



COLLABORATIVE LEARNING PROJECTS

CORPORATE ENGAGEMENT PROJECT

Field Visit Report

Looking at the Principles Behind the Practices: BP Operations in Casanare Department, Colombia

Field Visit Colombia: March 1-19, 2004

This field report is one of a series of reports developed as part of the Corporate Engagement Project, directed by CDA Collaborative Learning Projects (CDA-CLP), in Cambridge, Massachusetts, USA. The objective of the Corporate Engagement Project (CEP) is to provide managers with clear ideas about how their work with communities relates to the broader sociopolitical environment and to develop practical management tools for supporting stable and productive relations in the societies where corporations work.

To this end, CEP field visits are undertaken to help corporations gain new insight into the positive and negative impacts of their daily activities on the local and national context. CEP would like to acknowledge the willingness of the participating corporations to constructively explore their effect on surrounding communities in efforts to improve their daily interactions with, and impacts on, local stakeholders.

For more information on the Corporate Engagement Project, see www.cdainc.com

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INTRODUCTION

The Corporate Engagement Project (CEP) is a collaborative effort involving multinational corporations that operate in areas of socio-political tension or conflict. Its purpose is to help corporate managers better understand the impacts of corporate activities on the context in which they work. Based on this analysis, CEP helps companies to develop management tools and practical options for management practices that respond to local challenges and address stakeholder issues.

The Peacebuilding and Human Security division of the Department of Foreign Affairs and International Trade (DFAIT) of the Canadian Government requested that CEP visit Colombia to document current practices of companies operating there and to provide DFAIT with a brief on how companies can most effectively and positively invest in Colombia.

Against this background David Reyes, Independent Consultant, and Luc Zandvliet, Project Director of CEP, visited Colombia from March 1-19, 2004. During this period CEP sought to visit BP-Colombia's operations in Yopal, Casanare Department. BP responded positively, providing the CEP team with an extensive briefing in Bogotá and hosting the team on its two-day visit to the BP base in Yopal.

This report should be read in conjunction with the CDA report on current corporate practices in Colombia. After only two days in Casanare, we were obviously unable to assemble a complete understanding of the various community and staff perspectives with regard to the full impact of BP's operations there. However, meetings with BP staff (management, contracting, land acquisition, guards, drivers, and community relations staff) as well as with about 70 community members through BP-arranged group meetings (members of a women's network, participants in the School of Leadership, etc.) as well as individual meetings with entrepreneurs in Yopal, academics, the police inspector, and displaced people working in Yopal provided the CEP team with a fairly wide range of perspectives

BP is involved in a variety of interesting initiatives that include contributions to the founding of Yopal's first university (Unitropico), the creation of a regional leadership training school, support to government initiatives as a local house of justice, and the implementation of a Football for Peace program. However, beyond giving some attention to these activities, as important, if not more so, are the underlying principles and implicit "mindsets" that have led to BP's initiatives and approaches.

Throughout the report we describe differences between BP-Colombia's operations and practices CEP has observed in other countries. We do this to highlight corporate practices that may seem obvious in a Colombian context, but are novel and valuable for companies working elsewhere.

This report synthesizes recurring observations into five thematic operating principles

- I. Being seen as part of the community is fundamental to operating successfully in a context of conflict.
- II. The company should apply its political and economic leverage to go beyond mitigating negative impacts.
- III. Seeking "win-win" options is key for both the company and local communities.

- IV. Sustainable living conditions after the company's exit are most likely if creating such conditions is an early focus of operations.
- V. Stakeholder focused management systems are key to business success.

Discussing these observations in more detail should help to explain BP's progress vis-à-vis its goal to operate in a context of violent conflict while seeking simultaneously to minimize socially or politically motivated risks to the operational activities, and trying to have a positive impact on society. As well, we note a series of possible opportunities for BP to expand on previous experiences.

OBSERVATIONS

Following is a more in-depth discussion of the five thematic operating principles that underlie BP's operations. Some are explicitly mentioned by BP, others not. Again, these principles are synthesized on the basis of points repeated during the various discussions we had with stakeholders such as staff, contracting officers, and community members.

