diversify economic opportunities, enhance basic service provision (including access to energy) to poor and isolated communities, while mitigating the country’s vulnerability to oil price fluctuations. Reforms need to allow civil society to become more involved in decision-making.

1.3 BP Azerbaijan and civil society

The BTC pipeline has come under close scrutiny from local and international NGOs due to environmental and social sensitivities and the involvement of international financial institutions.17 The international NGO-led Baku Ceyhan Campaign began in 2001 led by PLATFORM, The Corner House, the Kurdish Human Rights Project, and Friends of the Earth. Local partners are the Centre for Civic Initiatives (Azerbaijan), Green Alternative (Georgia), WWF Caucasus and Central and Eastern Europe (CEE) Bankwatch.18

The campaign involved raising awareness about project impacts; supporting affected communities along the pipeline route; and lobbying private banks, international financial institutions and export credit agencies to not support the pipeline. Since oil has begun to flow through the pipeline, the campaign has continued to maintain public awareness, provide support to local civil society in monitoring impacts and challenge the consortium and project lenders.

BP has also developed collaborative relations with local NGOs in Azerbaijan. For example, BP collaborated with the Open Society Institute (OSI) on the NGO Monitoring and Audit Programme during construction and early operations of the BTC pipeline. OSI led a training programme on monitoring methods and standards and helped NGOs to implement the monitoring, covering

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10 Sumgait was rated the ‘most polluted place’ by US environmental group the Blacksmith Institute in an online poll in 2006 and 2007 (WaterWired, 2008).
12 SOFAZ’s website (www.oilfund.az)
14 http://eitransparency.org/Azerbaijan
16 International partners include Rising Tide, Bank Information Center, Campagna per la Riforma della Banca Mondiale, WWF and Friends of the Earth.
issues relating to the environment, cultural heritage, human rights, local procurement and social impacts.

In 2003, John Browne (then Chief Executive of BP) established the Caspian Development Advisory Panel (CDAP) as an independent, external advisory body to provide objective advice on the economic, environmental and social impacts of the BTC pipeline and other related BP activities in Azerbaijan, Georgia, and Turkey. The CDAP reports and BP’s responses can be downloaded at: www.bp.com/caspian. CDAP has now ceased its work, and the Azerbaijan Social Review Commission (ASRC) was set up in early 2007 as a new independent advisory group designed to help the company recognise trends, challenges and longer-term issues relevant to BP’s social performance in Azerbaijan. ASRC’s reports and BP’s responses can also be found on www.bp.com/caspian.

1.4 BP Azerbaijan Communications and External Affairs Department

BP Azerbaijan’s Communications and External Affairs (C&EA) Department was set up in 2004. This department manages relations with the government, local and international media, communities, local and international NGOs, and BP employees (through the internal communication team). It is also responsible for sustainability reporting, and social and environmental investment spending, including enterprise support. Human rights are a key concern: BP follows the Voluntary Principles on Security and Human Rights.

BP Azerbaijan has a team of local community liaison officers providing a link between the company and communities affected by company activities. There is a company grievance procedure for addressing community complaints and concerns.

BP Azerbaijan’s Production Sharing Agreements (PSAs) and environmental and social impact assessments are publicly available in English, Azeri and Russian. BP also produces an annual sustainability report for its operations in Azerbaijan.

BP Azerbaijan plays an active role in EITI. They also engage with the revenue management group that was established by the United States embassy, with the British and French embassies and the United Nations Development Programme, European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC) and the International Monetary Fund (IMF).

BP Azerbaijan has also commissioned macro-economic modelling from Oxford Economic Forecasting. The main goal of this research was to support effective governance of Azerbaijan’s oil revenues. However, SOFAZ used the model and BP did not see the reports.

BP and their commercial partners in Azerbaijan support development projects through their multi-million dollar Regional Development Initiative (RDI) and Community Development Initiative.

The Regional Development Initiative (RDI) is a long-term programme designed to address macro-economic impacts in Azerbaijan, Georgia and Turkey. The programme currently supports local enterprise development, access to energy and effective governance. In Azerbaijan the programme focuses mainly on local enterprise development.

The Enterprise Centre was set up in 2002 with the aim of helping small and medium enterprises (SMEs) to enhance their business capacities and their opportunities to win contracts with major oil and gas projects. However, in 2009 BP closed the Enterprise Centre and embedded the local content group into BP’s operational structure, namely the Procurement and Supply Chain Management Department (PSCM). Nevertheless, its plans to establish an Internet-based guide for local businesses continue to be implemented.

The Supplier Finance Facility (SFF) was launched in 2007 as part of BP’s Regional Development Initiative in collaboration with the International Finance Corporation and the Micro-Finance Bank of Azerbaijan. The SFF aims to provide transparent sources of finance for local businesses, allowing them to use their contracts with BP as part collateral for loans.

In 2008 BP spent US $1 billion on local goods and services and signed long-term contracts with 14 local SMEs for a total of US $50 million. A three-year training programme was launched as part of the Regional Development Initiative in order to help suppliers meet international industry standards.

The Community Investment Programme (CIP) was initiated in 2003 for Azerbaijan, Georgia and Turkey, as a condition of EBRD and IFC funding for the BTC and South Caucasus (SCP) pipelines. The programme covers the communities living along the pipeline corridors and construction camps, as well as towns.

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19 The CDAP reports and BP’s responses can be downloaded at: www.bp.com/caspian
20 www.voluntaryprinciples.org
affected by the project. After completion of the pipelines, BP continued financing Phase II of the CIP, which included:

- support for civil society development, including young people
- enterprise support for non-oil sectors, with a focus on agriculture and micro-finance.

All projects require a community contribution, usually in kind (e.g. materials or labour), but also via payment of fees (e.g. the agricultural extension programmes). Community projects need to be aligned to the objectives and priorities of the government’s Strategy for Poverty Reduction and Economic Development.

The Improvement of Provision of Potable Water (IPPW) project was launched in 2005 by the CIP, with the UMID Humanitarian and Social Support Centre. The IPPW has provided water purification facilities for six communities using locally available technologies. The IPPW has created management structures for each facility in the form of community/municipality-owned limited liability companies to manage water quality and revenues effectively and transparently.

Local capacity-building included collaboration with the Open Society Institute-Assistance Foundation from 2004 to 2006 to set up the NGO Monitoring and Audit Programme. This initiative aimed to build capacities of local NGOs to review the environmental and social aspects of the BTC and SCP pipeline construction. It also aimed at enhancing dialogue between the developers and local civil society.

BP’s Environment Programme supports educational initiatives and awareness-raising in schools, and provides small grants to projects on energy management and renewable energy, environment-friendly economic development and waste management.

One successful Environment Programme initiative has been the Green Packs (educational packs for schools). Using an initial BP investment of US $80,000, the programme managed to leverage a further US $120,000. The packs were aligned with the school curriculum. By collaborating on this initiative, BP Azerbaijan was able to improve previously difficult relations with the Ministry of Environment.

1.5 How did the relationship start? Why did BP want to engage with IIED?

The relationship between IIED and BP began in late 2005, when Clare Bebbington was Director of C&EA BP Azerbaijan and Halina Ward was Programme Director of IIED’s Business and Sustainable Development Programme (BSD). Clare had been inspired by conversations with Jane Drapkin, who had been on secondment to C&EA from the UK Department for International Development (DFID). Typically these were end of the day informal conversations. The conversations helped Clare to understand sustainable development and to realise that corporate responsibility was not just about philanthropy. She began to think more deeply about engagement with the issues.

Clare wondered whether it would be possible to replicate this experience in a more institutional way, providing access to thinking and ideas on sustainable development to the staff in her team.

‘I knew what it would feel like, but not what it would look like.’ (Clare Bebbington)

Clare therefore approached Halina at IIED to suggest some kind of exploratory, experimental relationship between IIED researchers and the BP Azerbaijan C&EA team. Clare already knew Halina from Chatham House where they had worked together. This element of personal trust was important for such an unusual proposal. Nevertheless they would need to explore the potential of such a relationship first to see if it might work.

The relationship was exploratory for both sides. It started off as brainstorming, trying to work out what they wanted from the relationship, and getting to know more about some of the issues. Four people from Azerbaijan visited London for an initial meeting. The IIED team discussed the proposal with staff and managers at IIED. This was followed by two scoping visits to Azerbaijan by IIED researchers (see Section 2). These activities helped both sides to get to know each other better and to identify areas of common interest.

1.6 What was IIED interested in?

Halina Ward was director of IIED’s ‘Business and Sustainable Development’ programme (BSD), which ceased to operate when IIED was restructured in 2009, sought to identify how business can contribute to sustainable development. They had a particular interest in the role of government in shaping and enabling corporate social responsibility (CSR), and the CSR agenda as it related to small and medium enterprises (SMEs).

BSD had some experience working on oil and gas contracts in Kazakhstan. However, within IIED at the time, work on the oil and gas sector was rare, as was any work in a former Soviet

22 Formerly known as Corporate Responsibility for Environment and Development or CRED.
state. IIED works mostly in sub-Saharan Africa, Southeast Asia and Latin America.

Halina sought to make sure the relationship with BP was not limited to only one IIED programme. However, much of the thinking about corporate responsibility that helped to shape the relationship came out of work that was being undertaken by BSD. IIED had also worked with some of the NGOs involved in the Baku Ceyhan campaign, particularly through the work of the Corporate Responsibility (CORE) coalition.23

The two main theoretical concepts framing IIED’s thinking were:

1. **The resource curse**: the theory that abundant natural resources paradoxically hamper the economic development of a country, for example due to corruption, mismanagement of revenues, domestic conflict over resources and revenues.
2. **Dutch disease**: the phenomenon that natural resource exports cause the value of a country’s currency to increase, making locally manufactured goods less competitive and leading to an increase in imports and the decline of non-resource sectors.

BSD had explored various definitions of CSR, but felt it was more important to explore BP’s motivations and rationale for engagement with sustainable development issues in Azerbaijan. Some of the key issues arising out of this consideration included the following:

- **The boundaries of responsibility between public and private actors in delivering sustainable development outcomes**: balancing the delivery of business goals with the need to align initiatives to government development priorities and policies; the importance of the ‘enabling environment’ (government policy and action) in promoting responsible business practice; and the role of public-private partnerships and tri-sector partnerships involving civil society.
- **Effective community engagement**: ensuring local buy-in to social initiatives to reduce the potential for conflict and enhance the sustainability and resilience of business-led activities; the importance of avoiding dependency and the need to have a good ‘exit strategy’.
- **Stimulating local enterprise** (in both the oil and non-oil sectors), including access to finance. This included the notions of ‘inclusive business’ and the ‘Base of the Pyramid’ paradigm.24 The significance of CSR for SMEs.
- **Responsible lobbying**: while companies may be engaging in CSR and sustainability reporting, they may also be lobbying government behind the scenes to pursue different agendas, including those which could be harmful to the company’s social goals.
- **Transparency and effective governance**: this relates to management of oil revenues, including Azerbaijan’s involvement in EITI; sustainability reporting; and ‘business and human rights’ agendas.

### 1.7 What were the initial expectations on both sides?

At the start of the relationship, BP Azerbaijan managers were aware that the expatriate staff would be moving on in a few years’ time and that the local staff would be taking over key posts. The local staff were extremely talented, but most were fairly young and relatively inexperienced. Several had only just joined BP, and for some of them, ‘sustainable development’ was a new concept.

IIED offered a way to expose local staff to international ideas and approaches, and build their confidence in using them. Clare knew that the BTC pipeline was not popular with NGOs, so she felt she needed to approach an organisation for an honest dialogue.

