



Performance of the BP community development initiative in Georgia

2013-2018

Analysis

Preamble

This paper contains lessons learned from the implementation of community development programmes in Georgia implemented along the in-country pipeline routes by BP and its oil and gas partners.

The document is written for professionals and the general public interested in the contribution that the private sector can make to development in sensitive social, political and environmental locations.

Abbreviations

ACG	Azeri-Chirag-Gunashli
BTC	Baku-Tbilisi-Ceyhan pipeline (oil)
CBO	Community Based Organisation
CDI	Community Development Initiative
CTC	Centre for Training and Consultancy
MC	Mercy Corps
NGO	Non-Governmental Organisation
SBDP	Small Business Development Programme
SCP	South Caucasus Pipeline (gas)
SCPX	South Caucasus Pipeline Expansion (gas)
ROW	Right of Way
RDA	Regional Development Association
WREP	Western Route Export Pipeline (oil)

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Executive Summary



BP and its co-venture partners have managed a community development programme in Georgia for 15 years, which has been implemented alongside three pipelines running through the country. The development programme presents valuable learning for agencies working in development and private social investment.

This paper draws on these lessons to provide best practices which can be applied in the design and implementation of future development interventions.

The programme has supported 218 village communities at a cost of approximately \$25.5 million. Difficult living and operational conditions prevail in the areas that have been supported, arising from factors such as internal migration, lack of public and private investment, and climate change. Nevertheless, substantial positive changes have occurred within the beneficiary

communities not only in terms of economic benefit but in terms of attitudes and outlook.

Five factors, which have been carefully nurtured throughout the programme, have contributed to the programme's success:

- Constant communication with the populations concerned, involving them directly in project identification, planning and implementation and carefully highlighting to all stakeholders the mutual benefits intended.
- The elicitation of contributions and input from the target communities, who, working through frequent engagement and dialogue with the NGO teams, progressively built on successes.
- The creation of tangible small-scale assets in community infrastructure, developed in a manner that resounded with the needs of the community and which has ensured a long-term sense of ownership.
- Close real-time monitoring and evaluation of results by an implementing NGO and BP team, calling on external advice when needed.
- Positive links made with BP communication efforts, contributing to BP's good reputation and employee morale, and demonstrating consistency with company values.

Some of the models of development which have been created in these remote regions are now being replicated by Government and donor programmes. It is clear, that the impact has been positive, and worthy of replication.



Introduction

At an economic forum in Davos, the BP Georgia program was first praised by Georgia's prime minister, and later by the group chief executive of BP, Bob Dudley. Such recognition came on the back of solid facts which show that since the program gathered pace, the number of non-technical risks has been reduced to a minimum.



Purpose and nature of this paper

In Georgia, BP and its co-venture partners in BTC/SCP/ACG have undertaken a social development programme. It has generated positive change in the communities around the Baku Tbilisi Ceyhan pipeline (BTC), the South Caucasus pipeline (SCP), and the Western Route Export pipeline (WREP). This paper describes some of these changes and identifies the programming factors to which they can be attributed.

The programme was conceived in different phases through successive contracts with non-governmental organisations as part of the voluntary corporate commitments made at the launch of the BTC pipeline construction. The programme was not intended to mitigate the impact of the pipeline construction and operation, but rather to be an early form of what has since been called 'shared value': reducing the operational risks for the pipeline while maximising the benefits for the communities located along the 'Right of Way' corridor.

The quality of results has been documented and shared with stakeholders through various means, reflecting the longevity and success of the investments.

The most recent independent evaluation of the BP Georgia community development initiative (CDI) concluded:



CDI should be increasingly presented as a model of rural development. This is based on the field focus, the close tracking of the results done by BP personnel, and the ability to listen to the communities. This should be captured in a research project which can be understood by a professional community of planners, donors and evaluators. The broader professional community would gain from knowing about it. BP has created a high value communication asset which it is not using.