I. Being seen as part of the community is fundamental to operating successfully in a context of conflict

In other contexts, CEP has observed that companies operating amidst conflict see communities as a risk to their operations. They therefore seek to minimize contact with such communities as a risk-mitigation strategy. BP takes an alternate approach. It actively seeks ways to maximize contacts with local communities to: a) be better informed about the exact nature of the risks and threats to corporate activities and b) to use the reputation the company has within the community as a means to minimize risk, both through the influence communities may have over illegal armed groups (a terms that is generally used to describe both guerilla groups as well as paramilitary groups), as well as by being informed or warned by the community about possible threats.

BP explicitly states that, "the company must operate as an integral part of the region. BP's long term future is linked to Casanare."¹ Although many aspects of this report stem from BP's consistent desire to be an integral part of the community, two stand out as particularly important to reach this aim.

1. A thorough knowledge and awareness of the political operating environment.

BP operates in a geographical context where guerrilla groups operate in territory to one side of its area of operations while paramilitary groups have a strong presence in other parts of BP's operational area. Inter- and intra-group conflict is prevalent and violent, relating mainly to a struggle over territorial political and economic control. Furthermore, it is often unclear to what extent these illegal armed groups (as they are generally referred to) have been able to infiltrate government structures and exert pressure from official angles. For example, President Uribe recently acknowledged the issue of paramilitary involvement in Casanare politics, corruption and extortion when he stated that, "Paramilitary groups in Casanare demand bureaucratic participation as well as a share in obtaining official contracts"².

¹ BP presentation, Bogotá, March 8, 2004

² El Tiempo, April 27, 2004 (frontpage), Bogotá.

Communities see local authorities as benefiting from the status quo and politicians as using the oil-royalties for personal gain. In this context, civilians say they have little access to organizations that are able to effectively speak or act on their behalf. Some community members explained that, in addition to the fear instilled by illegal armed groups, local officials deploy a “strategy of fear” to deter requests for increased public accountability, demonstrating one of the realities of living in Casanare. According to Yopal residents employed by BP through contractor companies, aspects of this strategy include:

- § Loss of job. Government officials blowing the whistle about unethical government practices may lose their jobs.
- § Bribery and Intimidation. When civilians question the behavior of the Municipality or request financial accountability, they may be offered a “contract” for public works as a pay-off. Refusal of this offer may lead to a warning from illegal armed groups urging that person to leave the area. Failure to leave can result in assassination. Also, people who question the behavior of the local government in public meetings are shown a cartoon board depicting a scarecrow, understood to be a threat. Critics are publicly accused of “being the problem themselves” for not trusting local officials.
- § Propaganda campaigns. At one point the National Government indicated that management of regional royalties would require national oversight. In response, Casanare Governor’s Office launched a successful campaign to influence public opinion through radio spots. The lyrics expressed, “The Government wants to take away our royalties, Casanare is ours.”

Company staff explain there is often a lack of clarity about the motives and the implications of what is being said or, equally important, what is not being said. In this context, it is essential to understand the spoken and unspoken messages of authorities, considering the pressure applied on them by various groups, in order to get an accurate sense of reality.

BP tries to maintain an accurate view of reality by:

- § Employing community affairs staff who have a background in anthropology, sociology or political science. An important part of their job descriptions is monitoring the broader context of operations.
- § Working closely with the community through various non-technical programs (e.g. micro credit, justice programs) provides the company with diverse information channels.
- § Working closely with local contractors (who have little protection from security forces and are most vulnerable to extortion by illegal armed groups) is another strategy to gain a better understanding of the conflict’s dynamics and how it, indirectly, affects operations.

2. Knowledge and understanding of the direct and indirect impacts of corporate activities.

Most of the companies the CEP team spoke with in Colombia acknowledge that, by definition, their operations have a profound impact on the local context. BP is no exception. We heard several examples of positive and negative impacts related to the presence of oil companies in the Casanare region:

- Security. The presence of any resource company automatically entails an official public security presence (army and/or police). In BP’s case, the military expelled guerilla groups from main areas and towns where these guerillas had been the *de facto* authorities. Weak official government structures enabled self- defense or paramilitary groups, that existed in Casanare on a small scale prior to the arrival of BP to broaden their area of influence, and strengthen their presence, in BP’s area of operation. The concurrence of increasing

resources (royalties, revenues, contracts, etc.) and an emerging paramilitary presence has spurred conflict between rival paramilitary factions over territory and economic control.