The BP team hoped that IIED would be able to offer advice, challenge what they were doing, and encourage them to think beyond their own sphere of experience. The local staff wanted a better understanding of CSR and sustainability and how they play out in countries other than Azerbaijan. They hoped to be exposed to new perspectives, learn new concepts, gain new experiences and get access to resources that could be useful to their work. They hoped to apply international good practice in the context of their own interventions, such as the RDI. Some also saw the relationship as an opportunity to sharpen their skills in areas such as project management.

Both the IIED and BP teams were curious about what would happen when an NGO got involved with a multinational oil company at the ‘grassroots’ level. Normally communication

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23 [http://corporate-responsibility.org](http://corporate-responsibility.org)
24 [www.iied.org/sustainable-markets/key-issues/energy/business-models-for-sustainable-development](http://www.iied.org/sustainable-markets/key-issues/energy/business-models-for-sustainable-development);
[www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoP.pdf](http://www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoP.pdf)
between such organisations is between European or US-based offices. Coming in at the level of a strategic business unit in-country, IIED staff were interested to know what it would be like to make sense of the local context and see first hand how CSR played out on the ground.

The IIED team wanted to learn more about Azerbaijan and was keen to get a better insight into how an oil company works in a country going through the transition from a Soviet satellite to independent country. One IIED participant commented: 'I liked the idea of trying to influence a big multinational. I think you have to work with them rather than against them.' Another stated: 'I was interested in the idea of working with a multi-national company, just because it represented an interest so very different to anything that I had ever done.'

IIED was in the process of developing guidelines for engaging with the private sector. These guidelines included the need to ‘evaluate the opportunity to make a difference’. The IIED team was aware of reports about the negative social and environmental impacts of the BTC pipeline construction and hoped to make a positive difference locally. The team was expecting to be able to work with BP to address difficult issues and improve operations.

The IIED team also saw the relationship as an entry point into engagement with local communities and policymakers. They felt they could play a catalytic role in bringing stakeholders together round the discussion table – a typical IIED role. They also hoped that they might eventually increase engagement with senior people in BP Azerbaijan and BP Global.

At the outset, there was some scepticism among some of the BP team about what IIED could offer and whether ‘new thinking’ was what was needed. There was also some concern that IIED might lack sufficient time and dedicated human resources to apply to the relationship. As one of the BP team observed: ‘These were busy people with their own research agendas.’

IIED has traditionally been quite cautious in its relations with the private sector. Some IIED staff and the Board of Directors were therefore concerned about the relationship with BP and how it might affect IIED’s reputation. Halina was willing to advocate the ‘radical’ experiment because she knew Clare. But she needed to convince the rest of her organisation.

1.8 What were the overall impressions?
The members of both teams who took part in this review of the relationship were asked to suggest words that describe their overall impressions of the relationship and their own experiences.

Some reported their impressions of the two phases of the relationship. They felt that Phase I was more optimistic, dynamic and open, while Phase II suffered from the loss of the original leadership, budget tightening, withdrawal of expat staff from BP Azerbaijan, and restructuring at IIED.

<table>
<thead>
<tr>
<th>Words chosen to describe the experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IIED</strong></td>
</tr>
<tr>
<td>Overall: stimulating, learning from mentees, success, opportunities, undefined, frustrating, inconclusive, time-consuming, time-wasting, disappointing, interesting, hard work, excitement, fulfilment, challenging, draining, missed opportunities</td>
</tr>
<tr>
<td><strong>Phase II only:</strong> still interesting but … pressed for time, less keen, uncertainty and lack of confidence, consultancy, conservative, dead, mutual disappointment</td>
</tr>
<tr>
<td><strong>BP Azerbaijan</strong></td>
</tr>
<tr>
<td>Overall: ‘a bit of magic where we least expected’, ‘the personal did matter’, ‘experimental was good’, broad based and not very focused, new perspectives; not always smooth, successful co-operation, yielded results, promising, ‘aha moments’, connecting the dots, inspiring, innovative, some over-expectation on both sides, enthusiastic, creative, refreshing, learning, informative, support, helpful, knowledgeable, approachable, productive, challenging</td>
</tr>
<tr>
<td><strong>Phase II only:</strong> still interesting and good learning experience, but … muffled; stymied; difficult to maintain; ‘where do you take it from here?’</td>
</tr>
</tbody>
</table>

Both sides agreed that the relationship started off with a lot of engagement, passion and enthusiasm, but later became more like a formal consultancy. On the other hand, a BP team member pointed out that the relationship evolved from being ‘senior management-driven’ to allowing more involvement from the teams.

Overall, Clare really enjoyed the innovation of the relationship. It helped her to get the flavour of an international think tank into her team, who were young and needed personal development opportunities. Halina relished the experiment of engaging with a multinational oil company at the ‘grassroots’ level to explore issues around ‘business and sustainable development’. She particularly valued the personal engagement with her mentees and the other local staff.

Some participants appreciated the space that was created for free thought and experience.
Others felt at times that the themes covered by workshops and mentoring were too general, and wished there had been more exploration of practical issues and how to address them.

In general, participants felt that the boundaries paper (see Section 4) generated the most interest externally, while overall the work done on sustainability reporting (Section 6) had the most impact on BP’s reporting. In terms of personal benefit, all of those who took part in the South African study tour thought it was the highlight of the BP-IIED relationship. The most enduring activity was the mentoring programme, which overall was appreciated highly, particularly by the BP mentees.

IIED staff were disappointed at their apparent lack of impact on how BP was working or on the people and environment in Azerbaijan. However, the BP team highlighted several areas where lessons had been shared and where experiences had influenced the way that they work (e.g. sustainability reporting and the CIP and RDI).

Overall, the impacts of the relationship were mostly personal, ranging from the eye-opening experiences offered by the study tours to the unexpected effects of an inspirational personal chat. These kinds of personal benefits should not be underestimated, even if they have not been institutionalised in the respective organisations. Some of the personal relationships forged during the time BP and IIED staff spent time together will last a lifetime. However, time will tell whether the two organisations will build a long-term institutional relationship.

1.9 What were the key benefits?

The relationship brought specific benefits to the different organisations and individuals involved. Below we consider them separately for BP, IIED and Azerbaijan.

Benefits to BP

The BP Azerbaijan staff who had been trying to push sustainable development within the company appreciated IIED’s support and the justification this provided for their efforts. It helped them to make the ‘business case’ for promoting sustainable development values internally. As one staff member noted: ‘Personally it was extremely valuable that another organisation spoke the same language that I did and was getting across points and touching on issues and concepts and approaches that I hadn’t been able to articulate very well internally.’

This helped to build confidence, knowledge and understanding that the C&EA staff were able to apply to their day-to-day work. ‘Some issues that seemed problematic to BP became more normal as a discussion topic when speaking to IIED.’

The sustainability reporting team gained the confidence to reject the BP Group template for their report, and became more responsive to local stakeholder needs (see Section 6). The RDI and CIP teams also implemented their learning. As one of the team observed: ‘It was a great benefit to people involved in delivering development stuff on the ground. It served to refine our programmes a little more. It had people thinking more critically and with more confidence when doing their own programmes … There was an impact on our implementation.’

The local BP team felt that they built good contacts internationally; their horizons were broadened and they had new perspectives; they could see the ‘bigger picture’ and could better understand the role of big business in development. One of the team noted: ‘There were several sessions where IIED explained the “softer” issues around oil and gas agenda, e.g. human rights. This was good awareness-raising for employees.’ They also improved their understanding of how an international NGO perceived their activities.

The BP team understood better how far it could go, and how far BP was willing to go, in promoting sustainable development, and what tools were needed to make it happen. They also had the opportunity to re-think their own roles and responsibilities within BP Azerbaijan, and what they could do as individuals to make a positive difference. ‘It was a transformational experience which made us all think of our role as BP and how to make sustainable changes in Azerbaijan.’

BP staff particularly valued the personal benefits of the mentoring programme, the study tours, and the intellectual discussions (particularly around the ‘boundaries’ concept). These are explored more in the relevant sections in this report. Some BP staff were able to develop specific technical skills, e.g. in sustainability reporting, project and relationship management, and finance and communication.

However, beyond the C&EA team, the benefits to the rest of BP Azerbaijan or to BP as a whole have been limited. Occasionally, representatives of other departments have been invited to workshops. The relationship has been discussed during internal management reviews, strategy development meetings, and discussions on health, safety and the environment, which is led by a different department. The boundaries paper and the South Africa study tour report were shared with BP teams internationally. The
sustainability reporting experience was also shared with staff in BP Angola.

**Benefits to IIED**

IIED staff noted that they had learnt huge amounts from the BP staff with whom they had engaged, from the experience of working within BP Azerbaijan and from their experiences during the scoping trips and study tours. They also learned a lot from one another as they travelled and worked together during the relationship. As they came from different groups within the institute, it was also a good exercise in internal ‘organisational learning’ for IIED.

Azerbaijan is a completely new country for IIED. One IIED team member commented on ‘the impenetrable nature of decision-making’ and noted that ‘the environment is not conducive to us operating in our regular way there.’ Although two IIED team members had experience of post-Soviet countries and the oil sector, others did not: ‘Exposure to very different country from the IIED norm; an insider perspective on how an affiliate of an international company operates – it was fascinating.’ Halina enjoyed seeing IIED colleagues ‘break out of sub-Saharan Africa and donor-related issues’.

One IIED researcher noted: ‘Working with BP gave me a little glimpse into corporate life and some of the challenges that multinational oil corporations face. I found it fascinating and confirmed one of my assertions that the scale of investments that drive mineral exploitation (including oil) can result in tremendous positive change if managed appropriately.’

Another area of interest, and therefore benefit, as one IIED team member noted, ‘was being able to observe how our counterparts in the corporate sector worked, the levels of responsibility that they held and the internal processes that keep a large company such as BP running. I enjoyed working with the staff from BP who are very talented and skilled.’

The relationship with BP Azerbaijan has certainly raised awareness of private sector engagement issues within IIED. The IIED team wondered whether they might have changed some minds within the institute on the potential value of engaging with multinational corporations: ‘Possibly not, particularly given that there have been no strong outcomes.’

Like the BP team, the IIED staff learned a lot about NGO relations with the private sector. One of the IIED team commented: ‘I learned a lot about interaction with a private sector organisation. The private sector is more interested than we tend to think at times. NGOs can be too stand-offish at times. This is a valuable lesson learned.’

Liz Carlile, the leader of the mentoring programme, benefited hugely as the relationship gave her the opportunity to learn about mentoring and to develop an effective and durable programme. As part of the mentoring, the study tours turned out to be powerful learning tools and a valuable experience for IIED as well as the BP participants.

The IIED team developed personal relations with some BP staff and hoped that this would lead to future collaborative work. BP Azerbaijan staff have been helpful in commenting on one or two IIED reports, giving the benefits of their practitioner perspective.

**Benefits to Azerbaijan**

Some participants from both teams concluded that the BP-IIED relationship offered ‘very little’ benefit to people or the environment in Azerbaijan, outside of BP. This compares to IIED’s expectations of influencing BP practice in Azerbaijan and facilitating dialogue between different stakeholders on key issues related to environment and development.

Members of the BP team argued however that the subsequent improvements in CIP and RDI implementation and sustainability reporting have benefited people outside BP. The sustainability report (see Section 7) was directed to a wider population, was more transparent and contained more information. ‘For example, the stakeholders wanted more employment data and we gave it to them.’ It was a bit more difficult to evaluate the net impacts on CIP and RDI, but the BP staff observed a clear impact on their own implementation capacities (as noted above).