This document captures the learning from the programme and presents the research along the main factors behind the programme's success, each with a dedicated section.



Programme Characteristics

The Baku-Tbilisi-Ceyhan project was a US\$2.9 billion investment to unlock energy resources from the Caspian Sea. It involved transporting crude oil from Azerbaijan, through Georgia and Turkey, for onward delivery to world markets. Construction of the BTC pipeline began in 2002, with the pipeline becoming fully operational in 2006. The South Caucasus Gas pipeline (SCP) was built in 2006 and carries gas from the Shah Deniz field in the Caspian Sea to customers in Azerbaijan, Georgia, Turkey and beyond. It follows the route of the BTC crude oil pipeline through Azerbaijan and Georgia, on to Turkey. An expansion of the South Caucasus pipeline completed in 2018, enabling an increase in gas volumes transported.

On the basis of an extensive Environmental and Social Impact Assessment survey carried out in 1998-2002 for the BTC/SCP projects, it was decided that the communities in the zone of potential impact would be defined as those located within:

- a four-kilometre corridor along the pipeline (for two kilometres on either side)
- a five-kilometre radius of the construction camps
- a two-kilometre radius of the pipe yards, and a five-kilometre radius of above ground installations.

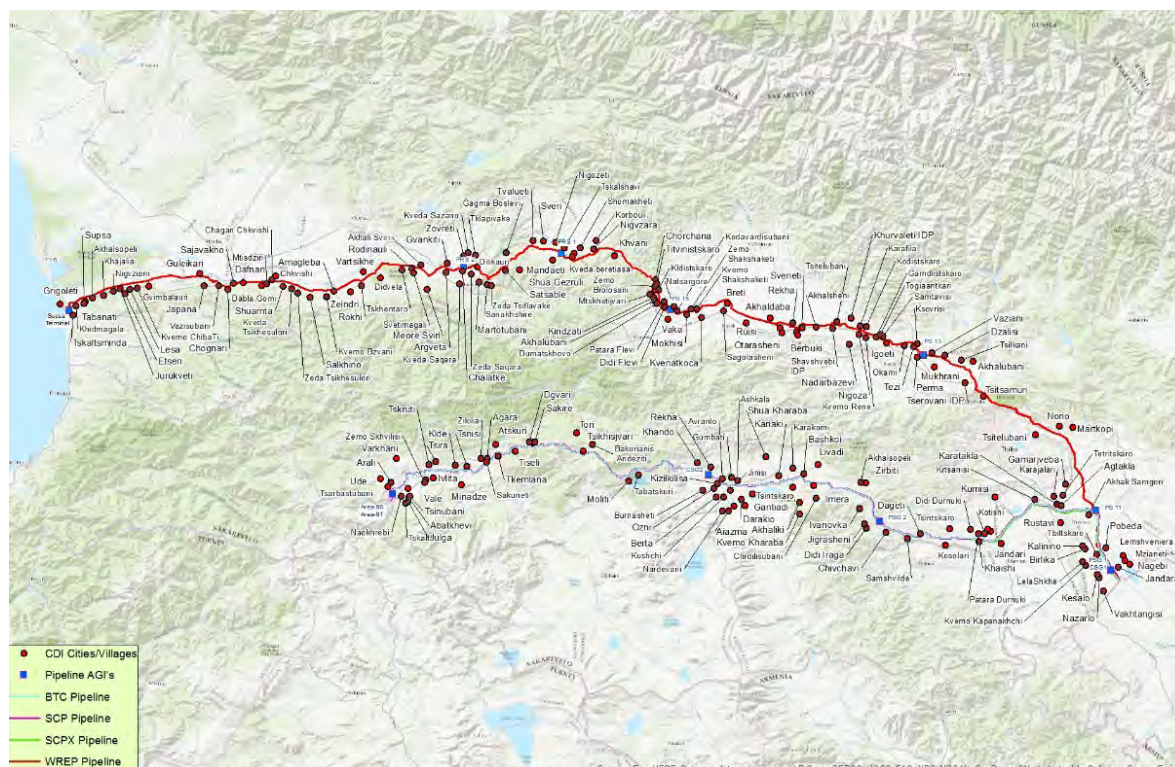
This created corridors of development which cross a large part of Georgia, illustrated in the map below.

