Building NGO capacity for pipeline monitoring and audit in Azerbaijan

KEYWORDS: international monitoring and audit practices; transparency; good governance

In Azerbaijan, BP and the Open Society Institute-Assistance Foundation are working together to support national NGOs' capacity development through facilitated monitoring and audit of the Baku-Ceyhan-Tbilisi and the South Caucasus Pipeline projects.

Key partners

- BP
- Open Society Institute–Assistance Foundation
- Local NGOs

Background

The Baku-Tbilisi-Ceyhan (BTC) project represents a US$3 billion investment to unlock energy from the Caspian Sea, with the construction of a 1,768-km oil pipeline from Azerbaijan, through Georgia and on to Turkey, for onward delivery to world markets. The South Caucasus Pipeline (SCP) runs parallel to the BTC pipeline and will transport gas from the Caspian Sea to the Georgia/Turkey border.

BTC (and SCP to a lesser extent) has been subject to an unprecedented degree of monitoring by international and national bodies wishing to assess the project's openness to public scrutiny and compliance with international standards.

BP initiated a partnership with the Open Society Institute-Assistance Foundation (OSI-AF) to provide training, mentoring and facilitation to the NGOs doing the monitoring in Azerbaijan. OSI-AF's main goal is to foster the transition of a closed society to a more open one. Farda Asadov, OSI-AF's executive director, explains: '*In Azerbaijan our aim is to increase civil society's involvement in the democratic process and to oversee good governance and transparency in the use of national resources.*' The partners signed a Memorandum of Understanding (MOU) and commenced the NGO Monitoring Programme in April 2004.

The BTC pipeline runs from Baku in Azerbaijan, through Georgia and on to the Turkish Mediterranean port of Ceyhan. The SCP pipeline follows the same route as far as the Georgia/Turkey border.

The NGO Monitoring Programme

The NGO Monitoring Programme was to focus on five key areas: environment; social issues; human rights; historical, cultural and archaeological heritage; and use of local suppliers for goods and services. Key objectives of the programme were to:

- develop the proficiency of local NGOs in conducting effective BTC pipeline monitoring;
- introduce successful international monitoring standards and practices to Azerbaijan; and
- improve BP activities in Azerbaijan via feedback from the NGO monitoring process.

OSI-AF and BP were keen for the process to be as inclusive as possible. A self-selection process involving all 88 programme applicants resulted in 27 NGO representatives divided into five Working Groups covering the five key areas. It was apparent from the outset that many of the Azerbaijan NGOs needed help to develop skills in methodology, planning, data collection and audit analysis, interview techniques, report writing and presentations. BP provided OSI-AF with funds to organize the necessary training and mentoring components of the programme, while OSI-AF met the other costs.

During the programme, the NGO representatives visited more than 100—or approximately 75 per cent—of the communities situated along the pipeline in Azerbaijan. The NGOs published their findings in May 2005 and reviewed them in meetings with OSI-AF and BP. Dan Bliss, BP's Community and NGO Programmes manager, reflects: '*The process of this dialogue was the most important thing. We were able to discuss issues with the NGO participants in a very constructive way. We were in a dialogue as equals.*' However, the dialogue with NGO representatives, many of whom were initially hostile towards BP, took time and effort, especially to develop trust and to become productive.

This NGO initiative provided local insights on how to improve project performance. The recommendations that BP agreed to take on board include ensuring that

THEME: Capacity building

PARTNERS: O&G • NGO

LEVEL: national

LOCATION: Caspian

local communities are aware of the avenues to communicate their concerns to the company; increasing and focusing efforts to address community concerns about pipeline safety and security; and strengthening efforts to procure goods and services locally.

Each party contributed significantly to the process:

- OSI-AF was the facilitator and an independent and well-informed link with civil society and BP;
- the NGO representatives provided a local perspective on how BP could improve its performance and establish broader links with civil society; and
- BP contributed project management skills and the information the NGOs required to play a constructively critical role.

A new cycle focusing on the South Caucasus Pipeline (SCP) was launched in August 2005 to promote transparency, to identify opportunities for improvement in how BP manages the environmental and social impacts of its investments in Azerbaijan, and to introduce NGO representatives to the principles and practice of auditing. The aim is to build local capacity to audit large infrastructure projects such as BTC and SCP.

Challenges and lessons learned

The partnership has been a big learning experience for all parties. One challenge was addressing OSI-AF's concern about its reputation—how the external community and civil society would perceive its 'partnering with an oil major'. Another challenge was meeting OSI-AF's need to involve the broader NGO community in building consensus. With the two organizational cultures of BP and OSI-AF being so distinct, both parties took a cautious approach and had to compromise and exercise dialogue and patience to achieve a common goal.

By the end of the first cycle, both parties realized that the original MOU was not sufficiently detailed to reflect some of the programme's management challenges. For instance, the time and resources required from all parties in such areas as training, planning, data gathering and report preparation were drastically underestimated. A more focused and specific MOU was developed following a BP and OSI-AF exercise of 'lessons learned' to identify areas of improvement—for instance, more clearly defining

roles and responsibilities, improving the selection criteria for new participants and enhancing OSI-AF management capabilities.

Pipeline monitoring team in Azerbaijan

Conclusions

The BP and OSI-AF partnership continues to evolve. It has required time and hard work on the part of all involved to make the partnership a success, but it represents a good example of how international companies and national NGOs can work together towards a mutually advantageous goal.

The capacity-building element of the programme has resulted in the emergence of an 'advanced group' of civil society representatives that will use their skills for other initiatives. Examples of projects where NGOs will apply their knowledge are the EU's European Neighbourhood Policy Civil Society Forum and OSI's Revenue and Civil Society participation in the Extractive Industries Transparency Initiative (see the EITI case study on page 92). As Julie McCarthy, director of OSI's Revenue Watch programme, indicates, '*The NGO Monitoring Programme, while by no means perfect, is certainly one of the best examples to date that civil society, extractive industries and the host government can point to as a mutually beneficial endeavour. BP can attempt to replicate the monitoring programme in other key countries of operation*'.