Some suggested that IIED’s meetings with local NGOs may have had an impact, if only in terms of awareness-raising and exposure to international thinking. But the direct outcomes of such meetings are also difficult to assess or measure. Furthermore, IIED regretted the lack of opportunities to follow up these relationships due to their too short and too few visits to Azerbaijan. This is likely to also have generated some frustration on the part of the local NGOs.

**1.10 What were the key challenges?**

The key challenges highlighted by participants in the relationship included:

- Leadership and institutional ‘buy-in’
- Purpose and relevance
- Restructuring and budget cuts
- Relationship versus consultancy
- Logistics and communication
- Following up
Leadership and institutional ‘buy-in’

Many challenges related to leadership and the level of institutional ‘buy-in’ of both organisations. From the start, the relationship depended on the personalities and the shared trust, vision and enthusiasm of Halina and Clare. The relationship suffered greatly when first Clare then Halina left their respective organisations.

Clare knew that the relationship with IIED was very unusual for a company like BP and was therefore challenging for her team: ‘I was aware that this was something I was doing to the team. They didn’t necessarily understand how they could use it. As the relationship evolved, people got different things out of it. Some really benefited; others dug their heels in.’

From the beginning, Halina tried to make the relationship as institutional as possible within IIED, involving researchers from different groups outside of BSD. She encouraged other team members to make suggestions and challenge planned activities. For example, there was ‘creative disagreement’ around whether to do both the boundaries workshop and the South Africa study tour.

There was considerable resistance within IIED to the idea of working closely with a multinational oil company. One of the IIED team observed: ‘This project came under exceptional levels of scrutiny from within IIED, driven partly by individuals who perceived an oil company as ‘the enemy’. The difficulties of trying to develop an effective relationship [during Phase II] may well have confirmed to them … that IIED cannot work effectively with a multinational company.’

For BP staff, ‘the challenge was getting it understood at a higher level’ within BP. This was a challenge IIED felt deeply, too, in relation to the amount of influence they were able to have. Comments from IIED included: ‘We should have held out much more strongly for higher level involvement with BP Azerbaijan at an earlier stage. … That effort may have led to a greater overall impact,’ and ‘There was no political support for this initiative higher up in BP to support the people that we were working with.’

A further obstacle to institutionalising the relationship has been the fact that so many of the original staff have since moved on. About half of the BP and IIED staff who went on the South Africa study tour have since left their respective organisations.

Purpose and relevance

Several participants felt that from the start there should have been a clearer plan of action which included goals: ‘We always said let’s keep it flexible so we can just adapt as we move along. You need that kind of flexibility, but at the same time we could have done it better by having more of a plan.’ Some felt confused by their role or sensed a lack of direction. Within BP, some saw conversations as being valuable for their personal development while others could not see the value to the business.

Restructuring and budget cuts

Both organisations underwent restructuring midway through the relationship. When most expats left C&EA in 2007/8, the local staff were thrown into new and more challenging roles, which took up much of their time and energy. Similarly, IIED staff were thrown into an unexpected institutional strategic restructuring process.

The new developments at BP also had budget implications. In May 2007, when Tony Hayward took over from John Browne as Chief Executive of BP, he initiated a tightening of belts and a ‘back to business’ attitude, with a greater focus on internal issues. This allowed less space for the relationship with IIED to thrive. One BP participant commented: ‘Workshops are seen as a luxury now.’

Relationship versus consultancy

Participants were divided over whether it was a problem that BP was paying for all the activities. In Phase II BP tried to get IIED to contribute to the costs (through in-kind or matching contributions). IIED resented this to some extent, as there had been no efforts to do this during Phase I. On the other hand it was difficult for them to explain to their colleagues and to third parties that the relationship was equal when it was being entirely paid for by BP.

To some in BP, the payment situation was not a problem. To others, the relationship could not be equal if BP was paying for it; it therefore seemed more like a consultancy. ‘How do you make something like this work if one side is paying?’ In-kind or matching contributions are a sign of commitment (as in the community development programmes that BP runs). ‘If it is a partnership it is probably good to have some kind of in-kind contribution to the process.’

Logistics and communication

The logistics – contracts, travel, scheduling – were particularly challenging for both sides. In terms of day-to-day management, everyone greatly appreciated the role of the external facilitator Isabel Miranda in the early part of the relationship. Isabel arranged the contracts between IIED and BP and acted as a fixer and liaison person. She understood both the BP bureaucracy and IIED’s NGO culture. ‘She was a
great organiser and listener; she helped to build trust on both sides.’

When Isabel was no longer involved, the institutional differences between BP and IIED became more apparent: on the one hand was an oil company that was used to administering technical contracts; on the other an NGO that required flexibility, transparency and a more personal touch. An IIED participant commented: ‘It became very difficult dealing with the basic organisation of visits – dates changed and there was a lot of messing around.’ Moreover, ‘BP’s Procurement and Supply Chain Management [PSCM] department was not set up to deal with NGO contracts.’ This also contributed to the sense that Phase II was much harder work than Phase I.

Regular communication was highlighted as an issue by both sides: ‘Connectivity and remaining connected.’ Email communication was not always effective. Participants observed a lack of continuity between visits. During Phase II there was no face-to-face communication at all for about two years because of a series of unfortunate events, including sickness and poor scheduling.

Overall, participants felt as though more time was needed for this kind of relationship to develop and mature, and to have an impact. IIED staff wished they had had more time to engage externally with NGOs and government outside of their visits to Azerbaijan. However, they were limited by their own time schedules and tight travel budgets. Better planning may well have helped on both sides.

**Following up**

Follow up and implementation have always been key issues for both sides. One participant observed: ‘Frequently next steps were discussed and laid out, but not followed (e.g. the ‘next steps’ from the South Africa study tour, or the whole Phase II work plan, only some of which was completed).’

It was also a challenge for the BP staff to translate largely theoretical concepts and experiences from sometimes entirely different environments into better practice in their day-to-day jobs. Nonetheless, as described above, they felt that they had been able to incorporate much of the learning into the implementation of their jobs and programmes. One challenge now is to demonstrate and ‘measure’ these benefits.

IIED, too, would have preferred to do more follow-up on some activities, such as engagement with public policy and local NGOs. These are areas in which IIED has experience but it was not clear how to follow them up.

1.11 **Purpose of the case studies**

In analysing the relationship some models and methodologies were identified that might prove useful to IIED, BP or third parties in their future work.

Sections 2-7 provide in-depth case studies of six activities that were carried out as part of the BP-IIED relationship. These were selected as being representative of the methods used in the course of the collaboration, and possibly of having the most potential for replication. This potential is assessed in each case study.

The six activity case studies seek to draw out positive and negative lessons learned. At the end of each case study, recommendations are provided for those who might wish to replicate the activity.
2 Scoping visits to Azerbaijan

2.1 Summary
The relationship between IIED and BP Azerbaijan was conceived as something that would need to be flexible and based on the needs and ideas of both parties. Therefore both sides needed time to get to know one another and move beyond the trust relationship already established by Clare and Halina.

IIED researchers were not expected to have in-depth knowledge of local issues – their role was much more to stimulate thinking on sustainable development beyond BP Azerbaijan. It was nonetheless essential for the IIED team to have a good idea of the situation in Azerbaijan in order to understand the conditions in which the local team was working. The visits also provided an opportunity for team building, both within and between the two organisations.

Two IIED researchers undertook two scoping visits; a third joined them for the second trip.

The scoping trips involved meetings with BP staff and other stakeholders and visits to BP installations. The second trip also included visits to local communities along the BTC pipeline, with the aim of finding out more about the Community Programme (CIP) and to talk to stakeholders about their views on its implementation.

The IIED team felt that they got a very good impression of how community engagement works along the pipeline route, and the activities that BP had supported.

They met people who could potentially play a role in supporting development in Azerbaijan. They gained a better understanding of the difficulties of rural communities interacting with provincial authorities and central government.

In general, the IIED team felt that there was a lot of potential for following up certain issues and activities, although that follow-up didn’t take place. Nonetheless, visiting the places gave them ideas and experiences on which to base their thinking as the relationship progressed.

2.2 Impressions
The scoping trips gave the IIED researchers excellent exposure to Azerbaijan. They were able to build their knowledge and understanding about the nature of development issues in a completely new working environment.

They also identified where their own experience could be relevant in Azerbaijan. One of the IIED visitors noted: ‘After the scoping visit to Azerbaijan, it was apparent that many of the rural development issues that BP was working on were similar to issues that I had worked on in southern Africa, e.g. community management, empowerment and agricultural policy.’

The IIED team also learned much about BP’s operations in Azerbaijan. They saw BP’s facilities at first hand, including the pipeline and the communities living close by. They were able to gather independent opinions about BP’s activities. ‘We learned a lot about the role of a multinational company as an agent of change’.

IIED’s visit catalysed new kinds of relations and discussions. For example, as one participant noted: ‘The leadership team had never sat as a group before and discussed such broad-ranging issues!’

It was difficult to assess the impact of the visit on non-IIED people. ‘It was difficult to know how it benefited all the people that we spoke to.’ And: ‘I am sure that we were just one of a bunch of development tourists who passed through their lives.’ But: ‘certainly there was lively engagement throughout’. A challenge for the IIED team was ‘stepping into an unknown world’, both in terms of being in an unfamiliar country and becoming party to insights about the workings of a multinational corporation. Faced with their new awareness of how BP was working in Azerbaijan, they also wondered how they ‘could best apply IIED thinking and ways of working in the corporate world’.

Unlike some subsequent activities, the logistics did not pose a challenge for these scoping visits. Isabel (the liaison/fixer) organised both trips: ‘She really smoothed the way.’

The trip also ‘allowed us to identify a menu of opportunities to really make a difference in the country beyond BP.’ ‘For example, in the central region, it used to be a massive irrigation area with saline soils and we pointed out lots of ways to address these salinity issues. Reinvesting oil revenues could have been a way to address some of these issues. But arguably it is not BP’s job, it’s the government’s job. We had no direct engagement with government.’

The IIED team was disappointed not to get the chance to follow up these ideas subsequently. The biggest challenge was how to turn new insights, awareness and contacts into further action and influence. In general the team felt it had failed to do this.

To make it work, you have to go out and get dirty!
The experience also catalysed other ideas, such as the South Africa study tour (see Section 6); this idea ‘would not have happened if it wasn’t for these scoping trips’.

Another realisation was that BP required more internal conversation on how to structure their relationship with the government. This discussion was picked up at a Regional Sustainable Development Forum workshop (see Section 3) and was explored in depth at the ‘boundaries’ workshop and in the subsequent paper (see Section 4).

2.3 Replicability and recommendations
Scoping visits such as these are invaluable for planning, particularly at the start of a relationship between two organisations that do not know each other and with such different geographical and ideological backgrounds. Although such trips are occasionally viewed as an optional ‘jolly’, particularly if budget restrictions are in place, this stage of planning should not be skipped. Participants felt it was essential to have the space to explore ideas and get to know one another.

Some specific recommendations include the following:

- Discuss in advance what both sides expect from the trip, what the visitors might want to see, scheduling and logistics.
- Appoint a dedicated and competent liaison person/fixer, preferably an external person with relevant experience, a good understanding of both types of organisation, and a genuine interest in the initiative.
- Write a trip report, including dates and details of meetings, lessons learned and potential follow-up activities.
- Ensure adequate opportunity to discuss outcomes and follow up at the end of the trip.
- Ensure that agreed follow-up activities are reported on, otherwise it is impossible to assess the benefit of the trip.
- Allow adequate time and resources on both sides for follow-up and reporting after the trip.
3 Regional Sustainable Development Forum

3.1 Summary
The Regional Sustainable Development Forum (RSDF) was designed by BP to implement the Regional Development Initiative (see Section 1.4) across the three countries, Azerbaijan, Georgia and Turkey. IIED was asked to facilitate a series of meetings to help the three country teams agree their ‘three-country strategy’ to deliver the RDI.