In its projects and operations, BP aims to be a partner of choice. It does so by fostering mutually beneficial relationships that contribute to the long-term sustainable development of the communities affected by its activities. It has followed this approach in Georgia.

On these lines, BP launched voluntary measures distinct from the land compensation and impact mitigation measures that have already been defined during pipeline routing and construction. Two different initiatives were created to benefit the communities in the potential impact zones at different points: the Community Development Initiative (CDI), and a grant-making scheme which evolved to become the Small Business Development Programme (SBDP).

A total of 77 villages benefited from the first phase of the programme along the BTC/SCP route. The expansion of the infrastructure justified that over the years the initial 77 communities were complemented by some 21 new villages, bringing the number of BTC/SCP/SCPX affected villages up to 98.

BP operated oil and gas pipelines in Georgia





The SBDP, which started in 2012 in 120 communities, followed the same model as CDI. It was, in particular, based on the success achieved in its small business development component and replaced ad hoc small-scale interventions along the WREP.

These initiatives are analysed jointly in this paper (under the label 'the programme'), as they share core characteristics.

The NGOs involved in the programme as implementing partners leveraged modest additional funds from bilateral development sources, but have been primarily selected through calls for proposals, and funded by BP.

The regions of Georgia covered by the programme are primarily agricultural and mountainous. Much of the agricultural production is subsistence, as household consumption and family plot sizes remain small, on average 1.5 hectares.

The population is concentrated in villages with limited forms of social organisation to undertake public services.

The economy is characterised by a contrast between rural and often isolated areas, and post-industrial cities. Following the collapse of the previous collec-

tive economic model in the early 1990s, these areas have received very little investment. At this stage, Georgia was a low-middle income country with approximately 40% of its population living on or below the poverty line. Georgian society, emerging from the collectivization of the Soviet Union, did not have any local institution comparable to a community organization. The capacity of civil society, government and business to address the challenges of sustained socio-economic development was limited.

In this difficult socio-economic environment, the broad goal of the programme has remained consistent over different phases: to create a harmonious relationship between the pipeline project and the affected communities. This was initially underpinned by two objectives:

- Promoting sustainable forms of social co-operation and initiatives for sustainable community development.
- Enabling economic opportunities in the pipeline communities, to provide public goods and services.

The individual programme components and activities are too numerous to describe in detail, but the key elements of the initiatives have been:

Infrastructure rehabilitation:

this was an inherent part of the development of Community Based Organisations (CBOs), and started with quick-impact projects with defined delivery times, designed to deliver almost immediate impact and demonstrate the commitment of the company to the betterment of livelihoods in its area of operations. Funds focused on small community projects of manageable scale and complexity and prioritized by the majority of residents. These relied on a 25% community contribution to gain the community's engagement. These quick-start interventions were also designed to build the capacity of civil society groups and to develop their ability to plan, manage and implement projects of this kind. The later stages of the programme supported larger projects, with an increased community contribution of 35-45%. To build sustainable community capacity, increase motivation, and reward quality submissions, the method relied on a competitive process. In this, an invitation was sent out to CBOs to encourage community members to become involved in project identification, planning, designing, and budget calculations. In total CBOs and community members implemented 450 rural infrastructure rehabilitation projects, bringing benefits to more than 40,000 people in the affected communities.

Agricultural Support:

designed to transfer agricultural know-how and small-scale technologies through a combination of on-farm demonstration and training sessions. The approach sought to cover as many farmers as possible by working with groups selected from within the community. Competition for funding was used to ensure that the most motivated farmers were selected, leading to broad-based increases in productivity. Programme supported creation of 640 demonstration farms and trained more than 3,000 farmers.