- Economic. While oil activity generally draws opportunity seekers, this is especially true during construction phases. Yopal reportedly doubled in population over the last ten years (from 40,000 to 80,000 people). Construction has now ended and migrants who settled in the area find it hard to get employment. This has, according to some community members, contributed to noticeably higher levels of crime and violence in the area.
- Economic. The oil industry has drawn labor from the agricultural and ranching sectors in the region. This drove up wages, particularly in the '93-'98 construction period, since by law oil salaries are 5 times the minimum wage, and, thus, expenses in these areas (as labor was harder to find).
- Cultural. Some women mentioned that the migration of “outside groups” to the Casanare department (which traditionally had a strong cultural identity) has led to cultural friction between groups.
- Social. Several people blame above average domestic violence levels on the impact of the oil industry on gender relations. Since men worked for the oil companies and lived on site, women became de facto heads of households and gained more independence. When men returned home, their “machismo” attitude clashed with the changed role division at home.
- Social. In addition, a police inspector confirmed that some men use their income to maintain more women. When these men ultimately come home empty-handed it causes additional conflict and further breakdown of traditional families.

Whether these impacts can be directly linked to the presence of the oil industry or not is no longer relevant. Perceptions have become a reality that the company now has to address. And, in various ways, BP has done so. For example, the company commissioned two studies in the area to analyze the socio-economic and the judicial situation. These baseline studies have informed BP's projects and approaches about how to mitigate some of the negative impacts of the company's presence as well as to promote sustainable living in the long term.

According to BP staff, the reasons for actively addressing the negative side effects of their presence go beyond behaving in a responsible manner. It is also in the best business interest of the company. Although it may “technically” be the responsibility of the Government to re-train the unemployed and to be involved in economic diversification, BP acknowledges the reality that large numbers of unhappy citizens can negatively impact operations.

II. Sustainable living conditions after the company's exit are most likely if creating such conditions is an early focus of operations

A constant undercurrent in discussions with BP staff and community members is that oil resources are declining and that in 15-20 years the company may withdraw from the region. The company recognizes the value of preparing an exit plan very early on, both for managing costs as well as promoting a positive legacy.

Developing the economic, social and political aspects of an exit strategy early in the company's presence allows sustainable development initiatives to mature under the guidance of the joint-venture partners. Many of these projects will be self-sufficient (both financially and administratively) by the time BP leaves Casanare. BP's strategy approaches sustainability from an economic, social and political perspective.

1. Economic

Fundación Amanecer

Much of BP's economic sustainable development plan occurs through the Fundación Amanecer. This foundation was established by BP and its joint venture partners in 1994. In 2004, it obtains 87% of its budget from outside sources. In addition to supporting a furniture workshop and a garment company where displaced people receive vocational training, the foundation has a large micro-credit and technical assistance program for rural and urban entrepreneurs across the Casanare region.

Training of ex-employees

BP employed about 8,000 people through contractors during the 6 years of construction. Many of these people have stayed in the region after construction was completed. In an attempt to reduce the negative effects of a large pool of unemployed workers, BP provided vocational training for 1,800 ex-employees or ex-contractor staff in areas not directly related to the oil industry (such as woodworking and the garment industry). Some of these former employees have found other jobs, for example, providing gloves and coveralls to BP's current subcontractors.

Import Substitution

BP has also embarked on a program with a technical university and the Chamber of Commerce to identify and train Colombian companies that have the potential capacity to competitively manufacture parts (electrical components, breakers, gaskets, electrical pumps) that are otherwise imported. Apart from generating employment, estimated savings from the program, which is just starting, for BP's operations could be over USD 10 million.

Support for non-oil sectors

To encourage diversification of the local economy, and to provide more employment opportunities in the non-oil sector, BP has conducted a capacity assessment of such sectors. The company plans on supporting other key industries that are sustainable and labor intensive such as orange farming and has a partnership with a foundation of the National Coffee Federation to train local youths in agriculture.

2. Social

A challenge for any company starting to work with communities is to strike a balance between giving the tangible "handouts" the community requests and strengthening institutional capacities for self-sustenance to reverse what is frequently referred to as pattern of paternalism.