The purpose of the forum was to develop a common strategy and view across the countries. The workshops yielded memorable presentations and generated ideas for further activities. However, there was a general feeling that the RSDF lost momentum and didn’t reach its full potential.

3.2 Impressions
The RSDF workshops were a ‘space’ for people to meet with an open agenda. It was a good environment for BP and IIED staff to get to know one another. IIED’s role was to challenge the BP staff and pose questions to explore issues. They also were able to share their own international experience.

Early RSDF workshops were ‘quite engaging and very dynamic’, and feedback was enthusiastic. Some interesting follow-up ideas came out of them – notably the boundaries paper (see Section 4). The practical examples discussed at the workshops and the responses they elicited inspired the South Africa study tour (see Section 6).

For the BP teams, the RSDF workshops were a new approach, and this was particularly interesting for the teams in Georgia and Turkey: ‘This was a new way of agreeing the three-countries strategy ... Previously it was always determined by headquarters (in Azerbaijan) and then communicated to us.’

Participants also spoke of the benefits of personal learning – examples, experience and issues – and greater understanding of what happens elsewhere in the world. People brought up issues and problems and challenges and engaged in stimulating conversations even if they didn’t get the answers to their questions.

The space allowed for two-way learning and dialogue. BP staff shared knowledge and experience and listened to suggestions from IIED, discussing if and how these could be incorporated into BP practice. One BP participant noted: ‘It is a creative and refreshing way of looking at things. It is not a consultancy, it is a collaboration – we both learn from each other.’

The BP staff appreciated IIED’s involvement as an external facilitator with an independent perspective: ‘People liked having external critical friends in the room.’ ‘People were forced to try to think strategically and to look at things from different perspectives.’

Some highlights for participants included:

- An IIED presentation on forest management and local communities in Namibia: This proved how useful IIED’s very different experience could be in helping the BP teams reflect on their own experience. One of the BP team noted: ‘Ivan’s presentation had a huge impact for the hands-on practitioner; it really appealed to the crowd. … The solution that he talked about was very similar to our own programme. This was a confidence builder; it showed that a lot of what we were doing was on target.’

- A discussion on how policy is made: ‘This was interesting, revealing and insightful. It showed that there is an opportunity to shape and influence policy, or to debate, discuss and test it.’ The RSDF discussion was followed up by the boundaries workshop and paper (see Section 4).

- A discussion about key performance indicators: Indirectly this discussion influenced how BP staff think about the impacts of the CPI and RDI; they are discussing these questions with enterprises and NGOs.

- A presentation by the Environment Investment Programme (EIP) team on the Green Pack (environmental education pack): This programme had managed to leverage considerable funding (see Section 1.4) and had helped BP to improve relations with the Ministry of Environment.

Benefits for BP staff included networking; the opportunity to talk about their initiatives with an interested international partner; and the opportunity to present their work to a mixed internal and external audience and to get feedback and support (‘the ability to start!’). It was particularly useful for new BP staff because it provided an opportunity to get to know other BP teams as well as IIED experts, and to become known themselves. It was valuable for hearing external perspectives and new ideas.
For IIED staff the workshops revealed BP’s thinking, provided information on development issues in all three countries, and were an opportunity to influence what BP was doing. They also enabled IIED staff to learn from one another, a rare opportunity for researchers with busy schedules.

Challenges for the facilitators included setting up the workshops and getting the right people there; dealing with different levels of knowledge, interest and capacity; and striking a good balance between the theoretical and practical. It was also a challenge to find the right language that made sense to people in BP Azerbaijan as well as to a wider audience.

The format of the meetings was challenging for some people. In some cases there were too many people (up to 60) trying to express opinions. This increased the risk of discussions being dominated by those who can talk well in a crowd. Break-out sessions might have helped.

Some felt that there was not enough cross-regional learning – although one BP participant noted that finding out about a lack of commonalities was also an important lesson.

Participants noted that it was important to strike a balance between the (ongoing) forum and the (periodic) workshops. The RSDF turned out to be a series of unconnected workshops, without much communication in the periods between them. IIED felt that the different country teams should have taken time to sit down together in advance to discuss the purpose of the workshops. IIED also needed to better pre-define its own role in the facilitation.

Ultimately, collaboration on the RSDF lost momentum, due to organisational changes and budget cuts. This was one activity that fell off the agenda in Phase II despite being part of the negotiated work plan.

3.3 Replicability and recommendations

Could this series of facilitated workshops be copied in other sustainable development programmes? Some participants felt that the RSDF could be replicated in the right circumstances: ‘It depends on what the business is, what the investment horizon is, what the issues are and what the desired outcome might be.’

Specific recommendations for maximising the benefits of workshops include:

- Be clear about the expected outcome of the workshop. What are the problems you are trying to tackle? What outcomes do you want?
- Align the goals of the exercise with business objectives.
- Ensure good facilitation: external facilitation can be effective for certain internal meetings.
- Prepare participants well before the workshop; make sure they understand expectations other than their own.
- Clarify the scope of work proposed to the NGO/facilitator in terms of outcome and what is expected of them (other than just ‘facilitation’).
- Ensure the NGO/facilitator has space to define its own role and that the industry partner is receptive to ideas.
- Ensure good leadership on both sides.
- Make sure that the right people are in the room, including those with the right levels of seniority for the discussions.
- Draw on specific examples and case studies from direct experience.
- Ensure good communication between the workshops. This is essential to make a forum such as this work (rather than just being a serious of unconnected workshops). The workshop facilitator could also facilitate and push the interim communication.
4 Business Action and Public Policy: the ‘Boundaries’ Paper

4.1 Summary

Following on from one of the RSDF workshops, IIED facilitated a workshop for BP Azerbaijan staff on the topic of ‘boundaries to business action at the public policy interface’. The workshop took place in December 2006 in Baku. Participants included a selection of staff from the C&EA team (not including Clare) and some IIED staff.

A discussion paper followed: Boundaries to Business Action at the Public Policy Interface: Issues and implications for Azerbaijan. The paper was compiled by Halina Ward of IIED to reflect the ideas discussed by all participants in the workshop, and as such is considered to be a jointly authored paper.

The boundaries workshop and paper were some of the most influential, and possibly the most talked-about BP-IIED activities. As one of the BP team observed: ‘The boundaries paper is very important in corporate CSR, particularly the amoeba concept and the idea of boundaries as being dynamic. Boundaries are not fixed or pre-determined. This could change the way people think.’

BP teams from other countries (e.g. Russia) read the paper with interest. It has been cited in research papers by the Ethical Corporation and others. One of the BP team observed, ‘This exercise gave us confidence in this area. [If the question were to arise] whether or not to push the boundaries, it gave us the personal motivation to go for it.’

BP staff appreciated the ‘co-creation’ aspect and the creativity of the exercise. The overall approach was described by one BP participant: ‘We come up with a suitable subject, go round and scratch our heads thinking “how does this really work?” A lot of these things emerge organically. They might need a bit of stimulus to get it going and that’s IIED’s role.’ The workshop – like the RSDF workshops – allowed people the space to raise questions and discuss them, whether or not they were resolved.

BP staff noted, ‘The boundaries learning when we talk to NGOs, government, partners, etc. … The dialogue is a lot more real. How do we move the boundaries to give us creative spaces? The thinking has helped to create frameworks for more meaningful engagement.’

BP participants noted that the workshop and paper enhanced their ability to think through challenges that they had been facing. They saw it as a learning and growing experience, something they could refer to in relevant conversations. It stimulated their thinking: ‘It’s like upgrading the operating system in your head.’

IIED staff did not identify any real benefit to people or environment in Azerbaijan, outside of BP. However, BP staff noted that following the boundaries work they came up with a number of initiatives that they originally may not have thought of. Both BP and IIED staff agree that they could have done more to promote the learning from the boundaries workshop and paper. There has been a lack of follow-up action since the paper has been published. As one participant noted: ‘Both sides were locked into being modest about the relationship (e.g. re putting it on the website).’

4.2 Impressions

IIED staff saw the workshop as a learning experience and appreciated the opportunity to develop an understanding of how their own colleagues were thinking through these matters. Halina loved the bottom-up approaches and ‘policy work’. The IIED staff were pleased to be part of an influential paper that has since raised IIED’s profile in oil and corporate responsibility debates.

BP staff appreciated the ‘co-creation’ aspect and the creativity of the exercise. The overall approach was described by one BP participant: ‘We come up with a suitable subject, go round and scratch our heads thinking “how does this really work?” A lot of these things emerge organically. They might need a bit of stimulus to get it going and that’s IIED’s role.’

Some BP participants were looking for something a bit more concrete and more directly related to their work: ‘My expectation was to get answers to what we should or should not do as a business.’

BP staff noted, ‘This exercise gave us confidence in this area. [If the question were to arise] whether or not to push the boundaries, it gave us the personal motivation to go for it.’ and ‘We use the boundaries learning when we talk to NGOs, government, partners, etc. … The dialogue is a lot more real. How do we move the boundaries to give us creative spaces? The thinking has helped to create frameworks for more meaningful engagement.’

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4.3 Replicability and lessons learned

The recommendations from the RSDF (see Section 3) are all applicable in this case. The participants further noted that an exercise on government relations should be held in the early stages of engagement with government, to help design and develop that engagement. Co-authorship of the paper was seen as important, lending legitimacy and a sense of ownership on both sides.

The boundaries paper in brief

International companies do not seek to operate as governments or usurp the proper role of governments in host countries. They are understandably reluctant to challenge the *status quo* by pushing the boundaries of business action at the public policy interface. There is a perception that pushing too far could lead to conflict with public authorities; action that is not supported by a clear ‘business case’; or uncomfortable expectations from other stakeholders.

Yet corporate responsibility analysts and some ordinary citizens expect companies to engage with public policy on a range of issues that do not obviously connect to core business, including environmental protection, corruption, human rights and democracy. Three key areas are:

- **Core business impacts**: Which impacts should companies report to the public on, and which lie outside their sphere of direct or indirect influence?
- **Social investment**: How should companies engage with local or regional governments to deliver social services such as healthcare, education or access to energy?
- **Public policy engagement**: How should companies engage with government on issues such as revenue management, human rights, democratisation, and strengthening public governance?

Examples of boundary issues for the C&EA team in Azerbaijan include: revenue management, public reporting, support for civil society organisations and communities, and the Regional Development Initiative.

The criteria for determining the boundaries for engagement are applied differently by different C&EA teams. For the RDI the notion of ‘core competencies’ is central, while for the Communities and NGOs team, ‘licence to operate’ and ‘protection of the company’s assets’ are important. Therefore it is not feasible to agree a comprehensive set of ‘boundary criteria’. The notion of flexible boundaries, depending on different departments and functions of one organisation, gave rise to the visual image of the amoeba.