Support for small enterprise through providing access to finance:

this was targeted to stimulate business and employment. The programme provided access to credit, which was later changed to a system of technical assistance and grants to small businesses. The activities supported agricultural and small-enterprise services. The approach required participation in a call for proposals with at least 30% of the contribution coming from the entrepreneur. Competitions for funding have been announced once every year. This has given stakeholders the chance to receive grants at various points over the implementation of the programme. More than 1,300 small start-up businesses were established creating about 2,000 new jobs in the target communities.





Opening a market was a great relief to us, because before there was only a mobile market in the village twice a week. We often couldn't manage to buy products. Now the problem is solved for us.

Givi Kavtaradze, community Member and Devoted Customer



The success of the program led to the significant shift in community perceptions and trust towards local company. At the outset, public perception of the BTC and SCP projects was characterised by scepticism and adversarial relationships. There was significant local distrust, and a legacy of grievances resulting from the lack of clarity over land ownership which had arisen during the land compensation campaign, even though almost no resettlements had been required.

Awareness of the importance of the project was low and its potential benefit was underestimated as it was not anticipated that it would bring direct benefit to affected households. Work blockages and demonstrations were frequent.

By 2018, however, the position had changed dramatically. By this stage, visitors were more likely to be greeted with genuine expressions of gratitude, and questions about the possibility of new pipelines being built, and of future development programmes being launched. The share of community members expressing positive attitudes towards the company surpassed 80% and has remained stable over approximately a decade.

While the relationship with communities is not devoid of tension, the dominant sentiment is one of gratitude, marked by an active spirit of collaboration, or at worst co-existence. The sections which follow explore how this transformation was achieved.