BP initially started with a "bricks and mortar" approach, largely because communities were demanding tangible and direct benefits, and there was a lack of basic infrastructure in some areas. However, it was evident this approach did not create ownership among local communities. Civil society groups say they were "not ready" for dealing with the consequences of the arrival of the oil companies such as social tensions and the government use of revenues.

Over time, the mindset of communities changed – desiring instead the skills to articulate their demands— and so did BP's approach towards communities. In hindsight, community leaders that have gone through a "leadership program" suggest that BP should have begun with a capacity-strengthening approach. One leader said, "If companies come to an area they should not regard the community as being "affected" and needing to be compensated but, instead, see them as equals that can help in company operations, for example as contractors, that is how

you avoid paternalism.” Currently, both the civil leaders we met and company managers say they have learned from each other and that they are now content with the focus on strengthening capacities.

In addition, BP supports a number of initiatives that send “messages” about social issues:

- § A radio soap opera named “Time for Peace” conveys messages of solidarity and peaceful co-existence.
- § “Football for Peace” is a variant of soccer with a gender awareness focus. Co-ed teams compete with each other with different rules applying to men than to women, to address the machismo culture prevalent in the region and foster peaceful coexistence.
- § Supporting a network of women leaders that assert themselves in overcoming cultural, geographical and economic factors that impact women differently from men.

3. Political

Although BP judges it should refrain from being directly involved in politics, the company does encourage civil leaders to take a more assertive role in political activism. The company’s main instrument is support of the School of Leadership, which is an extension program of the local university. One of the objectives of the program is to include proposals made by students (community leaders) in the regional development plan. In our discussions, several graduates of this program mentioned they had successfully managed to have the Municipalities and the Governor’s Office approve their proposals.

BP has also included government officials in the School of Leadership program to ensure that both “sides” equally benefit from training. Still, caution was raised that the increased pressure that local officials may feel as a result of increased awareness and capacities among citizens may cause a backlash as the space for civil participation is extremely limited (see the above mentioned “strategy of fear” deployed by some government officials). The Government may put conditions on who can enter such a course and thus politicize entrance criteria.

III. The company should apply its political and economic leverage to go beyond mitigating negative impacts

Seeing itself as a “member of the community” in which it operates, BP uses its political and economic leverage to obtain benefits for the community. Advocacy efforts have been both direct and indirect. In the Colombian context this is significant for two reasons:

1. Most companies are involved in community investment programs. Many companies actively “encourage” local or regional governments to take part in tri-partite partnerships. BP is prepared to go further and lend its name to initiatives that could be labeled as “political.”
2. A common approach of international companies operating in Colombia is to maintain a low profile to reduce their exposure to security risks. BP takes the opposite approach; it uses its high profile to try to maximize the positive impacts it can have.

Examples include:

- The company has publicly signed petitions condemning the high level of homicide in Yopal. If any human rights abuses are reported, the company reports these to the national Ombudsman or visits the Vice President’s office and informs the International Committee of the Red Cross (ICRC), if appropriate.

- Various initiatives (such as the local NGO committee on displaced people) ask BP to sit on their steering committees. According to BP, these groups are less interested in BP's financial contribution than in the company's legitimacy and perceived political support to the cause. Regardless, the fact that the company is asked and accepts to lend its name to a particular cause signals that the company is seen as a good and influential neighbor.
- According to staff, the company has ongoing discussions with the police and the army to protect a village the company left after unsuccessful exploratory drilling. This is noteworthy since the withdrawal of a company usually corresponds with the departure of state security forces, leaving the community vulnerable to illegal predatory groups. We were not able to visit the village to explore whether BP's withdrawal had negatively impacted the security situation.
- In an effort to address homicide and domestic violence rates that are well above the national average and to facilitate the nonviolent resolution of conflict in Yopal and Casanare, BP took a lead role in advocating for the establishment of a House of Justice. The House consolidates offices of many law and order, human rights and family counseling services in one location, significantly increasing access to and efficiency of the local justice system. One person commented that without the advocacy efforts of BP towards USAID (that funded construction), the Ministry of Justice and the Mayor's office (that pays for administrative staff and maintenance), the House of Justice would not have materialized, as "the authorities would still have been fighting with each other."

