



COLLABORATIVE LEARNING PROJECTS

Corporate Engagement Project Field Report:

Unocal Bangladesh

Bangladesh Field Visit: March 26 – April 9, 2005

This field report is one of a series of reports developed as part of the Corporate Engagement Project, directed by CDA-Collaborative Learning Projects, 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.

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

David Reyes and Sajeda Begum

April 2005

Executive Summary

This report covers the findings of a Corporate Engagement Project (CEP) field visit conducted in Bangladesh between March 26 and April 9, 2005. As is typical for the CEP, our results stem directly from stakeholder feedback. In general, the report strives to highlight perceptions and assumptions both within the company and among stakeholders to help explain the current relationship between communities and the company, and to raise options for improving relations.

The relationship between communities and UBL is sometimes strained. In trying to explore the reactions communities have to the company's presence, we repeatedly heard community perceptions that were factually incorrect but that shape actions against the company nevertheless. The report also highlights misconceived ideas about what the role of the company is and is not within Bangladeshi communities. What all of these perceptions have in common is that they increase the distance between the company and its local stakeholders and undermine community relations efforts. These perceptions also have in common that they can fairly easily be addressed through a genuine, transparent and ongoing communication process.

Like communities, company staff act and react based on their perceptions of the working environment. Making these mindsets explicit will allow the company to identify and analyze common themes between the perceptions of company staff and the community. The identification of consistent patterns can help the company understand the challenges regarding its relationship with communities and predict the negative impacts on local people. And, adjustments can be made accordingly to help various departments within the company contribute to a more proactive community relations strategy.

We have categorized the mindsets around the following topics:

- The purpose of Community Relations
- Community Consultation/Communication
- Community Representation
- Community Investment
- Land

After sections on community perceptions and company mindsets, the report addresses more general areas of concern regarding UBL's impact on Bangladeshi communities. Despite some overlap with the previous sections, the analysis and options presented are meant to apply more broadly than to the correction of identified misconceptions and mindsets.

Because land acquisition and effective information sharing are recurring, potentially volatile problem areas, the report seeks to offer additional clarification by concluding with two appendices, the first detailing the Bibiyana land acquisition process, and the second offering "how-to" suggestions on organizing public meetings.

1. OVERVIEW

This report covers the findings of a Corporate Engagement Project field visit conducted in Bangladesh between March 26 and April 9, 2005 by Sajeda Begum and David Reyes. The visit was shaped partly by the initial findings of a scoping visit done in December 2004. For the most part though, the visit and this report follow what seemed to be the timeliest community-related issues facing Unocal Bangladesh (UBL). Our time was divided between offices located in Dhaka and communities around Maulvibazar, Jalalabad, and Bibiyana according to where helpful information seemed most likely to emerge.

As is typical for the CEP, our results stem directly from stakeholder feedback. Those interviewed include: company staff, managers, contractors and contractor employees; government officials at various levels including: District Commissioners (DC), Superintendents of Police, the Directorate of Land, Department of Forest officials and Union Chairmen; Civil Society representatives including a number of religious leaders and NGO workers and directors; residents and management on several tea estates; and, community members including recognized leadership, groups of women and ethnic/tribal groups.

In general, the report strives to highlight perceptions and assumptions both within the company and among stakeholders. The purpose of highlighting these is that they can help explain the current relationship between communities and the company. As we articulate these findings we follow a loose format of stating the observed assumptions and their consequences, followed by options or opportunities for UBL management to deal with them most effectively. We begin with a section on public perceptions (and misconceptions); then we assess mindsets within UBL that can result in problems; and finally, a more general section on categories of key issues that merit further attention.

2. PUBLIC PERCEPTIONS AND MISCONCEPTIONS

The relationship between communities and UBL is sometimes strained. In trying to explore the reactions communities have to the company's presence, we repeatedly heard community perceptions that were factually incorrect but that shape actions against the company nevertheless. The following were the most prevalent perceptions amongst stake-holding communities. What all of these perceptions have in common is that they increase the distance between the company and its local stakeholders and undermine community relations efforts. These perceptions also have in common that they can fairly easily be addressed through a genuine, transparent and ongoing communication process.

Perception 1: *'Bangladeshi managers and supervisors working for UBL reflect the status quo of corruption, self promotion, and repression.'*

Various communities as well as low-level company staff mention that while foreigners working for UBL are trustworthy, this does not apply for the company as a whole because senior Bangladeshi staff are not. Instead, they are believed to intentionally manipulate the way foreign staff understand Bangladeshi communities and business norms. This, in turn, fuels speculation about corruption further distancing the company from local communities. It also inhibits the flow of important information to and from company managers while giving community members the impression that UBL supports the status quo. In Bibiyana, for example, some feel that the constant, direct involvement of the District Commissioner and the police department in land acquisition result from bribes being paid by UBL.

Perception 2: *'UBL keeps most of the gas for itself.'*

We heard the perception, for example, from guards employed by a security subcontractor at one of the plant sites that UBL keeps 90% of the gas it extracts, leaving only 10% for the country. In communities where UBL operates it is commonly believed that the company retains the gas taken from community lands. As a consequence, people are upset that the company does not provide them with gas for domestic use. Expatriate UBL staff speculate that problems with site theft are connected to perceptions that the company itself is 'stealing' Bangladeshi gas. Furthermore, there is very little community-level

awareness about Petrobangla and its role as the state owned oil company, adding to misconceptions about UBL's stake in Bangladeshi gas.

Perception 3: *'UBL is a participant in a plan to export gas to India.'*

Several groups, some well educated and informed, speculate that UBL secretly participates in a strategy to export the country's gas to India. They see the Tri-nation Pipeline Project as part of this plan. Amidst the highly politicized, emotional debate surrounding gas export to India, people are even less inclined to trust the company.

Perception 4: *'UBL does not take steps to counteract the general lack of trust of oil companies. Instead, the company gives things away to win people over.'*

The company 'giving things away' is discussed in more detail below. Here, our aim is only to point out a misconception that UBL must be tacitly untrustworthy because the company sidesteps the root causes of public mistrust in favor of public relations-type giveaways. It is noteworthy, though, that the only discussants who identified UBL programs as 'giveaways' were relatively sophisticated civil society representatives, not individuals/recipients in communities.

Perception 5: *'UBL staff are disinterested in and disrespectful of communities.'*

In one community we were told that "the foreigners [working with UBL] have never looked at us with two eyes. And, by not even looking at us they are showing disrespect." Other examples include comments made in Maulvibazar and Bibiyana that not negotiating land purchases directly and not engaging with communities about plant and pipeline locations signified disrespect. Possibly related to perceptions of disrespect are repeated complaints by civil society members that community development and environmental strategies are implemented without consulting them. Given that disrespect was mentioned most in areas of Maulvibazar and Bibiyana where UBL has experienced the most disruptive protests, there seems to be a correlation between perceived disrespect and levels of community disruption.

UBL Community Relations staff express frustration about perceptions of disrespect, saying it is the large subcontractors who are "not respecting locals" and whose displays of superiority cause animosity within affected communities. This is not entirely accurate. People in communities often know who works for whom, especially with regard to foreigners. And, in some instances, they identify foreigners working for UBL as those who are disinterested and/or display disrespectful behavior (such as not making eye contact).

Perception 6: *'UBL will provide social services that are currently lacking.'*

UBL sees "managing demands that are difficult to materialize" as its "biggest [community relations] challenge." While the company insists that it is 'just a contractor,' communities generally do not believe or understand how this imposes limits on the company. As evidence of this we were told that in Bibiyana the District Commissioner (DC) went to great lengths to explain to people that UBL is a contractor to the government and is not present to function as a social service provider or as an economic development agency. Yet, the communities still expect UBL to provide services. Culturally, Bangladeshis feel they have a legitimate entitlement to benefit when a business operating in their area is profitable.

Perception 7: *'No one cares about grievances'*

In Bibiyana, UBL has had considerable difficulty dealing with protests related to the communities' concerns about various aspects of the land acquisition process. Asked whether protestors and other community members have access to any sort of grievance procedure, a UBL staff member jokingly said, "yes, work stoppages." Fortunately though, UBL does not, as a rule, take community grievances lightly. But, people in communities say Unocal often responds to their complaints by telling them to go to the D.C., which, in their perception, amounts to ignoring their concerns since most villagers fear the D.C. and have no expectation that he would give them due consideration.

On a positive note, UBL has put forth considerable effort to help affected landowners deal with registration and payment collection problems in Maulvibazar by providing legal advice and other services to help them navigate the compensation process and avoid corruption.

NOTE: There is a noteworthy link between grievance reporting and the perception that Bangladeshi staff cannot be trusted. We were told that outsiders hesitate to approach UBL facilities and staff in disbelief that anyone would listen and for fear of being “arrested.” Meanwhile, employees and contract staff are reluctant to approach superiors with reasonable questions, let alone complaints, for fear of losing their jobs. We did not hear of any particular case where inquiries led to arrest or job loss. However, in light of the frequency of such comments it may be that such assumptions stem from common practice in Bangladesh. This belief is also reinforced by the decreased, but still visible, security in and around Unocal plant and office sites.