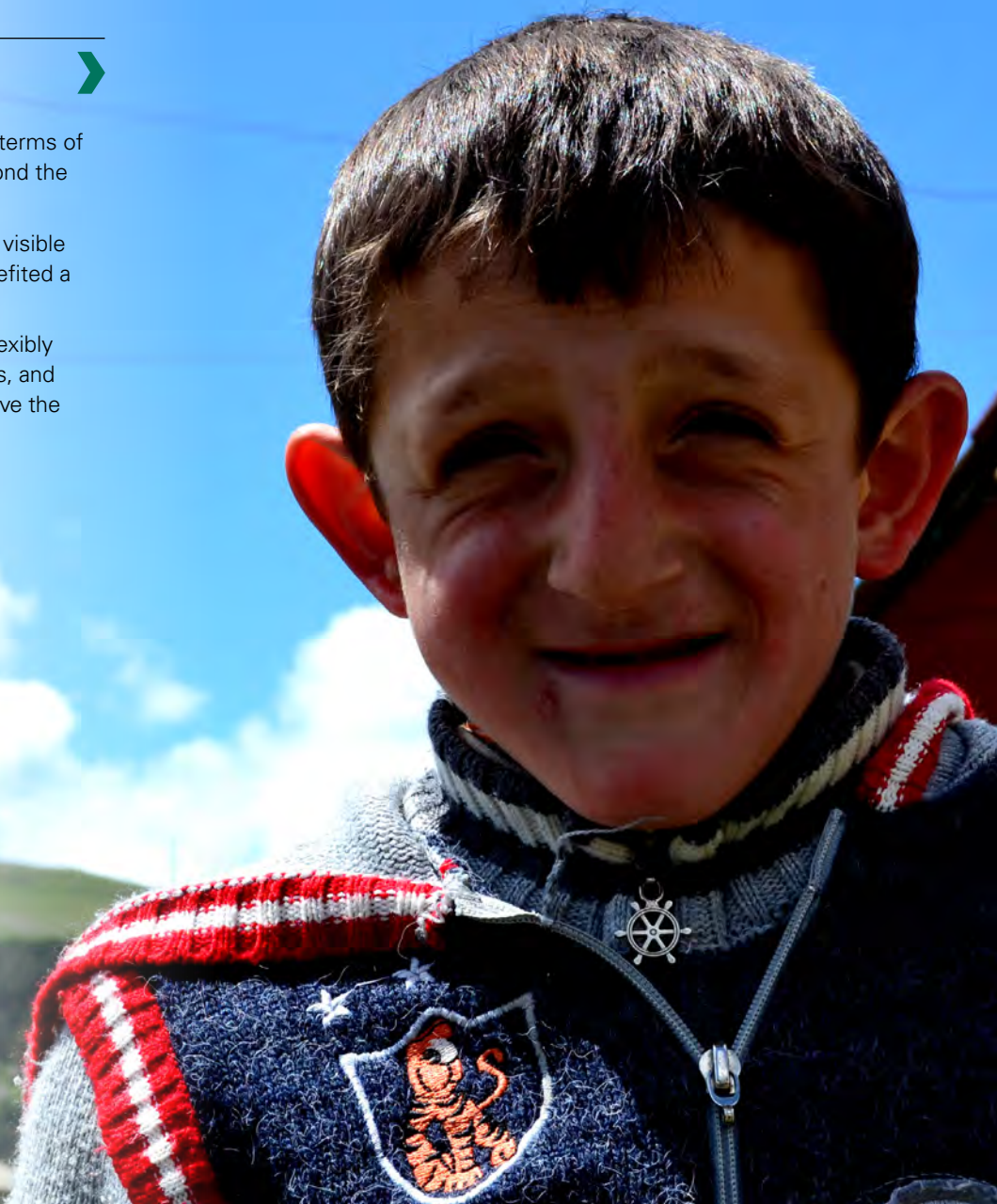
Clear impact, flexible delivery

The programme focused above all on creating mutually beneficial relationships. Its success was founded in the ability to state this in a way all understood and agreed to. This was done by:

Key Points



- communicating the motives and goals in terms of long-term benefits for communities, beyond the individual achievements of the projects
- ensuring that the initiatives were publicly visible and publicly explained, and that they benefited a wide population group
- ensuring that resources were allocated flexibly to allow the launch of innovative initiatives, and to close down initiatives which did not serve the intended impact.



Communicating the intended impact

The programme goal of achieving harmonious and secure relations with affected communities through social co-operation and by creating economic opportunities was broad. However, the actual impact that occurred over time was made specific and fitted well with local needs. Those impacts are reflected in the views of stakeholders. From descriptions made by community members in a recent evaluation, four dimensions of impact can be discerned:

→ **Individual impact**

which has served as catalyst for change in individual lives and livelihoods.

→ **Community impact**

which has brought new goods and services, information, and technologies to the pipeline communities with “good neighbour” relationships and diversified local strategies towards their development.

→ **Development impact**

which has helped to lessen (but not reverse) rural/urban migration; improve agriculture, infrastructure, and services; and provide new skills and training.

→ **BP Brand impact**

which initially focused on the pipeline infrastructure, but subsequently shifted towards emphasis on the company and its technical partners acting as a unique partner providing support, interest, and help.

Experience shows that the presence of a large industrial undertaking, such as pipeline construction, can give the impression in affected neighbourhoods that individual projects merely represent gestures towards the community. In this case, however, the strong links between BP efforts and community projects were a key factor in generating the impacts achieved.





BP and its partners' communication emphasized the goal of generating mutual benefit. This helped to establish new forms of social organization and strengthened the bonds between households, and between communities and the outside world, which would otherwise not have interacted.