Barriers to action include:

- Politicians’ use of ‘stability’ rhetoric to challenge initiatives that could threaten the *status quo*
- The institutional setting, e.g. lack of consistency due to officials frequently changing jobs
- Lack of appropriate partners or allies to lead on initiatives, including the business community
- Lack of knowledge within the company about government sustainable development policymaking
- Lack of legitimacy as a foreign investor to intervene without a clear commercial interest

Tactics for overcoming these obstacles are very context-specific but might include:

- Partnerships with a range of actors with complementary skills and expertise
- Focus on ‘low-key’ activities which don’t ‘make waves’
- Efforts to interest government in potential benefits of civil society empowerment
- Building informal links with government officials where appropriate
- Investment aimed at target communities, with success measured by the satisfaction of beneficiaries
- Involvement in multi-stakeholder initiatives such as EITI, which can add legitimacy

Effective internal information sharing allows teams to make the most of their core skills and operate within their own team’s boundaries, allowing for switching of engagement focus between teams in response to changing external circumstances. There is a need for regular assessment of company activities in order to identify gaps in work undertaken, as well as potential conflicts, inconsistency or overlaps. This type of assessment requires a clear sense within the company of ongoing public policy processes and the overarching goals of engaging in such processes.
5 ‘Meeting of Minds’: The Mentoring Programme 28

5.1 Summary

Meeting of Minds was a mentoring programme designed by IIED for the BP Azerbaijan Communication and External Affairs team. Meeting of Minds was put together through discussion and dialogue between IIED and BP colleagues. It built on the experience of Liz Carlile, who had mentoring experience in IIED and who subsequently ran the programme. Meeting of Minds took place in two parts. The first part – with five mentees – ran from November 2006 to March 2007. The second part ran from September 2008 to September 2009 with another five mentees. Some IIED staff participated in both parts of the programme, others only in one.

The programme was conceived as a way to fast-track some of the key implications of good sustainable development thinking to those working on BP community investment projects. Mentoring was seen to provide a good platform for long-term staff development and learning. It could also have short-term high-value impact through promoting better decision-making in current projects. It also provided an excellent way for two very different organisations to work together by playing to both their strengths.

The pros and cons of mentoring were presented by IIED to BP colleagues at an early brainstorming meeting of possible activities. Mentoring was chosen as an area of interest and a concept was drawn up after that dialogue and discussion. Further discussion of the mentoring concept in Meeting of Minds led to the inclusion of a study tour to South Africa as the final activity in the first part of the programme. A simple internal evaluation followed and the second part was designed around feedback from this evaluation and from lessons learned.

The programme was designed to recognise the long-distance nature of the IIED-BP relationship. The programme design integrated closely with the meeting opportunities raised by the other IIED BP activities. The basic principles for the programme followed a pattern of initial scoping meetings and needs assessment followed by a collective introduction for the whole group of mentors and mentees. This was followed by a series of individual mentoring sessions over the phone or in person. The programmes were designed to close around a final study tour or workshop.

Mentees were selected by the managers of the Communications and External Affairs team in BP. Mentees were all working on different projects in which decision-makers would benefit from a greater understanding of environment, development and sustainable development issues.

Mentors were selected from the researchers in IIED. Mentees were matched with mentors based on a needs assessment carried out by questionnaire or interview at the start of a series of mentoring sessions. In the later stages of the programme, this also included an indication of support from the line managers of each mentee.

In the earlier stages of the programme each mentee had a session or two with each of the IIED mentors to ensure a broad coverage of the issues and expertise available. After the mid-term evaluation the programme was designed around each mentee building a relationship with one key mentor to strengthen and deepen the exchange. The broad picture dimension was to be added through a closing workshop for all mentors and mentees with the inclusion of further IIED staff with different expertise to help consolidate learning.

5.2 Expectations/ambitions

This programme was part of an exploratory relationship so in the early stages the expectations were more attuned to identifying the potential of two very different organisations adding value to their own thinking and experience by working together in a new context. The benefit for BP was in bringing IIED’s 30 years of experience in the sector to their community investment programme. For IIED the programme would be a way to ensure sustainable development thinking was applied to a major community investment programme, as well as to understand how to work with a different stakeholder in a different region. Influencing long-term change was very much a part of the IIED agenda. It was hoped that this would develop into a longer-term relationship through close ties with individuals and their ability to inform strategic thinking.

IIED’s many years of experience of partnership in countries all over the world have shown the need for buy-in at the highest levels in the organisation. IIED hoped that this new relationship would begin to foster this level of engagement. Hopes for the mentoring programme included the possibility of increasing mentoring opportunities at different levels in the organisation.

28 Chapter written by Liz Carlile, co-ordinator of the mentoring programme.
For BP the expectations were tightly linked to the business case for investing time and effort into the programme in general as well as this part of the programme specifically. A key feature of early discussions in the whole programme and among the earlier mentee/mentor discussions was to develop a shared understanding of the term ‘sustainable development’ and what it really meant for both organisations. One of the challenges for the relationship as a whole, and perhaps mirrored in the mentoring programme, was the need to ensure close strategic alignment between the two organisations for this piece of work.

5.3 Impressions

Despite some constraints (explored below) the overall impressions of the mentoring programme are very favourable and it was one of the few elements of the second phase of the BP-IIED relationship that survived at full strength. It was clear from the feedback that the individuals benefited a lot from the mentoring experience. Many individuals felt their work was directly affected by the mentoring sessions. With only a very few exceptions all the mentoring sessions took place. Mentees were given work to do in between sessions; they all completed this work.

Mentors and mentees have been asked for feedback on several occasions throughout the Meeting of Minds programme and the feedback has mainly been positive. For mentees, who were different in part 1 and part 2 of the programme, the experience was good and they gave lots of positive feedback. For the mentors – who were the same in both parts of the programme – the experience was generally positive but it is clear that a feeling of demotivation increased as strategic alignment decreased, top management buy-in reduced and there was less frequent face-to-face engagement. It is clear that the ‘power’ of the mentoring programme could be vastly increased by the other activities taking place in the relationship.

The study tour to South Africa at the end of the first part of the programme maximised the value of the close bonds already developing amongst mentors and mentees by deepening thinking and direct experience. It was recognised that it would be unlikely for the team to have a second study tour of this kind as the investment was considerable but it is clear that added value from a mentoring experience comes from a chance to deepen thinking in a collective environment. The second part of the programme included a plan for a workshop aiming to achieve this. This workshop was not funded by BP in the end, which was to the possible detriment of the programme.

The long-distance nature of the relationship was a challenge. During the first phase there were many trips to Azerbaijan and the mentoring programme benefited from opportunities for mentors and mentees to deepen their relationships or have some of their sessions in person rather than over the phone. Whilst there has been no negative feedback on the coaching taking place by phone, we know that strong relationships are built on respect and friendship. Respect can be strengthened through familiarity and awareness. IIED did not make any trips to Azerbaijan during Phase II, and this was also detrimental to the mentoring programme.

Some feedback on the methodology of the programme supported the overall design and the only comments were on details such as duration and frequency of the mentoring sessions, the need for a face-to-face workshop at the beginning and end of a series of mentoring sessions, further clarity on expectations for mentors and mentees, and the ability for each partnership to choose its ways of working. Mentors would have liked greater exchange and discussion among themselves to ensure their mentoring could add value by learning from each other both on skills and on issues.

5.4 Benefits

One of the most tangible benefits of the mentoring programme was the opportunity for both mentors and mentees to deepen their understanding of the different perceptions, opportunities and constraints faced by two such different organisations. This relationship provided a non-threatening, informal, private platform to explore these shared issues through two very different lenses. Another interesting facet of these different perceptions was the opportunity to debate the national versus international implications of sustainable development.

IIED, alongside many international policy research think tanks, struggles to find ways to work meaningfully with the private sector. There are so many obvious strategic and political challenges that make working together nearly impossible. The mentoring relationship conceived in the Meeting of Minds programme offered the two organisations a chance to explore this possibility without having to jeopardise their current positioning and credibility.

Apart from the business case for learning and staff development, it is clear that such mentoring relationships offer interventions that will have a lasting impact. The relationships forged in the mentoring environment also have the potential to last – indeed one mentee’s feedback was explicit about this possibility. Unlike formal training,
learning through mentoring is specifically tied to the mentees’ own intentions and day-to-day experience, therefore the benefit from this learning will be much greater and last longer. For BP – an organisation that cares about corporate social responsibility – this kind of staff development opportunity ensures that its belief in CSR is not just empty rhetoric.

The mentoring programme also offered a possibility for individuals to discuss the other experiences of the BP-IIED relationship in more depth. Mentoring provided the glue that helped to stick together a more formal institutional relationship.

5.5 Challenges

Interestingly, the Meeting of Minds programme was the one part of the IIED-BP relationship that was able to survive a change in leadership and business context. As a more flexible programme that offered specifically identified opportunities for individuals, it was easier to maintain despite a different set up. It also benefited because the programme leadership itself didn’t change. The programme remained well supported by both BP and IIED throughout the second phase of the relationship despite some obvious challenges.

Reflection on the performance of the programme suggests four key criteria for success:

- Clear buy-in from top management and institutional champions
- Strategic alignment
- A platform for mutual understanding
- Proper time and resources for long distance relationships

The Meeting of Minds programme did have management buy-in throughout the programme and this is one of the key reasons for its survival. For both organisations it is clear that there needs to be a ‘business case’ for investing time and effort in the relationship. It was clear from feedback that mentees were given support to undertake these individual relationships. However, the opportunities for sharing this learning higher up the BP chain of command are much less clear.

During the first part of the programme, the study tour and other activities offered many opportunities to enhance learning for the mentoring programme and the overall relationship. Evidence for shared learning during the second part of the programme was less apparent and there appeared to be less buy-in from the management team of the C&EA to add value to the programme by funding the final workshop. One of the challenges to getting, and keeping, high level buy-in is ensuring that the tangible benefits or outcomes are clear. For this reason the needs assessment and engagement of line-managers in the process are essential.

**Developing strategic alignment**

Whether the Meeting of Minds programme helped to inform BP and IIED strategic development is less than clear. Individual mentees clearly used the knowledge and confidence gained through the mentoring programme in their own daily work. However, mentees described a lack of opportunity to share their experiences further with the other mentees in order to deepen their knowledge and the team’s work. The mentoring programme and the strength of the developing relationships could have been improved if there had been more formal ways identified to maximise the potential for influence and strategic development. This is a good lesson for a future programme. This opportunity is clearly lost in an environment where buy-in for this kind of activity is not fully supported at the highest level.

**Ensuring a platform for mutual understanding**

The Meeting of Minds programme was strengthened by some opportunities that provided much closer mutual understanding. The first was the initial field trip that IIED took part in with the BP C&EA team to visit community investment projects along the pipeline. This provided a strong understanding by IIED staff about the challenges ahead for BP and the implications of their work with local communities and sustainable livelihoods.

The second activity that provided this platform was the South African study tour which ensured that the discussion and debate developed through the Meeting of Minds programme and other IIED BP activities was consolidated in a shared context. The second part of the programme included plans for a pre-programme workshop and a closing workshop. Neither of these took place in the way envisioned and this lack of mutual understanding of issues and expectations meant the programme benefited the individuals more than the organisations.

Another vital element of this platform of understanding was the need for IIED to establish its own networks and understanding of the Azerbaijan community of practice. This began during the first part of the programme but was not consolidated in the second part in a way that allowed the mentors to deepen their engagement from a greater understanding in this area.

**Giving proper time and resources to a long-distance relationship**

The mentoring relationship clearly worked even over such a long distance, but there were elements of further success that were hampered
by this. As stated above, IIED mentors could not easily suggest different aspects to follow up from their own perceptions of the Azerbaijani community as they did not have the time or opportunity to strengthen their own local contacts.