Perception 8: *‘UBL exercises favoritism in choosing plant and pipeline locations.’*

One affected landowner expressed his belief that if the company had chosen to run its pipeline straight it could have “spared 200 people’s land.” His perception is that the route was influenced by people who stood to gain and that such decisions place Bangladesh deeper in debt while enriching the company.¹ In communities around the Bibiyana North Pad area people believe UBL has total discretion over which of the two areas, North and South Pads, will see more activity, including construction of a plant site. And, they suspect that the South Pad area will see more benefits “because they have better leaders.” As a result, people feel personally affronted by the company, when in fact UBL gives assurances that such decisions are made for technical reasons. However, affected communities are not aware of these reasons, leaving room for speculation about favoritism.

Perception 9: *‘UBL did not complete an Environmental Impact Assessment (EIA) for the pipeline passing through the Lawachara forest and corruption played a role in the company being allowed to proceed.’*

At the community level in areas near the Lawachara forest, people seem unaware of any responsibility on the part of the company to evaluate and mitigate any potential environmental harm resulting from the forest section of pipeline. They also say that with the section complete, there is little, if any, visible damage.

However, environmental groups are aware of corporate responsibilities and high international standards. They are convinced that the company opts to abide only by the least protective, local standards; that it never conducted adequate consultation; and, it never completed an Environmental Impact Assessment.² Furthermore, they allude to the project proceeding as a result of corrupt government officials providing approval in a way that sidesteps clear provisions of environmental law. Feeling ignored, these groups make claims about environmental damage. Whether or not such claims are true is secondary here to the point that credible environmentalists claim the company shirks its responsibilities.

Perception 10: *‘Living near gas operations is extremely dangerous, yet UBL shows more interest in threats to property than to people.’*

We heard from people who criticize UBL for taking an inventory of people’s assets without demonstrating an interest in their wellbeing by explaining the risks of living near gas operations.³ One villager near

¹ UBL management explains that by making small adjustments away from a straight pipeline the company actually impacted 25% fewer fields. Unfortunately, the CEP team is unable to say whether this apparent misconception on the part of one landowner is unique to him or more widespread.

² To clarify, local law requires only an Initial Environmental Evaluation before the start of work. For its work in the Lawachara area UBL says it completed both an IEE and a full EIA prior to starting pipeline construction. However, prominent environmental groups say they had no knowledge of a completed EIA.

³ The Center for Women and Children’s Studies is conducting baseline surveys on Unocal’s behalf. In communities within a three kilometer radius of the Bibiyana South Pad site, this survey includes taking an inventory of physical

Bibiyana whose homestead is in sight of the South Pad area desperately asked that UBL buy his land to spare his family from disaster. He was so frightened by the prospect of residing near a gas plant and so angered by the belief that his family is being put at risk that he threatened, "If I die, I won't go without killing someone." In another community distant from South Pad where no one's land is affected by the acquisition villagers say "everyone is afraid of a blowout." Fears are heightened in the area by knowledge of the Maguchara blowout and by people being able to see light in the night sky from two blowouts in the Tengratila field.

Perception 11: *'UBL is siding with the BNP political party.'*

Bangladesh is so politicized that it is practically impossible for a large investor like Unocal to be perceived as neutral. The clearest example of this stems from land issues in Bibiyana where the company's reliance on government to handle land acquisition has sent a message in a predominantly Awami League area that UBL works hand in glove with a "firm" D.C. who is known to represent the BNP government. Furthermore, people are aware that pressure was applied by BNP government officials at very high levels to the local BNP leader who organized community protests. The resulting perception is that UBL is aligned with the ruling party. Adding to this, there is also a perception that Oxy got the contract to develop Bibiyana under a BNP government; that it had difficulty with the subsequent Awami League Government; and now that Unocal finds things easier with the BNP back in power.

Perception 12: *'A township will be developed around the Gas field'.*

The communities of Bibiyana are convinced that a city/township will develop simultaneously with the gas plant, and that many business and employment opportunities will result. This stems from experience with other sectors of industry that are very labor intensive. These communities also believe that with the growing township land prices in the area will increase tremendously.

3. UBL MINDSETS AND ASSUMPTIONS

Like communities, company staff act and react based on their perceptions of the working environment. Making these mindsets explicit will allow the company to identify and analyze common themes between the perceptions of company staff and the community. The identification of consistent patterns can help the company understand the challenges regarding its relationship with communities and predict the negative impacts on local people.

We have categorized the mindsets around the following topics:

- The purpose of Community Relations
- Community Consultation/Communication
- Community Representation
- Community Investment
- Land

3.1. The role of Community Relations

In general, UBL operations staff believe there is an important firefighting role for Community Relations, and that they play this role reasonably well. But, people on the operations side say Community Relations could be more effective if it focused on identifying potential flashpoints in advance and on eliminating the fuel. They express a desire to see more being done to preempt situations where communities disrupt work.

assets and attributing a value to each. This is the first time UBL is taking an inventory of assets and results from the insistence of communities who also participated in defining its plan and scope.

Observations:

- § Throughout the company, it appears there is a pervasive and generally accepted idea that community relations efforts are problem-solving rather than problem-preventing. Even Community Relations staff explained that they visit drilling areas, pipeline work and plant sites daily “to see if they are having any problems.” A multi-time UBL sub-contractor stated that Community Relations had no role to play near his current worksite since “there aren’t any problems around here.” Similar observations were heard from logistics and operations staff within the company: “Community Relations mainly fights fires.”
- § The CEP team found little awareness within communities about who Community Relations staff are and what their role might be. Throughout the various communities we visited, people consistently say they haven’t had any contact with community relations staff. One Maulvibazar pipeline landowner pointed out that during the Occidental period villages in his area had regular, friendly contact with community relations and other company staff, including foreigners. By contrast, he says neither foreign nor Bangladeshi Unocal staff go to off-the-road communities.⁴ However, “Many did come to the road crossing when the road was blocked.” In Jalalabad, where community-related problems are rare and where few people are aware of UBL’s presence, the plant manager was unaware of any ongoing relations-building efforts other than those carried out by a few self-motivated employees dedicating their own time and resources. This is also due partly to the workload of CR staff. For example, during the visit most CR staff were found busy with necessary administrative issues (finance issues, distributing invitation cards and personally ensuring local participation in the Maulvibazar inaugural ceremony, guest bookings, arranging/hiring vehicles, calling vendors, etc.), which meant that none of them were found visiting the community during our time with UBL.
- § Community Relations staff are not always included in community relations issues. Two examples that arose during the visit signal that when community related matters have the potential of reaching a critical threat level to the company, community relations staff are not involved in addressing these issues.
- a. While in Srimongol visiting the Maulvibazar area the CEP team happened to be the first to receive reports about a traffic accident caused by what was thought to be a UBL vehicle and driver. The vehicle was, in fact, owned and operated by a subcontractor. However, witnesses to the accident were able to make no such distinction and assumed that UBL was responsible. No one among UBL construction staff seemed inclined to involve Community Relations, nor was Community Relations engaged after we mentioned the possibility. Instead, efforts to reach out to the victim seem to have been arranged between the Contractor and UBL’s security officer.
 - b. When protests disrupted work in Bibiyana, individuals from construction, land, security and an advisor⁵ were called on to create a closed circle of people that UBL’s President took in confidence and relied on for information. In fact, at the time of the protests and until the time of our interviews in early April, no one from Community Relations reportedly had engaged in dialog directly with any of the rice farming landowners who are affected by the South Pad land acquisition.

⁴ UBL management points out this is an interesting observation as Occidental had no program in the villages as it did not have any wells drilled in the area until the blowout at Magurcharra. Apparently, gas related planning and activities in this particular area were negligible until UBL began its well drilling in 1999, raising questions about why Occidental would have devoted time or personnel to community relations. Nevertheless, the landowner was quite clear in his account.

⁵ The role of this advisor is understood by senior management as assisting, in part, with community relations. However, others within the company do not associate this individual with the company’s Community Relations department and thus believe that Community Relations played no part in responding to the Bibiyana protests.

Consequences:

- § The consequence of a reactive approach is that the most disruptive individuals and communities wind up setting the company's Community Relations agenda. In Bibiyana, for example, where the North Pad communities are relatively calm and protests by South Pad communities have resulted in several weeks of lost work, Community Relations admits having to devote "lots of time to South Pad issues." Furthermore, the company President has had to become involved personally in resolving the land price issues underlying the protests. The problem is exaggerated by UBL finding itself caught between government implicitly applying pressure to stay on time and communities using time to leverage their demands. Concerned that "some people" were "losing their patience" and fearful that the government might resort to force, UBL is perceived by some high level staff as having succumbed to the demands of South Pad communities. A senior UBL staff member goes so far as to depict the situation this way: "Unocal is really the David here and the people are Goliath. If they stand up and demand something in protest they have all the power." For their part, the relatively peaceful communities around North Pad feel ignored or at least disadvantaged.
- § The exclusion of Community Relations staff in issues that concern them entails the risk that their position and legitimacy, both within as well as outside the organization becomes undermined. As a result, Community Relations staff become less well informed, are not put into a position where they can demonstrate they are able to "deliver", and, thus, become less effective over time.

NOTE: When accidents or work stoppages are dealt with by security staff and not by Community Relations staff, evidence from other countries shows a high likelihood that future incidents will be addressed from a security/risk mitigation perspective. This is largely because of differences in training between Community Relations and Security staff. This may not be in the best interest of UBL establishing or maintaining positive community relations and may negatively affect the company's reputation.

--Options

- § *Ensure an inclusive and coordinated pro-active company approach towards communities.* Currently, there are numerous departments of Unocal (Land, Community Relations, Operations, Security) responsible for various aspects of community relations. The coordination and communication between these groups could be improved and could be a key role for the Community Relations Department. In other words, Community Relations could focus more on helping other departments understand and improve the impact they have on communities, thus focusing less on problem solving. A more integrated approach facilitated by Community Relations would help the *whole* company work pro-actively.