In the initial years of the programme, community-based groups struggled to gain legitimacy in what was a general climate of despondency. Community groups demonstrated in the early stage, that they were initially focused on short-term gains and distrusted planning for the future. However, by 2010 the same social groups were clearly gaining in social status through their association with the programme. To participate in CBO activities and in the implementation of small grants became a sign of good citizenship and enterprise, in which participants expressed pride. Being part of a project became a foundation from which to plan for the future.

This mutual understanding was achieved through a process of dialogue and practical demonstration.

The activities deployed were clearly implemented in ways that proved beneficial to the communities. The approach chosen was:

→ **Implementation by specialists**

BP recognized from the outset the need to work with specialists in the field, who were allowed to operate at arms' length from the main BP operations. BP brought in third-party mediators to work with the communities, selecting reputable organizations with vast experience in international aid.

→ **A range of sectors**

rather than concentrate on one sector, the approach supported diversification to reflect the very different environments in which the programme was implemented, and different needs and opportunities. Investments were made in areas including health, education, energy, roads, water supply and irrigation. Some components were launched but subsequently abandoned or merged over the years. Decreasing relevance, new state-led programmes,

difficulties in implementation, declining resources, and the search for a clear management model, led to a simplification in supported activities. In general support was given to livelihood strengthening through income diversification.

→ **Three-year implementation periods**

given the time needed to develop participatory mechanisms within villages, a three-year timeframe was used, in successive phases. Initial financial investment in the programme was heavy, with the plan of gradual reduction over time.

→ **Clear principles**

the programme was built on principles of equality, transparency, community engagement and democracy. This meant practicing the same approach in every village and with every community member, engaging all community members regardless of their gender, origin or social status and providing assistance based on the community's own choice.

Activity selection was carried out specifically to create demonstrable benefits and was built upon involving the community itself in defining needs and priorities. This included the following approaches, as described in the initial documents for CDI:

→ Involvement of as much local manpower as reasonable.

→ Collective support of the village community.

→ Well-developed benefits for the group concerned.

These foundations aligned well with the BP regional strategy, which describes a vision of developing sustainable relationships and co-operation frameworks to achieve positive change in communities and societies. The strategy notes that "supporting socio-economic development, especially in the communities affected by BP projects, mitigates non-technical risks for BP operations, in addition to preserving and increasing the reputation of BP as a socially and environmentally responsible company." The strategy states that if sufficient resources are provided and stakeholders are committed to the cause, programmes are able to achieve this overall goal.

Adaptability and innovation

Development programmes are frequently planned in considerable detail before implementation. Recent IPIECA guidance on social investment cautions against 'figuring out' the design along the way. In this case, although the programme design was based on an international development blueprint (in particular the focus on community-based initiatives for some targeted villages as practiced by some of the donors in Georgia), it is important to note the importance of adaptability.

The programme allowed for the precise assessment of needs, as well as tracking risks and testing assumptions over the years, which enabled strategic adjustments to be made. Analysis and quality control were given considerable importance. This proved useful in determining which components and types of activities would be most successful, by taking into account specific feedback on what worked best.

An example of the programme's flexibility is the gradual shift in project funding from grant support to a competition-based approach. This helped to develop a more entrepreneurial culture, in which the acquisition of new skills and knowledge was invaluable. The mix of competition, technical consultation and training provided a healthy stimulus for durable growth and transformed mindsets from aid-depend-

ency to self-help and healthy competitiveness.

Several priorities, identified over time, assisted in developing the programme's effectiveness. This was founded on the importance of the thinking of communities themselves:

- The paramount importance of active village members and common interest to create coalitions of the willing. Community members involved in rehabilitation projects could contribute directly in the rehabilitation process by providing cash or labour. In most cases, the contribution was physical as a demonstration of a sense of project ownership.
- The provision of market-oriented extension services, including technical assistance and grants for start-up business support. Technical assistance sought to teach communities how to use any received funds efficiently, even if those funds had been awarded through competition in which applicants had to present planned budgets. Technical assistance took the form of group training, individual consultations and experience sharing visits.
- The demonstration of new models of co-operation such as youth associations and co-operatives.





