STAKEHOLDER ENGAGEMENT

HANDBOOK

This handbook has been drawn up following implementation of The Living Heritage project by Paragon Europe. Stakeholder engagement took place on a national level and stakeholder involvement in the events organised was very high. This handbook lends itself to the sustainability of this project.

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I. INTRODUCTION

1. About PARAGON

Paragon Europe is an innovative, international EU affairs, advisory and compliance company with a head office in Malta and an office in Brussels. Company Directors Dr Nadia Theuma and Dr Anton Theuma started Paragon Europe in 2004 looking to assist local and regional authorities in Malta with the sourcing of EU funding opportunities and with the implementation of EU funded projects. Paragon's work today has also evolved to a role that goes beyond that of simply advising public and private organisations on EU funding.

The Paragon team today helps good organisations become great, through business and financial advice. Paragon Europe has a unique strategy intimately linked to its corporate social responsibility which strives to optimise investment opportunities available to prospective public and private clients. Moreover, Paragon Europe aims to assist its clientele in transforming these funding opportunities into concrete realities whilst simultaneously ensuring that these funds translate into benefits for the community in which our clients operate. Through its leading role Paragon fulfils the corporate social responsibility aspect of its mission by ensuring that extensive stakeholder engagement in the community is realised. Paragon aims to realise excellence within the ultra-competitive market of EU-Funding and succeed on the basis of our Global and European credentials in innovation.

2. Our principles

From its inception, Paragon has striven to realise excellence by competing with cutting edge peers in the ultra-competitive market of EU funding. With an average annual participation in EU funding of more than 350 EU projects and with a success rate comparable to the topmost European universities, Paragon has established itself with global and European credentials in the field of research and innovation projects. These credentials are reflected in Paragon's membership in various EU and international fora, associations and boards and the numerous yearly invitations to participate as keynote speaker in international conferences, workshops and seminars.

3. Our activity areas

Following Malta's accession in the European Union in May 2004, Paragon Europe has implemented as partner and coordinator an extensive number of EU projects submitted under FP6, FP7, CIP (IEE, EIP and ICT-PSP), Life +, LEADER+, PROGRESS, e-Contentplus and EuroMed, in which we have ensured a professional involvement by bringing an important added value to projects in different areas:

-    *Project Management*, in order to maintain a top-level administrative and reporting activity;

• Dissemination and Commercialisation of project results;

• Pilot testing and Stakeholder Engagement;

• Research and Analysis;

• Quality monitoring, given our mature expertise.

4. Our team

Paragon Europe has grown consistently and today employs over 40 specialised personnel.

Together, this group of trained professionals ensures that excellence is realised on behalf of Paragon's prestigious national, European and international clientele.

II. PRINCIPLES OF STAKEHOLDER ENGAGEMENT

1. Stakeholder identification and analysis

"Stakeholders are people, groups or organisations that have an interest or concern in an organisation. Stakeholders can affect or be affected by the organisation's actions, objectives and policies". (http://www.businessdictionary.com/definition/stakeholder.html#ixzz3m5TFEaPy)
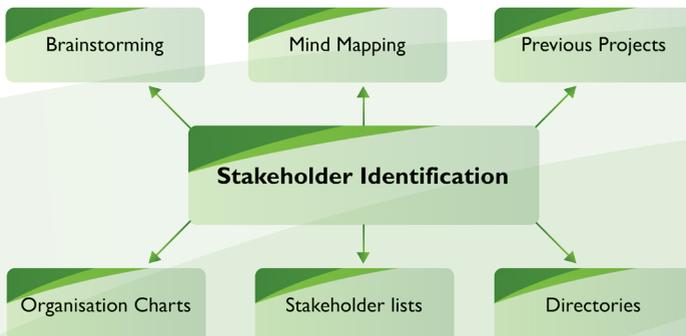
Stakeholders encompass a large group of different people and organisations and may include the local communities or individuals that are affected by the project and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organisations and groups with special interests, the academic community or even other businesses.

The first stage in the stakeholder engagement process is stakeholder identification – determining who the project stakeholders actually are, how they are affected by the project's aims and objectives as well as their key groupings and sub-groupings.

When identifying stakeholders, a systematic method is usually quite effective, beginning with the delineation of the project's geographic sphere of influence. This process starts to reveal the stakeholders that are most directly affected by the project. Distinguishing the important stakeholders in the subject area in question and at all levels of the organisations which have been acknowledged as an important stakeholder, is a significant step towards creating a successful outreach strategy.

Stakeholder Identification: Tools

Brainstorming — Mind Mapping — Previous Projects

Stakeholder Identification

Organisation Charts — Stakeholder lists — Directories

2. Mapping the stakeholders

A fast and useful procedure for embarking upon this stakeholder mapping exercise is 'impact zoning'. By recording the sphere of influence of the different types of environmental and social impacts, the business undertaking the project can start to recognise the distinct groups by impact area, and therefore, are able to begin prioritising which stakeholders should be consulted about the project. For larger-scale projects, with multiple developmental phases, recording both the short-term and long-term facilities might help the business to recognise possible 'cumulative impacts' on stakeholder groups which might not have been obvious by only examining the immediate project.