The fact that multiple departments engage with community issues is positive. However, the broad-based approach stems from overlapping responsibilities and is based on personal qualities rather than on a clear job profile and company strategy. Roles and responsibilities for each department with regard to community issues, combined with training and guidance for Community Relations staff to execute their tasks effectively, will likely increase the self confidence of Community Relations staff to "deliver" good services both to the community and to the company. Also, it will decrease the time and energy of other departments that occasionally have to address community issues over and above their job descriptions.

- § *Integrate community relations aspects into the job descriptions of the various departments.* There is an opportunity for everyone within UBL, as well as for the contractors working with UBL, to understand that they all bear responsibility for avoiding community relations fires. In many instances related to inadvertent things like failing to make eye contact and driving too fast, people on the operations side can fan the flames without realizing it. Furthermore, if they feel that it is someone else's job to put out fires, they may never do their utmost to avoid them. In the event of a problem, Community Relations will do the most good if it orchestrates resolution between affected community

members and relevant operations staff. Listening to and addressing small concerns on a regular basis will help when larger problems occur.

- § *Ask for feedback from the community.* It may be worthwhile for UBL to consider seeking more systematic feedback from community members about how they wish to be engaged. For example, the company might help establish local advisory groups who can provide advice and guidance to UBL.⁶

On several occasions community members were clear about the most effective manner to engage with them. For example, as one discussion with community leaders ended we were told that, while the threatening approach taken by the D.C. on land issues was unlikely to have the desired effect, the approach of the CDA team would more likely have resulted in willing concessions. We took these comments to mean that a respectful approach, breaking down the barriers and indicators of status (actions as simple as sitting on the ground and listening rather than telling), would help UBL engage more effectively with stake-holding communities.

Other community members suggested that staff walk to villages and homesteads rather than only talking with people at locations reachable by car. They stress using language that is non-technical and easily understood by locals. When foreign staff speak a few polite phrases of Bangla it is greatly appreciated. Because sitting on chairs while villagers sit on the ground can be seen as an indication of superiority, it is recommended that company representatives not sit on chairs.

There may also be lessons to be learned from the Occidental approach. Despite the fact that a number of UBL staff assume that Occidental was well liked because it made unrealistic commitments and spent money ‘liberally,’ we also heard from villagers around Maulvibazar and Bibiyana that Occidental:

- a. Was flexible if employees needed salary advances, whereas UBL tells people they must “be patient;”
- b. Did not withhold taxes from those at the lowest pay levels (legal under the tax code);
- c. Had a (foreign) “head man” and a community relations person who, “often came to villages to talk and listen... before any problems.”

Whether this is true or not is no longer relevant. What is relevant is that people pointed out factors that, in their perception, contribute to positive engagement.

3.2 Community Consultation/Communication: “Information ‘trickles down’ and works its way up.”

Community Relations staff explain that the process for arranging a public meeting usually involves engaging public leaders, particularly the Union Chairman and Union Council members, to pick a venue and date suitable for all. They (the leaders) then invite people. Such meetings are usually not too large as staff find it difficult to control large community meetings. One assumption is that community representatives will disseminate the content of the meeting to their constituencies. Another assumption is that they are able to effectively relay information gathered from their constituents.

Observations:

- § From our discussions with villagers who typically do not know if they are invited to participate in such meetings, it is obvious that information is slow to ‘trickle down.’ Among villagers who had not participated in meetings, none knew about meeting content in any detail.
- § Related to assumptions about information trickling down is a concern that information flowing upward from communities may not be reliable. For example, in one North Pad community we were in the

⁶ A note of caution: since formal leaders at all levels in Bangladesh are said to represent personal and special interests more than the interests of the general public, UBL should exercise great care to ensure that the legitimate concerns of unrepresented community groups be heard.

midst of an open conversation with a random group of villagers when a young, well dressed man joined speaking fluent English. There was an immediate change in the open tone of the discussion. The man tried to function as a kind of filter, attempting to control what information the villagers conveyed. Even though villagers later explained they did not appreciate this young 'Londoni's' arrogance, they had asked him to approach UBL on their behalf because of his experience as a business man in London and because of his language skills. For his part, the young man displayed unveiled contempt for these villagers and their concerns. In other words, those purporting to speak on behalf of communities may provide incomplete, inaccurate or otherwise poor information.

- § Community Relations in Dhaka believes that community members should know how to contact Community Relations field staff, and, if not, that they can go to the Union Council members who know how to find UBL. However, there are three practical obstacles to this approach:
- a. Most community members have no knowledge of UBL Community Relations staff.
 - b. In general there is a deep reluctance to approach company staff for fear of being "arrested" or suffering some other form of abuse.
 - c. Given that ordinary people do not feel represented by their formal leadership and that leadership tends to control information probably as a source of power, there is little chance of a villager approaching them with concerns or questions about gas-related issues.
- § Pre-proposal information conferences are held for relatively large contracts but not for small scale supply contracting and likely not for other secondary sub-contracts. One major sub-contractor, who has had several contracts with UBL, explained pre-bid clarification conferences as covering "things about working for Unocal, like safety, environment and health policy" He specified that the conferences make "no mention of community relations."

--Options

To the extent that UBL fails to develop an ability to receive information directly from villagers, it may be limiting its sources of information to influential individuals and to Union Council members. Options to broaden participation in the consultation process include:

- § *Ensure the public character of meetings.* While Community Relations has a legitimate interest in not wanting public meetings to become unmanageable, it also has an interest in not letting community leaders control the flow of information. Evidence shows that it is well possible to organize public meetings in an effective manner, provided that some ground rules are taken into consideration. Annex B provides some suggestions for setting up such a meeting. Experiences from NGOs in Bangladesh organizing such meetings provide the following suggestions:
- Good groundwork is needed to organize a successful community meeting, and particularly for the first one in a new place. Afterwards, when people understand what a UBL meeting looks like, and if they feel a need, they will come accordingly.
 - Prior to the meeting, one or two person could have informal discussions with people as they simply walk around the area, and thus get a sense of the genuine concerns of people. At some stage the community will ask for a public meeting.
 - The time, date and venue of the meeting could be announced through microphone, rather than through the establishment. A preferable location would be an open field, where a maximum number of people could be accommodated. Light entertainment could make the audience more open and free.
 - In particular, the concerned Union Parishod (UP) and the women members should be invited, although the latter may only show up gradually.

It needs to be noted that not all meetings need to be town hall (or grass field) meetings. Rather, the point is to ensure that there are venues where direct information exchange (that is, not negotiation) can take place between UBL and local communities.

In Bibiyana, UBL states it will conduct two monthly meetings attended by Community Relations, contractors and community members. The agenda will be open. UBL sees this as one way of knowing what problems are prevalent, leading toward solutions. It also sees these meetings as a way

of avoiding perceptions that UBL is doing things “behind closed doors.” It may be an idea to make the minutes of the meeting public as an additional measure to promote maximum transparency.

- § *Use multiple means to engage.* UBL plans to use videos/DVD’s and brochures to reach a wider range of stakeholders but admits that videos are a “one-way medium.” Provided the videos and brochures themselves use language and images that can easily be understood by people at the village level⁷ and provided there is adequate time allowed for questions and answers after the videos, this may prove to be an effective means for communicating with villagers. However, we had the impression from every community group we spoke with that people sincerely appreciate personal interaction. Thus, special care should be exercised not to send a message that UBL uses videos and brochures to avoid talking with people. Perhaps a brief leaflet could be published in basic language answering the Frequently Asked Questions and clearly stating the objectives, plans and policies of UBL. Another option might be to publish posters with similar content and in highly trafficked public places.
- § *Establish a communication plan.* Many of the observations presented in this report could be positively addressed through improved communication between the company and communities. Misconceptions about residing near a gas plant, for example, result from people not having access to basic information and not having an ability to ask simple questions. On the other side, the prevalence of misconceptions in the community combined with UBL’s track record of seriously addressing grievances once the company is aware of them, indicates that there is a need for UBL to be more systematically informed about existing concerns within communities.

Ideas that have worked for companies operating elsewhere which have been visited as part of the Corporate Engagement Project include:

- Informal information evenings
 - Bulletin boards in each village explaining the company’s plans and policies
 - Communication officers that are going “door to door” to provide information and answer questions. Obviously, these staff need to have good interpersonal skills.
 - Communication bulletins or cartoon books explaining the technical process of drilling, pipeline construction
 - An information or “transparency office.”
- § *Prepare communities for the impact gas operations will have on their lives and livelihoods.* A lack of information accessible by local communities means that “all of a sudden” they see themselves confronted with the start of a new project. As part of an engagement strategy, UBL has ample opportunities to prepare communities in time for the company’s impacts. Again, other companies have used some of the following techniques:
- Video presentations in each village of what impacts can be expected and how the company plans to address them.
 - Companies have asked people from other areas where they have worked to present their personal experiences. In this case, people from MB could help inform their Bibiyana counterparts about the challenges and opportunities ahead of them.

People in the area, particularly those who are going to lose their land, should be informed in advance so that they can plan accordingly.