The guiding principle of this adaptability was to put the communities in the role of drivers of change. The programme carefully avoided the creation of economic dependence on BP and aimed for financial sustainability through farming and business, as well as from alternative sources of financing, although that proved to be a challenge.

The same approach was used in relation to public services. Advocacy supported a 'demand-driven approach' towards local government, encouraging authorities to meet their responsibilities through targeted support of community infrastructure rehabilitation.



The programme worked with a range of stakeholders, including local government, to increase the understanding of complex development issues such as communal rights, the role of local government versus external actors, or the integration of minority groups. This component was progressively integrated into that of small scale infrastructure rehabilitation in the Akhaltsikhe district, and the effort to link to local government handed to the CBOs themselves, who were trained in presenting proposals to benefit from decentralised municipal funding as this became available.

Mobilising communities

The programme has always had a clear focus on mobilising energies on the ground, as opposed to aspiring to generic development outcomes that are hard to verify. Particular emphasis was given to:

Key Points



- ensuring that the communities contributed their own scarce resources in whatever way possible to achieve results
- selecting and placing NGO development agents close to the communities who then enabled different groups to interact among themselves
- seeing that the role of national NGOs is more than just the provision of local expertise, but also act as a conduit between the communities and BP on development issues, while BP maintained direct contact with communities on company related issues.



Elicitation of local resources

IPECA guidance for social investment points to the importance of not relying solely on donations and end-products, but on obtaining contributions from other stakeholders and on emphasizing the process of development. This approach was followed in the design of the programme. This requires, for example, contributions equivalent to 30% of the total cost in financial, material and labour contributions from participating community stakeholders.

The programme consistently emphasized participatory selection of objectives and methods. As stated by Rusudan Medzmariashvili, BP Georgia social responsibility manager: "A community that has put its own resources into the project will be more interested in persevering with the work and trying to achieve success than if they were given all the money for free."



Before starting any community project the implementing partners work with the local CBO and community to select the highest priority project for them. The population of the village Gamarjveba in the Gardabani district identified construction of recreational park as the first priority for the community. CDI provided training to CBO members and supported park reconstruction with the necessary materials. The parents then planted trees and decorative grass, fixed benches and arranged walking path in the park. The infrastructure has since been fully maintained by the community and is highly prized far beyond those who were initially involved.





The structure of the implementation avoided the polarization that often prevails in development aid between the donor on the one hand, and the recipient on the other. The programme successfully created role models and an extensive web of relationships (CBOs, cooperatives) which prevented this polarity. This in turn facilitated extensive local outreach and dissemination of know-how.

Empowering women, who are often highly educated and resource-conscious, was another aspect of mobilization.

As the participation of women in socio-economic activities and community decision-making is often lower than that of men, gender balance was constantly sought in the programme. This was done by supporting businesses led by women, identifying projects that facilitated childcare (and limited the rural exodus of young families) and by emphasizing, where possible, the involvement of women in CBO meetings. Unlike experience in other development programmes, BP avoided a system of quotas which could have created a forced form of participation, limiting the outreach of the CBOs.

Mobilization of this kind could not be taken for granted. The meaning of volunteering for local rehabilitation was not fully understood within communities in the early stages and was interpreted as working for free. Nor did communities anticipate the resources they could mobilize for use by the project. Nevertheless, considerable educational efforts by the NGOs and BP enabled cases to emerge where the community contribution was more than 40%. These examples were then used to communicate the possibilities to a broad-

er audience, promoting a positive change of mindset that better livelihoods are the outcome of working for the common benefit.

The programme also sought to inspire enterprise. The occasional offer of subsidized micro business loan schemes to provide local entrepreneurs with cheaper access to finance helped build the credit history of beneficiaries, which they could use later for opening credit lines in banks. Local aspiring or experienced entrepreneurs were given the opportunity to compete for small matching grants to start or expand their businesses. Work with entrepreneurs helped to create another dynamic. When micro-enterprises received individual grants, entrepreneurs were keen to contribute their time, resources, and goods to increase their share as much as possible. This created a useful leverage alternative to the CBOs, in those cases where the communities were not able to generate their own contributions.