IV. Seeking "win-win" options is key for both the company and local communities

One BP staff stated in a public meeting that, "BP cannot be successful if the communities with whom we work are not successful." Staff say that the company makes a deliberate effort to ensure that maximum benefits also accrue to local communities through day-to-day operational policies, particularly through local content and contracting requirements.

Contracting Policy

Tender Process Requirements

A regional (Casanare Department) content plan aims to ensure maximum benefits for both the company and local stakeholders. For example, the tender process for contracts includes the following elements:

- Contractors that bid for a contract should hire 100% of unskilled labor locally and 50-70% of their skilled labor from the region.
- Contractors from Casanare region have BP's preference. Criteria are that contractors pay taxes in Casanare, have property or have invested in the region. The objective is to reach a point where all locally executable contracts are procured from the region. The current level is around 60%.
- Contractors commit to training local unskilled employees so that they qualify for "skilled" positions in the future.
- Contractors are encouraged to segment large jobs so that local contractors with less capacity can qualify as subcontractors.
- Contractors are encouraged to buy locally made supplies (gloves, coveralls).
- Contractors are monitored by BP, reporting monthly on regional content compliance.

This policy is not left to the discretion of contractors. A BP manager explained that one long-time contractor recently lost its bid for renewal of a USD10 million contract due to poor performance on the Casanare content plan.

Strengthening local contractors' capacities

The inherent risk of a focus on local or regional content is that companies may compromise on local contractor standards. BP has tried to address this. Rather than bring large, qualified outside contractors in, BP provided training to local contractors in business skills (administration, finances, planning) to make their bids competitive. Meanwhile, the company maintained its standards, for example, through mandatory Health Safety and Environment (HSE) training for all contractors and a zero-tolerance HSE policy.

Initially, many local contractors felt they had the “right” to obtain a contract. The current approach serves as a filter to identify the serious contractors. BP staff observe that local contractors looking for easy money find operating according to BP’s standards too cumbersome. This has led to a changed perception among community members. BP staff says it now experiences much less pressure from communities for contracts, since they know that BP’s regional content plan will require any contractor to hire local people.

Monitoring/Protecting local contractors

A major concern of many companies operating in Colombia is the transfer of money from contractors to illegal armed groups, mainly through extortion. BP acknowledges that it can never be sure that no payment takes place under duress. However, the company has made efforts to explicitly demonstrate it does not tolerate such practices. Measures combine discouraging negative behavior with encouraging positive behavior.

- All contracts contain a clause that prohibits payments to illegal armed groups.
- As part of regular financial audits of contractors BP conducts financial audits on some of its contractors to ensure no “suspicious” payments to subcontractors have been made.
- If contractors inform BP about the pressure they are under, the company “guides” them toward civil authorities. As an attempt to lower pressure being exerted on contractors, BP organizes convoys to lower security risks.

V. Stakeholder focused management systems are key to business success

The CEP team heard about a number of noteworthy management systems:

Stakeholder relations form an integral part of business

While this point may seem obvious, experience shows that in other countries community relations departments are typically responsible for all community-related matters, even if colleagues from other departments have been the cause of tensions. Such a “firefighting” approach means such companies have a harder time learning from their mistakes, as those responsible are not held accountable or involved in solving the problems.

BP has made stakeholder relations an integral part of its business:

- Security, Communications, Government Relations, Community Relations and Land Acquisition are clustered in one External Affairs department, rather than operate as separate entities. This facilitates cohesion between all five sub-departments that deal with external stakeholders.
- Final accountability for all external affairs lies within the line, not with these specialized departments. An electronic system to follow up on claims and complaints also includes contractors. This implies that those responsible for issues with local communities are

required to address these issues themselves, under the guidance of the external affairs department.

- An internal unit audits the implementation of the Voluntary Principles on Human Rights and Security on a quarterly basis. The results are discussed in an Assurance Meeting, which is chaired by BP's President, sending a message through the organization about the importance of the Principles.