- § *Explain safety measures and procedures to communities.* One of the aspects of a communication plan would be to convey the message that UBL appreciates the safety concerns people have. And, that risks are kept to an absolute minimum with the chances of an accident being extremely low. Likewise, the company could work with communities to develop emergency plans similar to those it has for people living and working within its fences. For example, UBL relies on several siren tones to alert staff of various hazardous situations. The staff know how to react to each siren. Local

⁷ The sample brochures we saw were beautifully written in a style and vocabulary well beyond the level of most villagers. In other countries we have seen cartoon-type pamphlets that are very effective.

communities could also be taught to understand the differences between sirens and how to respond to each of them.

- § *Provide cultural awareness training to staff and contractors.* In Bangladesh looking people in the eye is a sign of acknowledgment, while not looking them in the eye can signify that they don't exist. Likewise, it is very much appreciated when people wave to children. Yet, most staff drive through small communities with vehicle windows rolled up and without turning to face villagers or waving to small children. These seemingly small complaints could be easily addressed through a basic understanding of cultural awareness (perhaps the training could even be contracted out to a local elder) combined with an explanation as to why such simple measures are so important.
- § *Include a community relations component in contractors' workshops.* It might be helpful to conduct workshops with local, small scale contractors to help them understand how they can compete, perhaps not for larger contracts but to become secondary sub-contractors. It might also be useful to broaden the pre-proposal information process to include smaller-scale contracts. And, in that process, to add a community relations component that explains UBL's expectations and things like *why* hiring locally and paying full salaries are so important. Some companies also include clauses in the contract that specify stipulations for contractor behavior with regard to dealing with communities. Failing to comply with these stipulations means that the contract can be terminated for breach.

3.3. Community representation: 'Formal and informal leadership represent community interests'

UBL largely works through the Union Chairman and Union Council members to engage with local communities. The assumption is that these represent community interests.

Observations

- § Villagers say that Union Council members do not speak on their behalf. We were told by an Imam, by numerous villagers and even by some leaders, albeit indirectly, that basically, no one speaks on behalf of the poor, who are the majority.
- § UBL appears to make the assumption that leaders represent communities, whereas communities essentially say that people in Bangladesh are governed more by repression than representation. On a community level, by engaging almost exclusively with those who put themselves forward as community leaders, UBL presumes that the interests and concerns of villagers are being heard. In fact, there are large categories of people whose issues are not being forwarded.
- § As a contractor to the Government, UBL does not acquire land. The central government is represented in the area by the DC, who is specifically tasked to acquire the land on behalf of Dhaka. Hence, if Unocal wishes to pay landowners more compensation, it has to pursue the DC to agree to this arrangement. For example, in the case of South Path, the tax value was 85,000 taka (\$1370) per acre and UBL managed to get the DC to agree to 500,000 taka (\$8100) per acre. That decision came during a meeting among the DC, Petrobangla, Ministry of Energy with UBL officially only observing. The 500,000 taka is "cost recoverable" which means UBL is "reimbursed" by the project contrary to *all* community development efforts, which are solely paid for by Unocal.
- § There are no effective remedies for aggrieved landowners. Landowners whose land will be acquired receive 3 separate notices, 2 of which instruct the owner to submit complaints in writing to the D.C. within a 15 day period. We were told by a senior government official dealing with land acquisition that the government uses this to "cover its back," and that affected owners have "no capacity to change the direction of events once notified. The plan has been fixed at that point." Furthermore, there is no jurisdiction in civil courts for any landowner taking action against acquisition.
- § There are no effective remedies for dispossessed lessees/sharecroppers. UBL does not compensate lessees. Under the land law of Bangladesh, owners are not allowed to lease their property. As a

result, lease-like agreements are kept informal and undocumented. Lessees, therefore, have only a loose form of verbal contract that cannot be enforced. Thus, when UBL acquires land that is being leased or sharecropped there is no mechanism to protect the lessee or sharecropper's investments. And, there is no place these people can seek assistance. In Bibiyana, UBL has committed to prioritizing sharecropping families for employment, but the fact remains that they are being dispossessed by the project without being made whole again by the company or government.

- § With specific regard to grievances about land acquisition, the notification process allows the notified owner to register complaints and should, in theory, allow for a hearing before the D.C. In practice, however, typical landowners are never given such hearings and have no capacity to dispute the acquisition. Likewise, there would seem to be no access to effective judicial remedies since civil courts have no jurisdiction to hear claims and the D.C. doubles as the final arbiter in land acquisition disputes. It is unrealistic, therefore, for UBL to expect that local institutions will deal effectively with community grievances.

--Options

UBL management is aware of the vulnerability of land-dependent people and has a corresponding sense of obligation to treat them fairly. However, more effort could be applied to making it clear to them and to the D.C. that whatever abuses of their land and rights may have occurred in the past, similar abuses will not be tolerated in relation to acquisition for and construction of the pipeline.

- § *Establish a formal grievance procedure.* There are opportunities for the company to become more systematically aware of and to act on legitimate grievances, perhaps by implementing a formal grievance procedure.
- § *Consider establishing a temporary land settlement office:* This short-term (for 3 to 4 months) office could deal only with land issues as a kind of one stop service center. The office would work like a vendor to ensure that every land case be settled within a given period of time and without manipulation or corruption. A billboard could be established in front of this temporary office stating the role of the office and what papers people need to bring or produce to receive timely payment.
- § *Learn from the HES experience.* UBL has the opportunity to develop a mechanism to help it identify and address small concerns before they become significant problems. Community Relations might borrow from the experience of HES in implementing something analogous to the safety pyramid: HES uses a pyramid to depict the ratio between "near misses" or hazards and major incidents or fatalities. If hazards go unidentified, they do not get corrected. If uncorrected, they are more likely to result in some sort of damaging accident or incident. The goal, of course is to maximize the number of 'near misses' for every major incident. With regard to Community Relations, improving information flow directly to and from communities will result in better identification of those issues likely to cause problems in the future. Ideally, Community Relations would identify and address the large majority of concerns before they could evolve into a major community incident.
- § *Ensure that concerns of the Tripura communities near the Maulvibazar well sites #4/#6 and #5 are addressed.* In Dolo Bari and Dolo Chora, pipeline rights of way will be acquired and lemon orchards will be substantially impacted by pipeline construction. In November 2004 these communities first heard of the acquisition from a surveyor who identified himself as a Unocal employee and told the people that work would 'undoubtedly' begin in January or February 2005.

On March 22 or 23, 2005 landowners received their first notices from the D.C. dated March 3. The people collectively wrote and submitted complaints and a list of trees and plants they believe will be affected. As far as we could determine, the D.C. did not respond.

- § *Consider Hindu landowners.* Communities affected by the Bibiyana field have some degree of ethnic integration that may be disrupted by the land acquisition. In speaking with one group of villagers, a

landless Muslim man explained how the Hindu sitting next to him and others had lived harmoniously in their community for generations. His friend, though, will lose about 1.5 acres and is not likely to find another place where he and his family will be welcomed. This may not be unique to Muslim-Hindu communities.

With regard to integrated Hindu landowners who will be dispossessed, UBL might explore options for ensuring that this small number of affected people somehow manages to remain in their communities, probably by finding nearby replacement land or by finding an alternate, sustainable livelihood.

- § *Include broader community groups currently not part of UBL engagement.* There are opportunities for UBL to make a deliberate effort to reach out to important groups in society with whom the company is currently not in touch and who are affected by the company's activities. We list the following groups to raise the awareness and in order for Community Relations to reach out to them to learn firsthand about their perceived impacts of the company's activities.

a. Women

Women community members, on the whole, tend to have less positive to say about UBL's presence than their male counterparts. Likewise, they do not have proportional representation in local governance. Thus, they are likely to gain less than men from the long term presence of the company. In fact, by not recognizing existing inequities, the company is likely to reinforce women's disadvantages. Community Relations staff recognize this shortcoming. However, the problem remains, as indicated by the following three examples:

- a. Bibiyana communities compiled a list of nine demands (including a hundred-bed hospital) posed to UBL and the government. Women were not included in the articulation of these demands. Although the area is conservative, this does not necessarily mean that women are fully confined in their homesteads and cannot be brought to meetings. Logistical considerations such as separate seating arrangements during the meeting, some sorts of toilet and transport facilities would go a long way in reaching out to women.
- b. The three women members of one Union Council were not invited to land acquisition meetings in Bibiyana because their husbands said they were "busy with household things."
- c. One community relations officer pointed to Bangladeshi culture as the reason women "never" attend public meetings.

In one discussion with a group of women in Kalapur near the Maulvibazar plant, they specified domestic gas, the hazards to their children posed by vehicle traffic and disrespect such as not making eye contact, not rolling windows down, and not waving to children as their key areas of concern. While these are important points in their own right, they are also noteworthy in that men very rarely raise the same points. In the Bibiyana North Pad area women were the only ones to mention domestic gas and health care, while men are primarily focused on accessing jobs. Put simply, discussions that include women and discussions exclusively with women generate information about perspectives alive in the community that may otherwise not be revealed.

b. Sharecroppers

Sharecroppers are those that in exchange for the use of land, pay the owner 50% of the harvest. In general they work on a season by season basis and have no enforceable rights.

UBL has committed to prioritizing sharecroppers who are affected by the Bibiyana South Pad acquisition for jobs. However, these people are highly skeptical about receiving anything to offset their losses. "We will see if there are jobs for us," they say, "and if not, we will ask for rice. If not, we will fight." They are also pessimistic about finding nearby land to sharecrop.