The support to small businesses aims to equip beneficiaries with the knowledge and skills that will enable them to successfully manage their business. A car service run by a young man living in village Aiazma in the Tsalka district has expanded his small car service booth, attracted investment from other international organizations and now runs a very successful car service centre providing service to a BP construction contractor.

Getting the BP relationship right



The programme worked to bring communities within a development strategy which they recognized as their own. This depended on maintaining a degree of distance, while also proposing something that was fully intelligible to the populations. The programme cultivated a systematic approach to engaging with communities in order to maintain a healthy balance between solidarity and distance.

Achieving this was complex, not least because of the challenge that Georgian society, emerging from the collectivization of the Soviet Union, did not have local institutions comparable to a community organization.

The programme chose to focus on the creation of CBOs – initially one in every target village. Led by groups of local opinion makers, CBOs brought together the informal community leaders elected by local residents at public gatherings or town hall meetings facilitated by the programme implementers. The programme built the capacity of CBOs through training and consulting, helping them develop to the level of entities which would draw on community concerns and raise funding for the rehabilitation of infrastructure.

In the eastern neighbourhoods of Rustavi (the only town included in the programme), there was significant difficulty in enlisting support from communities. The creation of community initiative groups required a form of consultative mobilization which was hard to achieve in urban environments where neighbours often come from very different backgrounds.

The NGOs also prioritized deep familiarity with communities. The prolonged presence of the implementing partner and of BP community relations staff generated trust. This was strengthened by open feedback channels leading directly to NGO headquarters in Tbilisi – the possibility of writing or calling to express suggestions or complaints. As a consequence, the NGOs were on occasion seen as the communities' voice in the latter's dialogue with BP.

Difficult socio-economic conditions constantly put the viability of positive results at risk, as little investment had been made in the economy since its transition from the earlier economic model of the early 1990s.


This meant pushing against the limits of economic development, whether in dilapidated urban environments, or in villages. The programme aimed at funding small businesses in every community, including the most isolated. In some very rural communities, the market for new business development was saturated.



The role of small business in our country's economic development is of key importance. That is the only way to increase income and maintain young people in the region. The corporate social responsibility taken by BP is exemplary, because within this framework it promotes the development of start-up businesses in the region, which are sustainable and self developed.

Ketevan Bochorishvili, Georgia's Deputy Minister of Economy and Sustainable Development





In the western region, where agriculture was the main source of income for locals, BP included intervention components oriented on growth of agricultural productivity and strengthening market linkages for better sales. Farmers willing to arrange demonstration plots to grow crops with modern technologies were supported with matching funds and agricultural extension along the full year cycle. In later years, agricultural assistance concentrated on business minded farmers, enabling them to establish input production farms to supply local communities with quality seeds, seedlings and saplings.

As indicated above, the programme was effective at finding avenues of growth even for the more disadvantaged communities. Two targeting policies were created for this, four years into implementation. The first was to maintain support to all villages, through at least one vector out of four options:

to farmers, CBOs, schools and youth groups, and small businesses. Simultaneously, the most promising and responsive stakeholders were encouraged through the mechanism of competitive calls for proposals, where the better projects received more significant funding. The call for proposal process was itself transparent and educative; designed to be accessible, to manage bidders' expectations and to give feedback to participants so they could improve their submissions in future.

This approach replaced the policy established in the early stages to necessarily support, for example, one CBO in every village. This could have led to a situation for BP in which unreasonable demands could have been placed on the programme by uncollaborative CBOs. This resulted in greater potential to push forward where success could be achieved, and to relinquish initiatives that were hindered by external constraints.