BP mentees could also not take advantage of IIED’s UK and international knowledge and contacts as they were unable to travel much, particularly during the second phase of the programme. However, one of the BP team visited London to explore best practice in sustainability reporting, providing an opportunity to engage with a range of businesses and civil society organisations (see Section 7).

5.6 Replicability

IIED works through a number of partnerships in very different ways – as convenor, as co-implementer, hosting learning groups, developing learning networks – and so on. The hope from any one of these relationships is that new methodologies for engagement can be developed and shared within similar organisations or more widely with different constituencies.

IIED is not alone in its challenge to find ways in which such organisations can work more closely and more meaningfully with the private sector. This discussion is regularly held between like-minded organisations. IIED is therefore interested in sharing any experience gleaned from the Meeting of Minds programme.

The evidence from this review suggests that the Meeting of Minds programme is a relevant way of working provided that the enabling conditions are in place. As a design concept it is informal but allows for serious content and ambitious development goals. It is flexible enough to allow relationships to develop quite quickly in a range of circumstances. The mentoring element of a partnership has the potential to fast track individual relationships that are essential for genuine institutional partnerships to flourish. Where clear expectations have been developed in advance, this kind of programme can have high level ambitions. It can also have lesser ambitions where outcomes may need to be less certain.

A mentoring programme such as Meeting of Minds makes room to engage a number of different people in both organisations. It provides an opportunity to capture a wider group of people as both mentees and mentors, particularly if the needs assessment is done creatively. For those wishing to replicate this experience it is worth noting that the mentoring model of engagement offers the chance for a small investment to yield large returns. This is particularly true when the enabling conditions (as described above under ‘challenges’) are fulfilled. Study tours are a more expensive investment but the evidence suggests that their long-term benefits are considerable.

There is evidence that staff who have been engaged in mentoring programmes enjoy enhanced levels of job satisfaction and stay loyal to their company, thus ensuring that the learning stays within the organisation. Even in cases where mentees leave the company, relationships are forged that will last a long time and may benefit the company indirectly in the long term.

5.7 Recommendations and next steps

This Meeting of Minds final report concludes that the mentoring programme was a successful part of the IIED-BP relationship. It concludes that this programme, while learning much from the evaluations, is a replicable programme that could be shared more widely with other organisations.

The following recommendations apply to those considering a similar relationship in future. The recommendations capture both the strengths and weaknesses of the Meeting of Minds programme:

- Ensure strong management buy-in with individual management “champions”
- Allow for good strategic alignment from both organisations to help keep the programme a priority
- Be clear about the expectations and ambitions of the programme
- Ensure good management and facilitation of the programme with clear milestones
- Ensure sufficient time and resources to develop a platform of mutual understanding early on
- Allow mentees to build on their experience by talking with each other and the rest of the organisation during the process
- Encourage mentors to find time and space to talk through their experiences and to strengthen their contribution
- Provide time for shared reflection at the end of the process to deepen and consolidate thinking
- Identify opportunities to use mentoring experience to add value to the organisations’ thinking and strategic development
- Allow enough time for other activities that add value to the mentoring experience
- Conduct regular needs assessments, mid-term and final reviews, and evaluations
6 Study Tour I: South Africa

6.1 Summary
As part of the Mentoring Programme, IIED organised a study visit to South Africa in April 2007. The aim was to expose a small team of BP Azerbaijan staff to a completely different part of the world, but one which has a mix of both similar and different challenges in addressing sustainable development.

The tour took the form of meetings with various organisations and visits to several sites to explore a range of experiences. Some were similar to those of BP Azerbaijan – e.g. Anglo American’s support for small and medium enterprise, while others were relevant to BP’s environmental and social engagements – e.g. protected area management in the Kruger National Park.

South Africa was considered to be an appropriate location for the study tour due to:

- **Recent and substantial political change:** Azerbaijan gained independence from the Soviet Union in 1991. In addition to the profound political implications, independence has also resulted in the emergence of a market economy. With the end of apartheid, South Africa experienced major political changes of a similar scale. Both countries are therefore in ‘transition’.

- **Importance of non-renewable resources:** The Azerbaijan economy is and will continue to be dominated by revenue from oil. In comparison, the economy of South Africa is much more diverse. However, the economies of the both countries are strongly influenced by the extraction of non-renewable resources. In South Africa this is gold and platinum.

- **Rural-urban divides:** In Azerbaijan the emergence of a market economy has been characterised by substantial and growing inequality. The legacy of apartheid in South Africa is that both countries have dual economies characterised by a highly skewed income distribution.


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<th>Table 6.1: Comparison of South Africa and Azerbaijan</th>
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<td><strong>Debt (US$)</strong></td>
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<td><strong>Overseas Development Assistance (US$)</strong></td>
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The study tour was planned by IIED researchers Ivan Bond and Barry Dalal-Clayton who had personal contacts and a good knowledge of South Africa. This was invaluable in making the tour work, as was the local facilitating partner – the Endangered Wildlife Trust (EWT).

Founded in 1973, the Endangered Wildlife Trust (EWT) conserves threatened species and ecosystems in southern Africa. EWT identifies priority conservation needs; works towards preventing species extinctions and maintaining biodiversity and ecosystem functioning; supports sustainable natural resource management; and promotes the principles of sustainable living. EWT facilitates multi-stakeholder working groups; implements research and action programmes; runs education and awareness programmes; and takes a leadership and advocacy role in promoting environmental and social justice.

At the end of the study tour, IIED and BP Azerbaijan wrote a trip report, which included a set of key lessons learned (see Table 6.2); the BP team also engaged in some specific follow-up activities.

6.2 Expectations/ambitions
The idea for the study tour emerged from Ivan and Barry’s engagement with BP Azerbaijan staff.

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in the context of the mentoring programme and from their experiences of the initial scoping visits.

From the IIED perspective, the aim of the tour was to expose BP Azerbaijan staff to a country with some similarities to their own but with a range of sustainable development challenges, some that would be comparable to their own and others quite different.

The idea was to stimulate ‘thinking outside of the BP Azerbaijan box’ and ultimately to see this play out in the changes that the small group of staff initiated on their return.

The study tour was also seen as a good way to maximise the value of the close bonds already developing amongst mentors and mentees through shared experience and deeper thinking.

As manager of the relationship from the IIED side, Halina Ward had encouraged the IIED team to suggest ideas for activities. However, she admitted that she had doubts about the study tour working when she first heard about it: ‘The study tour was Ivan’s idea and he had to fight with me to make this one fly …’

The BP Azerbaijan team had not engaged in a similar activity previously, so their expectations were quite open. Prior to the trip, they had a session where they set out their own expectations and had the opportunity to influence the study tour programme and agenda.

Areas of particular interest to BP Azerbaijan staff included small and medium enterprise development; supply chain development; and innovation in the agriculture sector. These relate to BP Azerbaijan’s enterprise development initiatives: the Enterprise Centre that supports SME development and access to the BP Azerbaijan supply chain; and support for agricultural and rural enterprise along the BTC pipeline route as part of their social investment programme.

As a multinational company working in a country with major ethnic tensions, BP Azerbaijan staff were also interested to learn about the way social and ethnic diversity are addressed in post-apartheid South Africa.

6.3 Impressions

Overall impressions of the study tour on all sides were overwhelmingly positive. Although it was an expensive activity (and therefore one that could not be repeated frequently), it was seen by most of the participants as something life-changing: ‘a career highlight’.

None of the Azerbaijan team had been to South Africa before. As one participant put it, ‘It was an enormous and amazing experience’ to visualise in person what he had only previously read about in books.

The participants agreed that the trip was very well organised and there was a good range of initiatives and organisations to see and engage with. The EWT representative was extremely knowledgeable about the local area and knew the local people and organisations well, so everyone the team met was very generous with their time.

The design of the trip was ‘being away but immersed'; thinking all the time; soaking up experiences in a way that stays with you.

Highlights for participants were the evening debriefing sessions where everyone identified and discussed what they had learned; the informal chats in the minibus after each visit; and the constant lively debate throughout the trip.

The debate was made richer by the international make-up of the tour group, and the different perspectives of the participants – even those who work within the same organisations. The study tour allowed the space for these diverse perspectives to be explored.

Participants appreciated the opportunity to go into issues in-depth and to learn from immersion in another country. The themes of particular importance to BP Azerbaijan participants were the role of the market in sustainable development; market-driven vs. policy-driven approaches; the political enabling of development; and the different corporate models, e.g. Anglo Zemeli’s local enterprise development model (see Table 6.2).

BP Azerbaijan participants also appreciated the opportunities to engage with people who do similar jobs in different sectors (e.g. in forestry and mining) and to understand how their own job is perceived by stakeholders.

Many impressions were inspiring at a personal level. Participants expressed admiration for the courage and personal cost of people who ‘have everything to lose but are embracing change’ in the pursuit of a sustainable future.
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<th>Day</th>
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<td>Anglo American</td>
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<td>Urban regeneration companies</td>
<td>Urban regeneration and macro-level planning; impact of the sustainable design of BP’s new offices in Cape Town</td>
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<td>South African National Parks (SANParks)</td>
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<td>Roundtable: <em>Sustainable development and the role of the private sector</em></td>
<td>Public policy processes; community support. With ESKOM, SAB Miller, Forest Stewardship Council, Sustainable Finance Ltd., SE Solutions, SASOL, MINTEK, Gordon Institute of Business Science, Dept. Public Enterprises, and the Johannesburg Development Agency</td>
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<td>17/04/2007</td>
<td>Alexandra Township, Johannesburg</td>
<td>Alexandra Urban Renewal Project and implementation of the Johannesburg Integrated Development Plan</td>
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<td><strong>Wednesday</strong></td>
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<tr>
<td>18/04/2007</td>
<td>ZZ2 Tomato Farms, hosted by AWARD</td>
<td>Social enterprise, inclusive business models, new technology and government regulation for sustainability in the agriculture sector</td>
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<td>The Malutere Community in the Hoedspruit Area</td>
<td>Land tenure and land restitution, inter-community collaboration and community agriculture companies.</td>
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<td><strong>Thursday</strong></td>
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<td></td>
<td>Global Forest Products (Pty) Ltd, Sabie</td>
<td>Large-scale commercial forestry; water usage; multinational supply chains; conservation and environmental rehabilitation. Civil society challenges to multinational business activities (reflections for BP).</td>
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<td>NGO GeaspherE</td>
<td>Restructuring the local (rural) economy in the post-apartheid era; the community trust as a vehicle for government investment.</td>
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<td>Swi la Tunga Trust</td>
<td>Integration and rehabilitation of regional transport and economic growth in Mozambique and Gauteng; role of public-private partnership: the Maputo-Corridor Logistics Initiative (MCLI).</td>
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<td>Gauteng-Maputo Development Corridor</td>
<td>Managing complex systems: the need for ‘adaptative management’ approaches to ensure resilience of human and ecological systems.</td>
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<td><strong>Friday</strong></td>
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<tr>
<td>20/04/2007</td>
<td>Kruger National Park and SANParks (Skukuza Camp, Kruger National Park)</td>
<td>Anglo American’s business development &amp; empowerment initiative has been supporting small and medium enterprises for nearly 20 years and offers models for BP Azerbaijan (seed capital; equity stakes; credit support; training and capacity building; local contracting; leverage of further investment; transparent funding).</td>
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<td><strong>Monday</strong></td>
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<tr>
<td>23/04/2007</td>
<td>Anglo Zimele, Johannesburg</td>
<td>Anglo American’s business development &amp; empowerment initiative has been supporting small and medium enterprises for nearly 20 years and offers models for BP Azerbaijan (seed capital; equity stakes; credit support; training and capacity building; local contracting; leverage of further investment; transparent funding).</td>
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6.4 Benefits

The benefits from the study tour were both individual and collective. Participants from both IIED and BP Azerbaijan felt as though it had been a major learning experience for them. The trip report lists six major lessons learned:

1. **Importance of being able and willing to experiment:** Within South Africa there is the space to experiment. There is willingness for individuals from across a wide range of stakeholders to experiment and look for innovative solutions. Before 1994, there were very few spaces for innovation and little willingness to experiment, especially on social/economic issues.