However, in a Bibiyana community more distant from the South Pad where no one is directly affected by land acquisition villagers say that displaced sharecroppers should be able to find land to sharecrop in communities like theirs.

c. Service providers

We spoke with people who earn their living by providing agricultural services such as tilling fields and threshing rice. Some own their equipment while others do not. A significant number, although it is difficult to predict how many, will lose most or all of their customers as a result of the South Pad acquisition. Others told us of how they support families and find places to live by offering domestic services to relatively well-off people whose land will be acquired for South Pad. These landowners, they say, are likely to take their money and leave the area. Less service work will mean lost income and housing.

d. Gatherers

It is quite common in Bangladesh that the extremely poor, especially women, obtain much of their food by gathering what rice is left behind after each harvest. We spoke with individuals who are concerned that the loss of 50 cultivated acres for South Pad will have a severe, negative affect on their families.

NOTE: As Community Relations engages with these groups staff should be acutely alert to extreme coping strategies. We were told by people around Bibiyana from a number of these categories that they expect desperate times as a result of the land acquisition and that they may be forced to sell their cattle and their agricultural tools in order to survive. When people with very few assets begin selling them to survive, this indicates extreme vulnerability. Fellow villagers will be aware of who among them may be nearing this level of desperation and effective communication should reveal who they are. UBL should prioritize people in this situation for an appropriate form of assistance that helps them maintain or find new livelihoods.

Options

- § *Ensure that women are part of the UBL community relations team.* From our discussions with women, their access to information seems particularly limited. It would be useful for UBL to create an environment where women would also have access to Community Relations and contractors without feeling constrained by the presence of village men. This may require hiring or contracting women who can facilitate.
- § *Signal that hearing the women's voice is important to UBL.* Naturally, female participation needs to occur in a culturally appropriate manner. However, multiple opportunities present themselves to UBL to signal that it is important to the company to hear women's perspectives. For example, if women are part of the Union Council, UBL could insist that they meet with all members of the Council to ensure that information is indeed reaching women and to learn from the women's perspectives.
- § *Help sharecroppers in finding alternative lands and consider increasing their job opportunities beyond construction.* It may be possible, given UBL's easier access to leadership and broader geographic areas, for the company to help sharecroppers determine where other lands are available.

Assuming not all sharecroppers will find other lands, UBL should be realistic about the jobs sharecroppers might get. These people are unlikely to get skilled positions and they are unlikely to be employed much longer than the construction period. Employment, therefore, should not be cast as a permanent substitute for sharecropping.

3.4 Community investments: 'Communities are a source of endless demands and it is best to address these through tangible assistance'

Observations:

- § UBL Community Relations sees its biggest challenge as managing the needs of communities that "think they need to continue pushing us to maximize results." The company sees the baseline demographic and socio-economic surveys being conducted by the Center for Women and Children's Studies as, in part, helping them avoid directly engaging with people to understand their needs and concerns. Instead, from the data, they hope to understand the core needs of communities in order to help in designing Community Development efforts, which are seen as part of a broader CSR plan.
- § Presumably, when UBL donates something to a community it would like not only to improve lives in the short term but also to enhance community relations in the process. Yet, it is not clear this goal is always achieved: In Kalapur, near the Maulvibazar plant site, a school has been reconstructed and furniture and a prayer area have been provided. Also, a High School football field was constructed. Yet, no one in this community mentioned or associated these efforts with the company when we asked about company involvement in the community.
- § UBL has devoted considerable resources to improving education infrastructure in a number of communities based on the assumption that improving education is related to improving schools. For villagers, though, better school facilities alone are unlikely to improve education and, more importantly, are unlikely to increase employment opportunities. People in villages and others familiar with education say the presence and quality of teachers, particularly at the elementary level, is more beneficial than the quantity and quality of schools. It is reportedly quite common for teachers to spend the first few minutes of a school day taking attendance. Then many send the pupils home and spend the rest of the day in private, more lucrative tutoring sessions.

--Options

- § *Separate Community Relations approach from a Community Development approach.* UBL wants to demonstrate its commitment to Corporate Social Responsibility through engaging in community development. However, using third parties to identify people's needs means that no dialogue takes place. Although it can be useful to seek partnerships with specialized NGOs for their community development activities, such contracted activities cannot substitute for ongoing community relations efforts, implemented by company staff. Community Relations staff should be tasked with informing people about company activities, getting community input, learning about their concerns, etcetera. Community Development staff (or specialized third parties) should engage to determine communities' developmental priorities. Thus, people will see Community Relations staff as sources of information and avenues for concerns and grievances, and Community Development as the venue to discuss programs and activities.
- § *Use donations as a means to organize people, to enhance their capacities and, thus, to maximize impact.* UBL gave truckloads of wood, most of it high quality, to a Garo ethnic village located inside a tea plantation near the Maulvibazar plant site. However, people in the village describe the distribution process as a free-for-all where some got much more than others (we had no indication that this led to jealousy or conflict within the village). Due to the donation, one carpenter in town now has more work than he is able to complete making windows and doors for villagers with the wood. While the wood donation was generous, in the future, Unocal could also use such donations to facilitate local communities devising their own process for determining who would receive the wood. Thus, the wood would become a means to build community leadership, consensus, decision making, etc. Alternatively, since Unocal has both the wood and carpenters, the company could use the resource to engage with local youth, bringing them to the plant site to work with company carpenters in a kind of short-term apprenticeship (which currently does not happen because of "mistrust" and a desire to be paid), thus increasing their job prospects.

- § *Design a community investment strategy based on an initial and thorough context analysis.* One UBL manager who is Bangladeshi gave us his thoughts on how Community Relations could be more helpful in avoiding costly problems: “Community Relations should not begin and end with a school and an eye clinic. It should be an everyday presence interacting with people on the ground and understanding their problems.”
- § *Shift the mindset from doing it yourself to “making it happen.”* Similar to the wood donation example, UBL has different options to think about how it can affect access to quality education and medical services available to the population, other than building infrastructure. In our scoping report, we mentioned the following options:
- a) Assess what people hope to achieve through greater access to education / traditional schooling. For example, Unocal could develop other ways to support empowerment; e.g., through workshops on leadership, supporting civil society groups, targeted forms of education, etc.
 - b) Support a limited amount of children through scholarships and provision of uniforms, pens and notebooks.
 - c) Use its economic and political leverage to encourage the Government to allocate more resources (e.g., as part of the gas revenues) to education.
 - d) Set up partnerships with NGOs or civil society groups to make better education more accessible to marginalized groups.
 - e) Focus on partnering with the government in building more capacity to provide education.

During this visit, the following ideas were brought forward:

- f) Provide training in health clinics and outposts. UBL has engaged with the NGO NSDP to improve health services around Bibiyana, first by establishing a health clinic and 36 outposts surrounding the South Pad area. However, thus far the outposts are envisioned only as dispensaries without a training component. Unocal could also include the training component in its program.
 - g) Focus more on skills and mobilization. One Unocal contract worker in Jalalabad has conducted first aid and CPR training in a local school and has been developing a simple first aid training booklet in Bangladeshi. He is also considering teaching the ‘signs and symptoms’ of things like stroke and heart attack so that people will seek care sooner, possibly minimizing damage. With very little investment many lives might be saved. Such efforts could be encouraged, formally supported, and replicated elsewhere.
 - h) Other ideas include: driver training for ambulance drivers; first aid/first responder training for ambulance drivers and attendants who could receive some sort of certification; it might be possible to conduct such activities with the assistance of the local doctors retained by Unocal.
- § *Apply a tripartite approach.* In general, companies find it valuable to partner with government⁸ and communities to get the most from limited resources and to achieve more sustainable community development. UBL can function as an agent of economic development in the areas where it operates. However, the government should have a leading role with specific efforts being designed in a way that incorporates communities and requires their involvement. UBL, with its daily presence in gas-affected communities and its ties to government, could play a coordinating role helping communities prioritize genuine needs while identifying and reaching out to relevant government entities. We often hear that government officials are reluctant to do what is not required of them. However, if properly proposed, tripartite projects can increase an official’s local legitimacy while casting him in a positive light with his superiors. Adopting a tripartite approach will counter the perception that UBL is a social service provider in its own right, while more effectively advancing the company’s goal of improving people’s lives.

⁸ Under exceptional circumstances, specialized and reputable NGOs can substitute for government. This is not ideal, however, since it perpetuates a pattern of government failing to meet its responsibilities and should thus be avoided whenever possible.

3.5. Land; 'Land use and value will be the same before and after pipeline construction. Or, UBL will ensure that losses will be reimbursed through compensation.'

Observations

- § UBL maintains that continuing complaints from rice farmers about pipeline land acquisition are only partly valid since farmers can still use the land they are compensated for after pipeline completion. While it is true that rice can be grown over the permanent right of way, farmers say it is also true that:
- a. they believe the crop can be destroyed at any time to access the pipe and without compensation;
 - b. the land can no longer be sold as a single parcel and separate parcels are worth less;
 - c. the land is sometimes divided in a manner that makes at least one piece undesirable and unmarketable;
 - d. a structure can never be built on the right of way.
 - e. trees cannot be planted on the right of way.

Thus, rice farming landowners affected by pipelines feel that the land price and rehabilitation and compensation allowances they receive are inadequate to offset the longer term impacts. This is exacerbated by the perception that the company has no interest in their concerns after pipeline completion.