Soliciting feedback via perception-polls

Many companies measure the "success" of their community programs based on indicators that the company controls such as the number of visits to the village or the number of town hall meetings they conduct. However, these indicators say nothing about the perceptions within communities. Of course, perceptions drive actions and behavior. BP measures its success partly through bi-annual opinion polls and focus groups, where it asks communities questions such as if the company can be trusted, or if the company includes the community sufficiently in its decisions. In addition, BP uses a perception survey among employees on a bi-annual basis.

CHALLENGES AND OPTIONS

BP has put tremendous effort in going 'beyond petroleum' in Casanare by developing capacity, helping to diversify the economy, encouraging tolerance, and improving access to justice. Representatives of civil society speak appreciatively of these efforts.

The collective CEP experience indicates that companies should pay as much attention to what communities do *not* say as to what they do say (in public). In the various group discussions the CEP held, four topics were remarkably not addressed:

1. Violence. In the month of January there were over 70 homicides in Yopal ³(population of around 80,000). Apparently, these killings are due mainly to rival paramilitary groups fighting for territorial control. During our meetings there were no comments by the communities about this level of violence between paramilitary groups and how it affects society.
2. Corruption. The Casanare region has officially received over USD 1.2 Billion in royalties from the oil industry over the past 10 years. According to the Colombian Constitution these funds should be allocated to education, infrastructure and health projects. Residents say they see little visible evidence that these funds are spent appropriately.

Each month the amounts of royalty payments are publicized via radio, television and newspapers. In private discussions, citizens say they know how much in royalties the Municipality and Department receives, but they lack information as to how the money is spent. Some people say they hear about infrastructure projects that are implemented for 4-5 times the market price. Others say influential politicians have their own pet projects, which often do not address the needs of the people.

3. Taxation. One political analyst explained that the "law" of illegal armed groups applied in (parts of) Casanare requires that *no one* be exempted from paying extortion fees, or *vacunas* (vaccinations) as they are referred to locally.

³ Semana magazine reports that between January and March, 115 persons were selectively killed. Semana, May 3, 2004.

4. Fear. Fear seemed to be a non-issue until we asked why people are not able to hold the Government more accountable, knowing the amount of royalties that flow to the Government and its designated purposes. Unanimously, people said they fear being critical of the local authorities and the possibility of being targeted, allegedly by illegal armed group.

These four issues pose a challenge for BP, and the company is deeply concerned about them.

Although BP has created a good working environment for its own operations through establishing cordial relations between itself and local communities, the challenge for BP is to also create a lasting safe and positive environment for the communities with whom it works.

The company provides civil leaders both with the information as well as with the tools (through the School of Leadership) needed to hold the government accountable. However, the utility of such tools will remain limited if the underlying obstacles, such as the strong presence of the paramilitary groups in the region, is not also addressed.

Furthermore, the company's programs aimed at enhancing economic sustainability could be more successful if they coincided with genuinely beneficial infrastructure projects funded by oil royalties.

Options: Activate the "social capital" already available.

Tackling the above-mentioned issues is a real challenge with obvious risks involved. BP does not see it as its responsibility to more vigorously "push" civil leaders into addressing political issues. Still, these challenges are a shared concern.

BP has helped to develop an impressive cadre of civil leaders that have gone through rigorous leadership training. This cadre is part of the "social capital" the company tries to enhance. During our visit it seemed to us that some BP staff and the academics involved spoke about "developing social capital" as an objective in its own right. This may be too general. Rather, social capital is an effective "tool" in its application to certain goals, or to address specific problems, like overcoming a pervasive fear of authority.

Given the levels of investment and commitment by BP and local leaders, as well as the seriousness of the challenges that need to be addressed, the company should not stop short of addressing these pivotal issues. BP has various options to activate this cadre of civil leadership to address the challenge of transforming the culture of fear into a culture of public accountability. Given the brevity of our visit, few BP staff were able to discuss the relevance and feasibility of the following hypothetical opportunities -- hypothetical because they have not been tested with community leaders:

- Provide a safe venue for discussion. In meeting with us, many of the School of Leadership graduates met each other for the first time. Yet, they all deal with similar challenges. Herein lies an opportunity for BP to provide these individuals and groups with a safe venue (BP premises, the local university) to have discussions on a more regular and systematic basis where they might start developing strategies for addressing issues of shared concern.
- Ask local groups for suggestions of how BP can support them. In addition to providing a physical space for discussions, such meetings would also provide the company with a better sense of if, and how, it can play a role in supporting civil society (and civil servants).