2. **Importance of a shared and common vision of the future:** Through a process of negotiated settlement, South Africa was able to manage a largely peaceful transfer of power from the white-led government of the National Party to one of universal suffrage under an ANC-led government. This appears to have infused society with a strong sense of purpose and shared vision for a peaceful, successful and more equitable South Africa. This is important at the individual and collective level.

3. **Role of leadership and champions:** Closely aligned with the willingness to experiment and a shared vision are ‘leadership and champions’. In many of the initiatives and activities it was clear that some people had taken considerable risks to champion causes that they believed were correct.

4. **Importance of people, skills and training:** The group met with a diverse range of South Africans. Their skill levels demonstrated a high level of training. However, many of them expressed concerns about current approaches to training, due to an over-bureaucratic system that was not yielding the kinds of benefits that they were expecting.

5. **The government’s legal and policy framework:** The Constitution provides an important commitment to sustainable development. There is also an effective legal and policy framework. These helped to change the legacy of apartheid and work towards a new vision.

6. **Diversity of ‘agents of change’:** South Africa has a strong pluralistic society in which there are many agents of change – within national and local government, the private sector and society as a whole.

IIED staff noted that they learned a great deal from the experience of successfully implementing an ambitious study tour such as this with participants from a local social performance unit of a major multinational. In addition they learned a great deal personally about the issues explored, including some new issues such as urban regeneration. They also identified new opportunities for IIED to work on in the future, with or without BP. Thus it was also a good networking opportunity.

The BP Azerbaijan staff benefited from the unique and privileged insights they gained into the development challenges in post-apartheid South Africa. They expanded their knowledge, enjoying the opportunity to match theory with context and practice.

Specific areas of learning relevant to the professional work of the BP team included:

- Supply chain management
- Enterprise development
- Community support
- Water management
- Stakeholder engagement
- Business action and public policy

The BP Azerbaijan team noted that they also benefited from team-building – getting to know the other people in their own social performance team better in a new context. They commented on the quality of conversations they had with all the other participants and the people they met.

A study tour of this nature has a limited direct benefit for a small number of people. Much depends on how they use their experience and learning on their return. It also depends on where they end up. Out of five team members from BP Azerbaijan, three are no longer with the Social Performance Unit (two of those are no longer with BP). Only two are still with BP and still doing a similar job.

One BP Azerbaijan participant went on to study at the London School of Economics and is now working in the oil sector in Dubai. Another is also studying in the UK now. For both, the study tour provided important insights to boost their future careers. Of the two IIED participants in the study tour, one of them is no longer working at IIED.

Individually, everyone took something away in different ways. These benefits cannot be measured, and should not be underestimated.

There were, however, some tangible benefits for BP Azerbaijan. After the study tour, the BP Azerbaijan team reviewed plans to turn the area around their Sangachal terminal into an oasis. It was concluded that it was wiser to be consistent.
with nature and not waste water. The post-Africa reflections influenced this decision.

The experiences and learning from Anglo Zemeli influenced further work on supply chain development, enterprise support and local content. The BP Azerbaijan 'Team Africa' also held a workshop with their colleagues to share their experiences and learning from the trip.

Less tangibly, IIED researchers involved in subsequent joint activities observed that BP Azerbaijan counterparts had adopted new terminology, for example referring to their own potential to act as 'agents of change'.

6.5 Challenges
The initial challenge for the IIED team was designing a study tour programme that included initiatives and people relevant to the challenges that their BP colleagues were facing in Azerbaijan. The team sought to identify either parallel problems or different ones in a country with some similar situations to Azerbaijan. A further challenge was to make the programme interesting and thought provoking for the participants.

The Azerbaijan participants felt that a key challenge was in relating their experiences to their own work and thinking how to apply their learning to their own work and experience. This involved identifying the right starting points and entry points.

Follow-up was another key challenge. The IIED participants expressed concern at the little follow-up undertaken by the BP team. Comments included: 'The Azerbaijan team ... went home full of energy and ideas, but I haven't seen that any of these have been pursued.' 'There were some potential medium-term relationships that could have been developed, I am unsure whether BP staff ever followed up.' 'There were all kinds of technological and operational experiences and models that they could have transposed home very readily. These were opportunities. They are not benefits until they materialise.'

However, some of the ideas generated in South Africa were followed through. Therefore, it seems that part of the follow-up issue may have been related to keeping up the momentum and communication between IIED and BP Azerbaijan once both teams were back home.

6.6 Replicability
There were quite diverse opinions about the replicability of the study tour model. One participant called it 'a massively successful model'; another suggested that, due to the expense and the fact that success had hinged on the particular personalities and relationships involved, the model was not broadly replicable.

In terms of IIED's involvement, it was proposed that 'IIED does not set up tours'. However, this was debated internally. It was suggested that IIED could replicate this model in many circumstances and could benefit from study tours to educate IIED staff, in particular younger staff, as well as external people.

In general it was agreed that a study tour offers a good opportunity for learning. People sometimes start on their own sustainable development initiatives without looking at what has been done before. The tour provided the opportunity to apply lessons already learned.

6.7 Recommendations and next steps
There are clearly opportunities for IIED or a similar organisation to facilitate this kind of activity. However, this requires people with the relevant geographical and subject knowledge, and excellent local contacts:

- Ensure the organisers are very familiar with the country and its issues and problems.
- Find a good local partner to do the on-the-ground logistics and facilitate relationship-building.
- Send at least two members of staff from the organising organisation who are skilled enough to lead, facilitate engagement and draw out results.
- Clarify, when selecting participants from the business side, who has been selected and why. It is not a fun, entertainment trip. It is a clear business activity.
- Seek commitment from both organisations to follow up on the event and follow through with plans.
- Identify the objectives and expected tangible outputs from the trip beforehand so their achievement can be measured.
- Ensure that the experiences are captured in a report to share with others and to be used as a learning tool.
7 Study Tour II: Sustainability Reporting (London)

7.1 Summary

During the course of the BP-IIED relationship, IIED reviewed and commented on two of BP Azerbaijan’s Sustainability Reports (2005 and 2006).

As part of the Mentoring Programme and the overall work on sustainability reporting, IIED organised a study tour to London for Ayla Azizova, a member of the BP-Azerbaijan sustainability reporting team. This took place in February 2007 and involved a structured set of meetings with opinion-formers and practitioners in the field of sustainability reporting and corporate social responsibility. The purpose was:

- To learn more about how different organisations engage in sustainability reporting and the ‘state of the art’ in corporate sustainability reporting; and
- To gain insights into how the outside world views BP Azerbaijan and what kind of reporting is most effective and useful to external stakeholders.

The aim was for Ayla to meet with other companies and organisations that produce sustainability reports; NGO users of such reports; consultants who provide technical expertise in this field; and organisations working to develop reporting standards and guidelines.

IIED made contact with companies and organisations that they had already engaged with professionally, and they had a good response. Ayla met with Aviva, SustainAbility, Vodafone, Traidcraft, Environmental Resources Management (ERM), Corporate Citizenship, Unilever, Accountability, and the Corporate Responsibility (CORE) Coalition.

In preparation for her trip, Ayla compiled a background paper highlighting key areas of interest and questions for the respondents. IIED facilitated the initial contact and planned the overall logistics for the visit.

Follow-up took the form of a feedback report sent to all respondents and some further email correspondence with some of them. Ayla also circulated her trip report ‘Corporate Social Responsibility Learning Trip to the UK’ around BP Azerbaijan and gave an internal presentation for colleagues. The experience was also shared with the local sustainability reporting team in BP Angola.

BP staff felt that the sustainability reporting collaboration probably had the most impact on their operations. It gave the reporting team the confidence to focus more on responding to stakeholder needs in their sustainability report. They adapted the BP Global sustainability reporting template to make it better suited to Azerbaijan.

IIED subsequently commented on a draft of the 2006 sustainability report, and received detailed feedback from the reporting team. The IIED and BP teams met up in Baku after the study tour, and discussed feedback from the visit, follow-up actions, IIED’s comments on the 2006 report, and BP Azerbaijan’s responses to those comments.

7.2 Expectations

Ayla was very keen to learn more about the current company reporting/social auditing agenda and gain insights into ‘what sustainable development means for an oil company’. She was also keen to find out more about how people from different organisations based in London viewed issues around the BTC pipeline.

This was the first time that a local representative of BP Azerbaijan had talked about their own work and elicited the views of external parties on that work from organisations working outside Azerbaijan. Before the trip, Ayla’s manager was unsure what the reaction of other organisations, particularly NGOs, would be to Ayla’s visit. ‘It would be a challenge to hear some of the feedback from the UK-based NGOs to BP Azerbaijan’s work.’

Ayla was particularly interested in:

- How businesses understand the notion of sustainable development. Is there a single definition in use? How can business contribute to sustainable development? Can an oil company ever be sustainable?
- How businesses interact with other major players in the field of sustainable development: civil society/NGOs, government?
- How do companies/organisations assess their contribution to sustainable development in a specific context? What key performance indicators are used?
- What CSR activities do companies engage in? How do these differ in the different countries that a multinational company operates in?
- How do other organisations use their sustainability report? How do they produce it? What kind of feedback do they get on drafts? Is that mostly an internal process?
The respondents were interested in learning more about:

- The challenges Ayla’s team were addressing in the specific social and political context of Azerbaijan
- The benefits to business of effective stakeholder engagement
- How a company sees the ‘limits’ to CSR and the relative roles and responsibilities of NGOs, governments, and business (e.g. managing the tensions if NGOs such as opposition groups are seen as threatening government; or assessing the responsibility of a company if a government is corrupt and tax payments don’t trickle through)

7.3 Impressions

Ayla found all of the meetings very stimulating. Some highlights included:

- Learning about Vodafone’s stakeholder engagement process and how they started writing their sustainability report
- Discovering that Unilever have some of the same challenges as BP – including the internal challenges of certain departments being resistant to external reporting
- Learning more about sustainability reporting rankings/ratings from SustainAbility and AccountAbility
- Discussing environmental and social impact assessment with ERM

Ayla felt it was useful to talk to a range of organisations – including NGOs – to get a broader view of sustainable development, sustainability reporting and CSR. She would have liked to have met with a couple of oil and gas companies, but unfortunately that could not be arranged through IIED’s contacts.

Overall, IIED staff appreciated the opportunity to engage closely with BP Azerbaijan on their sustainability reporting. This involved being able to make comments on the draft 2005 and 2006 reports. One area of concern to IIED was BP’s definition of ‘sustainability’, which focuses on the sustainability of their operations. Social and environmental sustainability are seen as important only inasmuch as they contribute to the sustainability of the business:

“By sustainability we mean the capacity to endure as a commercial organisation by renewing assets; creating and delivering better products and services that meet the evolving needs of society; delivering returns to our shareholders; attracting successive generations of employees; contributing to a sustainable environment, and retaining the trust and support of our customers and the communities in which we operate.”

The BP Azerbaijan reporting team found the comments from an external organisation very helpful. IIED staff were impressed by the detailed responses provided. The two organisations agreed to differ on the definition of ‘sustainability’. This was in any case not something that the local reporting team had any influence over.