- § Especially in Bibiyana South Pad people's entire landholdings are being permanently acquired for construction of the gas plant. UBL is fully aware of the risk that large cash payments to otherwise poor land owners will simply be spent on short term items, leaving little or nothing for long term livelihoods. Making the situation more difficult, people generally agree that no replacement land is available at the prices being paid for acquisition. And, people are concerned that if they receive several payments rather than a lump sum they will be unable to reinvest.
- § Land acquisition prices are a standard mean price determined by averaging registered sale prices over the previous 12 months within the same Mouza (roughly equivalent to the village). Unocal recognizes the lack of fairness in this process but seems to feel that uniformly offering additional compensation and rehabilitation payments rectifies the problem. While this approach brings the mean closer to fair market value (and can even exceed market value), it does little to account for local variations in land value, which can be significant. Roadside land, for example, has a much higher market value as a potential business or automobile-accessible home site than land distant from a paved road. We were told one story of a man with little money whose plan was to sell his small piece of roadside land to send one son abroad and to help the other in establishing a small enterprise. With the pipeline dissecting his property this will be impossible and the amount of payment offered is negligible in comparison with the lost value. This failure to offer varied compensation where land values vary leaves communities with the general impression that people are being "cheated."
- § Encouraged by the Minister of Energy to allow the District Commissioner to handle acquisitions, UBL assumed that the D.C.'s office would acquire South Pad land without the use of force and facilitate work starting on time. Despite a significant increase in the amount of money offered to landowners, which coincided with construction work being allowed to resume by landowners who had caused a work stoppage, important problems remain unresolved.

While agreement to allow work to proceed did coincide with an increase in the amount offered from 84,000 taka (US\$1,354) to 500,000 taka (US\$8,065), several points suggest that the increased amount may not represent a final solution. The following are contributing factors that allowed operations to restart:

- the D.C. threateningly reminded the communities of how similar issues have been resolved by troops;

- he also publicly threatened to have the leader of the protests, a former Union Chairman, arrested; the same community leader was pressured to relent by the national leadership of his political party;
- several groups mentioned their willingness to let work proceed only because they believe the D.C. has committed to getting the final payment amount closer to their demand of 1.5 million taka (US\$24,193).

We were also told no one will collect payment until the amount offered is 1.5 million taka; and that work was only allowed to resume “temporarily.” UBL staff familiar with the local situation suggest that the clearest indication of problems being resolved will be whether people begin collecting payment.

- § Furthermore, we were told that North Pad communities are now hoping to take advantage of the momentum generated by the protests at South Pad. While land acquisition in the North area was conducted privately by Occidental in 1997, the North has its own demands not related to land which are beginning to merge with those of the South. A UBL person who has first hand knowledge of the South Pad land disputes said that, while “two separate sets of problems could have been dealt with independently,” there is a situation now emerging where “South and North Pad people are beginning to work together.” One example is the list of nine demands that was apparently first articulated by the communities around North Pad but has since been adopted by South Pad communities.
- § UBL agrees with communities that the government system of calculating acquisition prices produces unfair results. The company feels that the gap between the government price and market price is particularly large in Bibiyana. However, staff say they are under legal constraints and government pressure to accept official pricing. But, when the company leaves pricing entirely to the government, protests ensue. As a result, UBL is using rehabilitation and compensation payments to increase the overall amount paid to landowners. Government, though, prefers to limit adjustment of the price upward as, they say, it creates a precedent the government would like to avoid. One high level official familiar with land acquisition scoffed at the suggestion that the process be informed by rights considerations, stating instead that such concerns are ill-suited to the business environment in Bangladesh. UBL has committed to a combined acquisition price of 500,000 taka per acre for land in Bibiyana’s South Pad area. But, there remains roughly 50 linear kilometers of pipeline land to be acquired and it is not clear that the pricing process will be any smoother. In the North Pad area one person told us that his land will be affected by the gathering pipeline linking North Pad with South Pad. He believes the value of his land to be about 833,000 per acre whereas the government says the price is around 103,000 per acre. This was the only occasion we heard anything specific about acquisition for the pipeline and we are thus in no position to offer any comment on the accuracy of amounts mentioned. Given recent events in Bibiyana, though, discrepancies between government and actual prices are probably significant.
- § Most payment issues in Maulvibazar have been resolved and if there will be problems in Bibiyana they have yet to emerge because people are holding out for further increases. It does seem likely that problems with registration (see the section on Registration Problems below) will cause difficulties for people in collecting payment. UBL says it will extend assistance if necessary to affected landowners in Bibiyana the same way it has assisted owners in Maulvibazar, providing legal advice and accompanying people to the land office so that they can collect payment without being forced to pay bribes. Since the land office is located far from Bibiyana and as there may be as many as two thousand landowners involve, logistics may become a real factor in addressing emerging challenges.
- § Generally in Bangladesh, rightful land heirs often do not become legally registered owners. They can be deterred by a combination of bribery, taxation, inconvenience, inability and a number of other factors. This hinders the ability of people whose land is acquired for gas-related activities from receiving payment and compensation. We spoke with one landowner affected by the MB pipeline system who has yet to collect any form of payment because the most recent deed is registered (*namjari*) in his deceased grandfather’s name, even though actual possession has since transferred twice, once to his father and a second time to him and his brothers.

§ In the Maulvibazar area we heard of many people with registration problems receiving their land payments from the government land office only after paying bribes. The bribe amounts are said to be proportional to the amount of payment due. Thus, for an owner whose land is minimally affected, the required bribe is small. But, for lands largely affected, the bribes are larger. In effect, the negative impacts of land acquisition are compounded for those who lose more land. Thus, in its effort to ensure fairness for individual landowners, UBL may have to exercise special care in those instances where officials are most likely to engage in corruption.

--Options

There are a number of lessons learned that would benefit UBL during its next phase of land acquisition.

- § *Design an internal policy for dealing with future acquisitions.* Such a policy would include a mechanism for determining fair market values, adjusting for varied locations and quality as well as price increases that result from the removal of similar land from the market.⁹ The policy would also include a detailed timeline that specifies when values should be assessed, when Community Relations should engage with affected landowners, and how aggrieved owners can effectively voice their concerns. The additional costs of designing and implementing such a policy would be negligible in comparison with the cost of time loss incidents resulting from community unrest.
- § *Discuss with landowners about preferred payment options.* Beyond providing assistance in dealing with potentially corrupt officials, communities around Bibiyana request that money be distributed in a single payment to each landowner. Having a lump sum, they say, decreases the likelihood that the money will be spent on immediate needs and increases an affected owner's chances of purchasing new land or a business. To ensure that people receive full, timely payment, community members suggest scheduling collection times when UBL can assist specific groups of individuals in collecting payment.
- § *Monitor payment by the D.C.'s office.* UBL seems committed to not letting affected landowners fall through the cracks. One way of ensuring this would be to catalog those who get help and those who complete the process, while also keeping careful tabs on those who have not received payment, continuously reaching out to them rather than assuming they will ask for help. Since telephone and other forms of communication can be unreliable, it would be helpful for landowners to know when and where they can receive assistance from UBL. Keeping promises to provide that assistance will be essential to maintaining good relations.
- § *Offer advice on how compensated landowners can re-invest sustainably.* UBL can offer farmers advice directly or through trusted third parties on how to help ensure that people reinvest productively. Without such a commitment, the company may face enduring criticism that it has displaced landowners without working to help them reestablish themselves. An opportunity exists here to engage with civil society groups that have expertise in savings plans and financial advising.
- § *Ensure that the company is aware of the market value of land and other properties.* Even the District Commissioner for Habiganj suggested, "Unocal should engage with people prior to submitting their proposal. They should know the real market price ahead of time and plan to pay the difference between the legal acquisition price and the real value in the form of rehabilitation and compensation." Just prior to the initial land survey UBL could also survey the market value of land and other property likely to be affected. Knowing the "real" market price could inform UBL's position during the District Land Allocation Committee meeting. To its credit, it was largely because UBL's efforts that the price for land went up from 84,000 Taka to 500,000 Taka. Even though the acquisition price is determined

⁹ The Bibiyana South Pad acquisition removes 50 acres of land from the total amount available for rice farming. It is unknown how substantial of impact this will have on local land prices.

later, and while UBL cannot change the calculus required to determine the price,¹⁰ this would be an opportune time when UBL could, at the very least, convey its position on fair payment and its resolute opposition to the use of force. Otherwise, the company risks being required again to devote scarce resources in a way that sends a message of rewarding obstructionism.

- § *Manage expectations rather than hoping to avoid elevated expectations.* Since UBL is likely to first contact a community during the initial land survey, this is a critical point for Community Relations to be involved. While UBL fears creating false expectations, communities say they have an even worse fear of the unknown. They speculate and become very agitated getting no answers to the questions and concerns they have. This can be when leaders begin to emerge who can help a community articulate demands or plan obstructions. In short, by trying to avoid elevated expectations, UBL misses an opportunity to manage them.
- § *Ensure there is a feedback mechanism that re-assures that grievances are addressed in the perception of people.* UBL should not have to wait for people to collect payment to know if the South Pad situation has been resolved. Likewise, if the collection of payment may be a sign more of resignation than resolution, UBL may have to deal with residual animosity for years to come. Experiences with other companies in other countries has shown that unresolved land acquisition grievances tend to reemerge over and over, often taking on other forms. Hence the importance of establishing a mechanism that re-assures the company that grievances have been properly dealt with, not only from a technical perspective but also in the perception of people.
- § *Ensure that people get a realistic picture of the future.* Most local people have exaggerated ideas about how gas plants operate after the upheaval of construction and thus similarly have exaggerated ideas about the future of local development resulting from gas production. Community Relations staff should work closely to bring hopes more in line with reality. Otherwise neither government nor UBL will be able to fulfill the various demands, high land prices being one of them.