- Invite civil society groups from other parts of the country. The company could support and encourage local groups to invite groups that have dealt with similar challenges in other parts of the country.
- Capitalize on network capacity. BP is likely the only organization in Casanare that has contacts with such a diverse group of stakeholders. These vary from civil leaders, NGOs, local community members, law enforcement agents, government officials and others. Over the years, many of these stakeholders have influenced BP's thinking, and vice-versa. The company is uniquely positioned to bring people with a similar mindset – and with similar concerns— together, for example through a conference. This group may yield important insights into “What to do or what to address next?”
- Legitimize local human rights efforts. BP is well positioned to support the creation and efficacy of local human rights NGOs or other entities dealing with the defense of human rights. Likewise, it could help stimulate widespread human rights education in the region, including in local schools.
- Consult more systematically with staff and contractors. Discussions with staff such as drivers and guards revealed a wealth of insights. Most of these staff live in the community, experience the assault on public life on a daily basis, and may offer very practical ideas for the company to improve the general quality of life.
- Provide information about constitutional avenues available to citizens. The Colombian Constitution provides several mechanisms for citizen watch groups to file complaints if an individual or collective right has been violated (“veedurias ciudadanas”). However, these mechanisms are rather complex. BP could support the Government in explaining these aspects of the constitution to local groups and groups in using them.

In addition, the CEP team observed three opportunities to expand on or intensify current practices.

1. Include stakeholder relations in the corporate reward system. BP Colombia already deploys a zero-tolerance policy for HSE related matters. This is demonstrated through clauses in contracts with contractors. HSE performance is also part of the reward structure/bonus of all BP staff. Given the company's awareness of community relations as a key success factor and the fact that responsibility for community matters is integrated into the line, it seems only a small step to include stakeholder relations explicitly in the company's reward structure. BP Colombia would further distinguish itself from other companies with such an approach. Although such a system needs to be carefully designed, benchmarks of success (indicators) could be a combination of “hard” and “soft” data such as “no days down due to community unrest, poor planning or preventable behavior” combined with the results of the perception polls.

2. Provide contractors and non-local staff with mandatory CSR training. Contractors already undergo mandatory HSE training. Although BP already works closely with contractors to prevent incidents, a systematic and mandatory stakeholder relations training would, again, emphasize the importance that BP gives to these relations.

3. Use the “perception tool” more intensively and widely. Some companies fear two responses when they discuss asking communities to evaluate the company: 1) this evaluation will be used against the company, and 2) this will open “Pandora's box” fueling demands from communities. Hence, they choose not to measure that which ultimately drives stakeholder behavior -- perceptions. BP is one of a very few companies that systematically conducts perception polls. Given the system in place, and given BP's desire to be part of the community, there are

opportunities to intensify such polls, make them more specific and include the feedback in the staff reward system.

“The Colombia Factor”

One of the possible explanations for BP’s ability to operate in Colombia through some innovative business practices may be that the senior Management of BP Colombia is entirely Colombian. While CEP has observed in other contexts that such a “national identity” can also feed into cronyism, in Colombia it appears that BP management has been able to allow an alignment of the personal values of its staff with the business objectives of the company. BP staff themselves downplayed the “Colombia factor.” Nevertheless, we observed:

- a. A dedication among staff to see the responsibility of a company going further than managing a production process. We repeatedly heard local stakeholders being referred to as “our (Colombian) people” and a genuine desire to use the leverage of the company to increase quality of life of fellow-Colombians. Some staff mentioned, “I do the same kind of work with the same objectives as when I worked in the public sector, but now I work on the inside.”
- b. There is a sentiment that the company was done an injustice in the 1990s through media reports accusing the company of unethical practices. Although difficult to measure, this may have provided the company with an extra incentive to show beyond any doubt that it is not afraid to set high benchmarks for itself.
- c. Staff seem to see the Colombian nature of the organization as a chance to show “the world” that the company can compete globally. For example, the BP-Colombia has made a point of using the Voluntary Principles on Security and Human Rights to demonstrate it is possible to implement these guidelines in a challenging context.