For the study tour IIED played the role of ‘fixer’, which proved to be quite a challenge given limited resources: ‘It wasn’t a role for a researcher, more for an administrator. There were time constraints.’

IIED staff were pleasantly surprised at the willingness of other organisations to meet Ayla. They had been concerned about whether their contacts would get something out of it or just felt as though they were doing IIED a favour. But feedback suggested that respondents did get something from the meetings. In the long term, however, IIED felt they would not be able to draw on the same contacts too often (which affects the replicability of such an exercise.)

IIED staff deliberately did not attend all the meetings with Ayla as that would have undermined her independence. One IIED counterpart attended a couple of meetings, but otherwise was not very closely involved. This had the negative outcome of IIED being less directly involved in the learning process. However, there was a joint de-briefing session which helped Ayla to compile lessons and feedback from her trip.

Both IIED and Ayla noted that there had been some logistical challenges in getting to all her meetings (getting lost etc.). Maps and contact details were all provided, but it might have been useful if IIED had dedicated someone to help with directions a little more. As noted above, however, there were time and resource constraints.

30 See inside cover of BP sustainability report 2006.
Learning and feedback from the study tour

1) What does sustainable development mean for an oil company?

Everyone defines ‘sustainable development’ as they want to see it. Any organisation (business, NGO, government) has to define up front what they mean by it.

Nonetheless, there is agreement that oil and gas development is inherently ‘unsustainable’. An ‘energy company’ could eventually become a ‘sustainable’ business if it shifted its focus to renewable energy sources. But even re-styled ‘energy companies’ such as BP have a long way to go before demonstrating their commitment to move away from oil and gas as their main business activity.

Oil companies can legitimately talk about their ‘contribution to sustainable development’, including:
- Minimising the negative environmental and social effects of oil and gas development
- Maximising the positive effects, including local procurement, employment and training, community investment and revenue distribution.

2) What are the limits to corporate social responsibility?

There are three main reasons why companies engage in CSR: a) reputation; b) ‘licence to operate’; and c) customers (innovation, diversification). These can be related to the ‘business case’ for responsible practice. But should a company seek to go beyond the ‘business case’? And if so how?

A company needs to strike a balance between ‘too little’ and ‘too much’ CSR (e.g. building civil society capacity while retaining positive government relations). There is no clear understanding of where the limits to CSR ‘could’ or ‘should’ be set. A company needs to:
- determine its own CSR limits
- identify its ultimate goals with CSR
- develop a strategy to achieve its CSR goals (embedded in its regular business activities)
- engage in dialogue with stakeholders to negotiate the boundaries of CSR.

A stakeholder engagement plan can help to identify the range of stakeholders and develop external and internal communications strategies, thus aiding efforts to determine CSR limits.

3) How can sustainability reporting help?

A sustainability report needs to be clear about the CSR goals and limits. There may be limits to what a company can say about their aspirations (e.g. the civil-society/government relations balance).

Sustainability reporting can have a positive impact on the way a business operates, by:
- enhancing self-organisation for better ‘sustainable development’ performance
- improving internal and external communications
- providing an overall sustainable development direction for the business.

Challenges include the following:
- Internally, sustainability reporters may suffer push-back from colleagues who resent measuring and reporting on indicators
- It may be difficult to ensure consistency in recording data
- While environmental reporting is well established, in some areas, such as social issues, performance is less easy to measure and reporting is a newer requirement
- Reporters need to be clear about the assumptions upon which reporting is based.

Trust and transparency: Responsible investors increasingly care as much about what a company is doing as they do about their profit margins. Sustainability reporting helps to build trust through transparency.

Reporting rankings provide an incentive for companies to perform better. However, when chasing rankings there is a risk that companies lose sight of their actual goals. They need to really understand what they want to achieve and whether sustainability reporting is delivering this goal.

Which standards to use? The sheer number of standards that are used today can also be confusing. Companies need to make an informed decision about which ones best suit their purposes.
7.4 Impact

As noted above, the work on sustainability reporting was felt to have had the biggest impact on BP’s work, and therefore had the biggest impact on people outside of BP in Azerbaijan. The 2006 sustainability report was directed to a wider population with increased transparency and more information. It was tailored to suit stakeholder needs: ‘For example, the stakeholders wanted employment data and we provided it.’

Ayla’s trip report, ‘Corporate Social Responsibility Learning Trip to the UK’, was well received within BP Azerbaijan and raised awareness both internally and internationally (e.g. in BP Angola).

7.5 Replication and recommendations

The success of this tour depended to a great extent on the enthusiasm, commitment and talent of the individual undertaking the tour. Ayla turned out to be a particularly good candidate for such an initiative. Overall, BP staff felt that the tour was an invaluable opportunity that could very usefully be replicated, with a single person or with a group of people.

Success also depended on the contacts that IIED was able to invite to take part in meetings. Despite an extremely positive response from their contacts, in the long term, IIED felt that they would not want to abuse that generosity, so could not replicate the activity too many times.

IIED also noted that to some extent the enthusiasm of their contacts was related to the topic of the study tour (sustainability reporting) and the fact that Ayla came from a multinational company working on a particularly controversial project – the BTC pipeline. It was also very interesting for them that she was a local Azerbaijani staff member herself, and brought her own perspectives as a local citizen.

Both sides agreed that a great benefit of the study tour was that there was a clear purpose and that it resulted in tangible outcomes.

Recommendations can be summarised as follows:

- Ensure a clear purpose for any study tour, and this should be discussed in advance with all parties.
- Select individual(s) for the study tour who are driven and motivated.
- Ensure that the organisations to be visited are interested and responsive – there should also be a clear benefit to those organisations.
- Take care in the use of personal contacts: they are very useful for facilitating meetings but the same contacts cannot be drawn upon too many times.
- Maximise the role of the host think tank/NGO in providing contacts for the meeting, in suggesting ideas for discussion, in thinking through lessons learned and feedback reports, and in facilitating follow up.
- Ensure excellent administrative and logistical support. Avoid giving these duties to a researcher to fit in among other commitments. Consider hiring an independent but trusted fixer, or failing that, providing a dedicated administrative staff member of the host NGO with adequate time and resources to take on this role.
8 Reflections on the relationship

Writing this report has given all participants an opportunity to reflect on the relationship and the benefits and challenges for both organisations. This was a fairly unique partnership between the local business unit of a major multinational and an international policy-advocacy NGO. Nonetheless, all participants agreed that the relationship had elements that were replicable, or that the principles of the relationship could be replicated.

**Personal development and learning**

There was a strong focus on the individual; on personal development and learning; and on being exposed to new experiences and new ideas. Both organisations sought to build mutual understanding, and to bridge their ideological and cultural differences. The relationship was seen as a good way of investing in the younger generation of leaders, particularly within BP.

Personal experiences, interesting discussions and inspirational moments were highly valued. Both organisations sought to promote the principle that individuals can make things happen and become ‘agents of change’ in their own environments.

**Creating a genuine partnership**

Good personal relations are important for making partnerships like these work. In this case, a high level of familiarity and trust existed from the start between the initiators, Clare and Halina. If this does not exist at the start, then efforts need to be made to accelerate the trust-building. The early scoping visits were seen as a good way to build trust and mutual understanding.

Both organisations felt it was important to enter into the relationship with a spirit of mutual learning. In such a relationship the NGO is not coming in to ‘teach social development’. Nor is the company directing what happens. Both sides valued the relationship more when it felt like a partnership rather than a consultancy.

The nature of any contract is important in such a relationship. For example, instead of a confidentiality clause, IIED insisted on a clause in the contract to the effect that ‘things are confidential if we both agree they are’. There were different views on payment terms. The partnership nature of such a relationship can be enhanced by co-funding (in-kind or matching funds). However, in general the payment terms were not seen as a major determinant of the nature of the partnership.

**Leadership and institutional buy-in**

The success of the relationship as a whole depended on having champions on both sides to drive the relationship and provide the co-ordination and ‘glue’. This applied also to individual activities. The mentoring programme for example, benefited from the continuity afforded by a champion who led the programme throughout Phases I and II. Overall, continuity was an issue, and the relationship suffered when key participants left both IIED and BP.

BP and IIED recognised the importance of embedding the experiences and lessons learned within their respective organisations. In the case of the mentoring programme, for example, it was seen as important for the mentees’ line managers to be involved, and for the mentoring to feed into the day-to-day work of the mentees.

Participants acknowledged that the impact of the relationship would have been greater if senior management (of both organisations) had been engaged right from the start. A management-to-management meeting may be an effective way to do this in the initial stages, as well as engaging senior managers more in the activities.

**Flexibility and purpose**

Participants valued greatly the creation of space for thinking and learning, for open and in-depth discussions, and for deep exploration of issues. At the same time it was seen as important to strike a balance between creating that space and delivering concrete outcomes that have benefits for day-to-day work.

The importance of taking risks was demonstrated by the nature of the relationship and how it started (this was a ‘risky’ relationship for both organisations); and also by many of the lessons learned, notably during the South African study tour. Being an agent of change can be risky!

Clarity of purpose needs to be weighed against the flexibility to capture benefits that are not identified from the outset. Activities such as the boundaries paper and the South African study tour emerged organically and were seen as risks in themselves, but were allowed to happen and proved successful.

**Logistics and communication**

Participants felt that a dedicated and competent liaison person or fixer was essential. Preferably this would be an external person with relevant experience, a good understanding of both types of organisation, and a genuine interest in the partnership.
Good communication is essential both between organisations and within organisations (including between different levels of the same organisation). Face-to-face meetings tend to yield much greater results, and efforts need to be made to develop ways of communicating between visits to keep the momentum going. Communication methods need to be appropriate and accessible for all participants.

Language itself is an important factor in promoting mutual understanding. The language used needs to be understood by all sides, and efforts should be made to understand differences in concept and terminology used by different parties.

**Learning lessons and following up**
Participants highlighted the importance of allocating adequate time and resources for effective follow-up after activities. In several cases, next steps were discussed and laid out, but not implemented fully.

Good planning is important, with clarity of expectations around learning outcomes. In a partnership such as this, it is also important to report to one another on the implementation of proposed follow-up activities.

**Demonstrating impact**
Participants agreed that experience and lessons learned can take time to become apparent. In such a partnership it is important to report to one another on the outcomes of activities. It was interesting to note the difference between the views of IIED and BP staff on the impact of the relationship on BP’s work and on people and the environment in Azerbaijan beyond BP.

The challenge is to measure and demonstrate impact effectively. The flexibility of activity planning in this case made it difficult to set indicators in advance, but this would be an important element to consider for organisations considering a similar partnership in future.

Overall, the IIED-BP partnership was a success, and both organisations will be reflecting on the outcomes and seeking to continue the process of learning from the experiences. It is likely that (funding permitting) IIED will continue to work in Azerbaijan, more independently of BP, but still keeping in contact. Individual relationships are expected to continue to flourish outside of the institutional context.
9 References


The International Institute for Environment and Development has been a world leader in the field of sustainable development since 1971. As an independent policy research organisation, IIED works with partners on five continents to tackle key global issues – climate change, urbanisation, the pressures on natural resources and the forces shaping global markets. IIED’s work on business and sustainable development aims to build an understanding of where and how businesses can most effectively contribute to sustainable development. This includes effective management of environmental and social impacts, and addressing poverty alleviation and environmental security through core business activities. IIED’s focus on energy ranges from the management of environmental and social impacts of major oil and gas development, to effective models for delivering sustainable decentralised energy systems and services.