4. KEY ISSUE and GENERAL CONCERNS

This section addresses general areas of concern regarding UBL's impact on Bangladeshi communities that might be relevant for company management. While there is some overlap with previous sections, the analysis and options presented are meant to apply more broadly than to the correction of particular misconceptions and mindsets.

4.1. Strategies for dealing with the environmental challenges

Observations

- § With regard to unpaid damages for Magurchara, UBL says that the damages demanded by government are unreasonably high and that it has offered to pay two times the amount determined by an international company it hired to conduct an assessment. According to UBL, the Department of Environment declined the offer, responding that it would prefer to have a separate independent assessment done. But, after several years no such action has been taken. Environmental groups suggest that if UBL can pressure government to allow a pipeline through the Lawachara Forest,¹¹ it certainly has the leverage to pressure government to negotiate a reasonable settlement for

¹⁰ While it is true that the method for determining the acquisition price is fixed by law, there is some room for flexibility. Most adjustments have been made by shifting the levels of compensation and rehabilitation. It may also be possible to argue for the inclusion of outliers in determining the mean price, thus adjusting the price upward.

¹¹ UBL asserts that it initially proposed three alternate routes for the pipeline and that it was the Forest Department which suggested a fourth route passing through the forest. It is noteworthy that environmental groups believe, apparently in error, that the chosen route originated with UBL.

Magurchara. As part of the legacy created by not paying, environmentalists say that since neither Occidental nor UBL has paid, there is no reason to believe the company will pay in the event of an accident in the future.

- § UBL recently completed construction of a section of Maulvibazar system pipeline that traverses the Lawachara Forest, a National Park. Environmental groups erroneously believe a legally required Environmental Impact Assessment (EIA) was started but never completed for the project. In addition they contend that public consultation was left out of the Initial Environmental Examination (IEE) and was entirely inadequate for an EIA. Few Dhaka stakeholders were apparently consulted. UBL says it consulted people in Srimongol, the nearest large town. Critics say this included only the local elite.
- § There are varying reports from different sources about damage done to the forest during construction. While UBL claims that only two trees were cut during construction, NGOs and contracting staff estimate the actual number to be higher. Since there was no independent environmental monitoring process in place during construction, the exact impact is still subject to debate.
- § There is consensus that illegal logging has increased simultaneously with UBL activity in the Maulvibazar area. How this relates to the company's presence is not clear, however. In a neighboring Khashia village, where this distinct ethnic group depends on trees for its traditional livelihood, there is a perception that the increase in gas activity has brought a corresponding increase in logging. We also heard that Divisional Forest officials, broadly understood to be complicit in illegal logging, orchestrated the increase to coincide with UBL activities to create the impression that gas development somehow stimulated more logging.

To its credit, UBL attempted to engage with IUCN, a well-respected international environmental NGO for purposes of monitoring Lawachara activities. IUCN felt that any formal monitoring or advisory role related to the Lawachara Forest needed to be sanctioned by the Bangladeshi government, which neither UBL nor IUCN believed would be forthcoming at this point.

Consequence/Analysis

- § External perceptions about the company's environmental responsibility are compounding, while the company seems to believe that it will be judged on the separate merits of each aspect of its operations. For example, criticism about how the company approaches pipeline construction through Lawachara may stem as much from how it deals with Magurchara damages compensation (as a national issue) as from actual construction.
- § UBL says it cannot find "reputable" partners among environmental NGOs with whom it can engage constructively. However, what UBL considers "reputable" is subjective and has little to do with an NGO's ability to influence public opinion. For example, the company has been hesitant to actively engage with the Bangladesh Environmental Lawyer's Association (BELA) and has been discouraged from doing so by the Ministry of Energy even though the organization is the local chapter of Friends of the Earth, a well known international NGO. As a consequence, by not finding common ground with internationally recognized NGOs, reputable or not, UBL is fostering an adversarial environment where its every move is watched for the slightest sign of acting against the public interest, the environment or both.

Options

- § *Demonstrate UBL's commitment to environmental responsibility.* UBL tends to respond to each environmental issue independently from others. In contrast, environmental NGOs are judging the company based on the pattern of its actions, or perceived inaction, regarding environmental concerns generally. As a result, UBL now seems to be hoping that with the Lawachara pipe complete, most criticism will subside; whereas, environmental groups consider UBL's approach in dealing with that project to be an additional indicator that the company is disinclined to observe high standards. A first

step to preempt this compounding criticism is to conduct and communicate a definitive analysis of the company's stance on relevant environmental issues.

- § *Engage with environmental groups.* Invite even those groups which the company feels are not reputable to engage in open dialog about concerns and disputed facts. By allowing environmental groups the option of participating, UBL would make it difficult for them to cast the company as being closed and unreasonable. Equally important, engagement would provide UBL the opportunity to get to know the perspectives of these NGOs which may have good ideas about what the company needs to do to demonstrate its commitment to environmental responsibility.

Organize a national level meeting with key stakeholders that would facilitate the sharing of positions and information. For example, environmental groups would like to see UBL be more proactive in encouraging governmental transparency. They specify:

- publicizing the EIA for Lawachara
- publicizing the terms of production sharing agreements
- clarifying how people can deal with grievances

- § *Establish or support an existing independent environmental monitoring system.* Even though the Lawachara project has been finalized, environmental issues will likely keep facing the company. In order to deal with these, there is an opportunity to establish an independent mechanism that can verify environmental compliance. This group needs to be independent, credible and preferably include local villagers that can be trained in environmental monitoring. Sub-contracting with either the Environment Department of Dhaka University or the Forestry Department of Chittagong University could be an option to outsource the job for an annual monitoring and publishing of reports. An even more constructive idea would be to look at the possibility to work with an existing NGO working in Lawachara called the Nishorgo Foundation. The point is that with the involvement of respected institutions, activist groups would be less likely to voice unfounded criticism.

4.2. Strategies for dealing with the Police

As in any corporate operation, it is necessary for UBL to maintain a working relationship with the police. This relationship includes incident response planning and ensuring the capacity to protect staff and equipment from unforeseen risks. However, the way this relationship is developing in Bibiyana, in particular, merits several points of caution.

- § It is still unclear if the security and threat level to UBL's staff and operations merit security measures such as (armed) police escorts. Whereas security experts will have to determine the proportionality of the measures, the current approach effectively increased the distance between the company and the community. For example, community members repeatedly and consistently mention that they will not speak openly to UBL staff in the presence of the police.
- § Evidence shows that some community related issues are addressed by security officers, not community relations officers.
- § UBL has agreed to provide barracks, located 7km from site, and a vehicle for a special police contingent assigned to the area. While such support is not unusual, there is always a risk that, in the event of the use of force, the company will be associated with any abuses. For example, threats of violence have already been applied. In addition, one high ranking official told us that there is no space in the land acquisition process for human rights considerations, and, UBL admits having "no control over the police."

The special force to be provided will be comprised of reserve police. These were described to us by high ranking police as, "the newest recruits; young, inexperienced, courageous, and the least restrained." On the other hand, they will be directly supervised by experienced officers. And, UBL security intends to play an active role in training this contingent.

--Options

Clarify expectations of behavior. Establish an understanding that specifies what UBL will provide, how it expects this support to be deployed, and what sorts of related activities UBL considers unacceptable. A strong example was set by the company President's principled response to South Pad land acquisition problems. The policy of refusing to work on land acquired legally but forcefully sends a powerful message and could transfer to other aspects of government relations. Doing this consistently would decrease the occurrence of government abuses and the likelihood of UBL being associated with them.

For example, one expert suggested that the vehicle should be provided in a way that limits UBL's connection to it. UBL should, in no way, be accountable for how the police opt to use this vehicle.

UBL may want to beware of high ranking police who simultaneously promise "being at Unocal's demand" while also hinting at having "limited resources." Both are probably true, but stated in conjunction they may forecast requests for more resources in the future.

NOTE: Ensure that company-related vehicles and other infrastructure are not used to commit human rights abuses. There are numerous cases both in Bangladesh as well as internationally where companies donated vehicles to politicians or the army/police. In such cases, the company reputation is directly linked to the reputation of the user, or how the vehicles are used. For example, several companies currently face court cases (in criminal court) because "their" vehicles were used by the police or army to commit human rights abuses. In other instances, such donations were perceived as bribes, thus impacting the reputation of the company. Hence, donations of vehicles to security forces leave the company extremely vulnerable as it 'knowingly' has little control over how, by whom, and for what purposes such vehicles are used.

4.3. Media/Public Relations

There seems to be a general trend in Bangladesh's print media to blame gas producers for not meeting the country's growing energy demands. And, certain editorial boards seem to consider UBL as the largest foreign investor a prime target for raking over the environmental coals, especially regarding the Lawachara Forest section of pipeline. UBL though, says it does not want to engage in tit for tat with people who "buy their ink by the barrel." Furthermore, UBL has tried to have its side of the Lawachara forest story told by accompanying journalists to the area so that they could see for themselves what the impact was. Afterward, none of their papers ran stories about the visit.

--Options

Use local newspapers. While helping journalists to see things for themselves may not be effective and countering editorials with more editorials may not be desirable, an advertising campaign using local press may be a viable option. A leading environmental group even suggested that UBL publish ads in newspapers being "honest about its roles, limitations, risks and benefits." The CEP team found that national newspapers are more popular than local newspapers. This might at least cause people to question the accuracy of otherwise unchallenged opinion pieces.

4.4. Tea Estates

The Jalalabad and Maulvibazar plant sites, as well as significant sections of pipeline and some well sites, are located within or near tea estates. These estates are understood to have a "special" status in Bangladesh that allows them to operate in a manner that remains largely unchanged since colonial times. The treatment of estate residents by management might be generously described as paternalistic. In more critical terms, the status of residents borders on serfdom. Estate managers claim to provide paying work for all inhabitants over 15 years old.¹² The pay rate is 28 or 29 Taka per day (less than 50 US

¹² Residents dispute that sufficient work is available.

cents), but this is considered part of a package that also includes housing, subsidized food, health care and education.¹³ In exchange, management expects that residents will not accept paying work outside the estate. Residents explain that they are “bound” to work on the estate. In one tea community we were told that if someone were to leave seeking day labor the estate guard would bring him back. Estate managers express discontent over contractors hiring residents, complaining that these individuals are essentially being paid twice and can thus afford to accept lower wages than other Bangladeshis. They suggest, therefore, that from a community development perspective employment opportunities would do more good if offered to non-tea communities.

This, of course, is a summary description of a very complex and controversial component of the Bangladesh work environment. To its credit, UBL does seem to be aware of tea estate conditions. However, it is unclear whether all senior company managers recognize how distinct these estates are relative to other Bangladeshi communities, and whether UBL has appropriate policies for dealing with them.

--Options

Work to improve conditions on the estates. Geology dictates that the company work within the estates, making UBL susceptible to suggestions that it condones and benefits from the estate system. Given Unocal’s vision of improving lives the company leaves itself vulnerable to criticism when communities less than a quarter of a mile from a plant live under highly difficult conditions. The company might do well, for example, to engage the estates for substantial community investment. One tea garden manager suggested that it might be worthwhile to open a dialog with senior tea company management at the Dhaka level about improving general conditions on the estates. It is possible that this person perceives a need for change but sees UBL management as being better positioned to set the wheels in motion.

In one instance a Catholic mission based in Srimongol and supported in part by UBL has been providing education within a local tea estate. This, and other activities like it, provide UBL an opening to implement a tripartite approach on an increased scale.

¹³ We were told by families that they build their own homes and have to provide the materials themselves. In most cases, the quality of social services is said to be quite poor; the exception being where outside groups are allowed to supplement the provision of education and health care.

Appendix A. Bibiyana land acquisition in more detail.

The following summary of events surrounding protests over Bibiyana land acquisition may help solidify understanding about why things went wrong:

Experienced UBL staff told us that it was obvious that the price offered by government would be unacceptable, that the owners were resolute, that D.C. pressure alone would be insufficient, and that lost time was easily predictable. Moreover, a consultant did a survey on land values. A number of concerns including the time spent and methods employed make the accuracy of the consultant's report highly doubtful. Nevertheless, the report suggests that the government's price of 84,000 taka per acre is extremely low, possibly as low as one tenth the actual market value.

It may be that some confusion resulted from "whisperings" within the communities that an acceptable price would be 125,000 taka. Some speculate that this is why the D.C. proceeded confidently. However, what seems to have been 'whispered' is that people would accept 125,000 taka *per care* (1 care being 30 decimals or .3 acres). The government, though, calculates acquisition price by full acres. There is some cause to doubt that the D.C. ever considered the government's price to be reasonable, however, since he saw fit to take a "truckload" of police to inform the community about payment and compensation.

Prior to the public being notified about the 84,000 taka price and prior to resulting disruptions, UBL apparently participated in a number of meetings with the D.C. at Habiganj. However, the company held no meetings with the affected landowners. The UBL strategy was to defer to government, having been instructed to keep its distance from the acquisition process. In his first meeting with South Pad communities the D.C. informed people of the 84,000 taka price. Attendees forcefully made it clear that the price was unacceptable. He returned 4 or 5 days later with a number of senior UBL staff to inform people that the law allowed no further discussion on price and to ask that work be allowed to proceed. While 'approval' was apparently granted for work to begin the next day, this second meeting was described to us as a "farce," as "hasty," and as "one-sided." According to one UBL staff member, there was no prior announcement, nor would the D.C. allow his presence to be announced by loudspeaker; only 30-40 people attended, compared with 200 or more at the first meeting; of those attending, most reportedly were not affected landowners but rather were curious bystanders interested in obtaining work.

The communities, including the affected owners, held their own meeting that evening and another again the next morning, becoming perhaps more resolute not to allow work to proceed. Work, which began in the morning, was halted again at 5pm not to begin again for another week. The following day UBL learned that its earthwork sub-contractor received threats about equipment being damaged. Around this time the UBL President became directly involved, ultimately making several visits to the area until a total price of 500,000 taka per acre (purchase + compensation and rehabilitation) was offered.

Appendix B. “How-to” Suggestions on Organizing Public Information Meetings

Objective

- § People simply want to know ordinary things about the company. They want the company to be their neighbor and they want to be a neighbor to the company. An informal public meeting aimed at sharing information serves as a major trust builder in which the company demonstrates transparency and respect for local stakeholders.
- § Most community members have no venue to learn about the company in an informal manner while they have great interest in the company’s plan.
- § Insufficient flow of information leads to (sometimes instigated) rumors, jealousy and grievances that can easily be mobilized against the company.

Venue

- § NOT at the company premises (this can be perceived as arrogance).
- § Preferably in the village (public hall, school, local government premises) or, if needed at a neutral third party venue (University or hotel in a third location). Provide transportation if appropriate.

With whom

- § Seek wide community representation by inviting everyone from a particular community. Agree with village elders that they ensure that outsiders, with potential to disturb the meeting, are kept “under control.”
- § Ensure that minorities and marginalized groups feel invited (despite the chance that the “elites” may discourage them to attend).

When

- § Security permitting, organize the meeting during a time of day when most people can attend (e.g., during the evening).

Preparation

- § Ensure that all people are informed about the event in time so that they can prepare themselves.
- § If needed, use alternative means to publicize the meeting (bulletin boards, fishing associations, markets, mosques, churches, etc.). Using the “usual” channels in the assumption that news will trickle down may not be sufficient.
- § State the purpose and the ground rules of the meeting upfront (the ground rules are discussed later), to manage expectations and to pre-select the audience to those that have genuine interest in the company.
- § Explain that the meeting will be an on-going event so that people do not feel this is their only chance to be heard, which often leads to “assertive” presentations by some community members.

The Corporate Team

- § Establish a corporate team. One option is to have the Community Relations Officer (CRO) lead the meeting with a senior manager or other representatives present when needed. Agree prior to the meeting about the role division. The CRO should facilitate the bulk of the meeting while the senior manager’s role is to:
 - Demonstrate commitment on the company’s side to stakeholder engagement.
 - Provide legitimacy and support to the CRO.
 - Answer technical questions.

The Meeting

- § Set up the venue. Preferably, avoid a setting where the corporate team sits on a podium and behind a table. Attempt to create an informal setting, for example by sitting in an open circle or on the podium without a table (a barrier) between the company team and the audience. Seating the audience in groups and around round tables also breaks the sense of “us” versus “them.”
- § Consider dress code; casual dress code for an informal meeting.
- § Introduction; Set the tone of the meeting.
- § Use culturally appropriate opening (prayer for example).

- § Thank the audience for coming.
- § Explain the reason for this approach (be honest and humble, show respect, explain that you have learned from past glitches and that this is an attempt to improve relationships).
- § Ask people how they want to run the meeting; one option is to first give a short presentation about current or future plans, alternatively people may first want to blow off steam before they can listen to anything.

Ground Rules

- § A spirit of transparency on both sides.
- § No negotiation (to avoid pressure, but also to guarantee the legitimacy of community leaders that should be the ones involved in such negotiations).
- § No decisions/commitments will be made.
- § Pressuring the company will not yield any result.
- § No seating allowance of lost day compensation. [??]
- § Questions that cannot be answered will be referred to the next scheduled meeting.

Do's and Don'ts

Do's

- § Spend at least as much time listening as talking.
- § Be sure that, if applicable, translators are available so that minorities (often already the most marginalized) also feel invited and included in the meeting.
- § If a few people dominate and overshadow the meeting with one agenda, consider scheduling a separate (also public) meeting to discuss this topic in particular.
- § Be polite but firm, "soft on the people, hard on the issue." Explain your position, show compassion and understanding (which is different from agreeing) for the grievances expressed.
- § Give time for social, informal contact before and after the meeting to enable trust from personal contact.
- § Provide clear boundaries about what is and is not possible.
- § Follow-up with stakeholders after meetings rather than waiting for them to follow-up with you.

Don'ts

- § It is likely that company representatives will be tested, pressured and even insulted. **DO NOT WALK AWAY** (unless things get physical). In most meetings, such pressure is exerted by less than a dozen people while the majority of the audience disapproves of such behavior
- § Try to develop all answers before the meeting.
- § Assume that silence means consent.
- § Assume that representatives will convey information to or from the company.

NOTE: The first meeting is typically the most difficult. Plan a second meeting relatively quickly after the first meeting to demonstrate commitment. Most likely only genuinely interested people will attend subsequent meetings.

NOTE: Do not unilaterally cancel the meeting if only few people show up. The mere fact that people have a venue to express themselves has value in itself and may prevent grievances being addressed otherwise.