While precedence should be given to the project's stakeholders that are directly and detrimentally affected, working out who will be affected and who is not can be a tricky task. However, difficulties can still occur, even after extensive stakeholder analysis. Local communities and other important stakeholders who are located immediately outside the specified project impact area may still 'perceive' impacts or consider that their exclusion from the anticipated benefits of the project was indiscriminate. Consequently, it is important that the process of identifying stakeholders should not be limited to those stakeholders who will be directly affected and should incorporate those that are indirectly affected or in   a neighbouring location to the project's intended target area.

3. Prioritising

Prioritising involves categorising the stakeholders based on their importance to the project and identifying issues. Prioritisation of stakeholders can use two different mechanisms: the degree of influence their involvement will have on the projected outcomes and their availability and willingness to participate.

It is unrealistic and usually unwarranted, to always involve all stakeholders with the same degree of intensity. Carefully considering and understanding which stakeholders to involve and the reasons why they have been selected, can result in improved efficiency and saving

both time and money. Stakeholder analysis should aid this prioritisation by evaluating the importance of the project to each stakeholder from their own perspective, and vice versa.

4. Stakeholder consultation

It is imperative to involve stakeholders as soon as possible. Consultation is a two-way dialogue between the organisation conducting the project and the various stakeholder groups which have been identified. The aim of stakeholder consultation is to commence and maintain a beneficial relationship over time.

Companies which begin the consultation process at the beginning of a project and adopt a long-term, strategic view are, essentially, enabling the main stakeholders to acquire a feeling of participation in the process, helps them to recognise that their expertise and opinions are respected and also educates the stakeholders from the beginning of the project about the aims and objectives and the anticipated results that the project will achieve.

Moreover, stakeholder consultation can take multiple forms, influenced by the outcomes of the aforementioned prioritisation process.

5. Informed participation

Informed participation is a more thorough form of consultation. Normally, participation consists of a more in-depth exchange of views and information, resulting in joint analysis and decision-making. This improved level of involvement usually creates a perception of joint ownership in the procedure and its results. The more substantially a specific stakeholder is affected by an element of the project, the more significant it is for them to be provided with accurate information and urged to involve themselves in the subject areas which directly impact them.

It is vital that the company conducting the project vigilantly pays attention to what the stakeholders who are being consulted have to say. Furthermore, they must be open to obtaining and applying this input into the project by stakeholders.

6. Negotiation and partnership

Negotiation and consultation are not the same, nevertheless, they are related, processes along the spectrum of greater engagement. Consultation is usually more open-ended and is aimed at exchanging opinions and information. Negotiation on the other hand, aims to result in a decision being made about a specific issue or set of issues and resolve any conflict which may arise in the process due to the differing aims of all the stakeholders. Since effective negotiation hardly ever takes place in a vacuum, setting the groundwork by creating trust and credibility through a prior process of consultation is important. Companies who are viewed as only involving stakeholders when it appears to fit their intentions or when they would like something from communities may in fact actually be damaging their own interests.

7. Grievance management

For projects which have environmental and social impacts, grievances are frequently a reality. How an organisation reacts to these issues (or is viewed to be reacting) when such grievances are mention is significant and can have noteworthy consequences for the business' performance. A grievance mechanism should be matched to align with the degree and probability of risks and impacts of a project. It should emanate from the organisations's larger process of stakeholder engagement and business integrity principles, and incorporate the different components of engagement which has previously been mentioned. Indeed, having a suitable overall community engagement process in place and giving access to information frequently can considerably help to minimise grievances from being raised in the first place or from growing to a degree where it can theoretically damage the business' performance. Therefore, from a straightforward risk-management viewpoint, devoting both the time and effort to develop a well-functioning process at the beginning of a project is a good investment. It is extremely important that a defined grievance management process is created. Some significant grievance management principles are to:

- Scale the mechanism to the project's needs.
- Put it in writing and publicise it.
- Bring in third parties where needed.

- Make it accessible.
- Give a timeframe for responding to grievances.
- Have a transparent process which is understood by stakeholders.
- Keep good records and report back.
- Don't impede access to legal remedies.

7. Stakeholder involvement

External observation of a company's environmental and social assurances can improve the stakeholder engagement processes by enhancing transparency and stimulating trust.

8. Management functions

Stakeholder engagement should be overseen in the same manner as an organisation would manage any of their other business functions.

III. INTEGATING STAKEHOLDERS

1. Project concept

Stakeholder engagement at the initial, project concept stage focuses on evaluating the probable local support or opposition to the project, the various choices which need to be made and ascertaining the main issues and concerns which may affect the project's practicality. These concerns (and opportunities) should then be inputted back into the decision-making process.

2. Feasibility studies and project planning

The crucial components of stakeholder engagement at the time of determining the project's feasibility are:

• Advanced planning of the project, as is required for any complicated activity, with the production of a timetable indicating the completion of each of the project's stages and also evaluating whether the organisation has sufficient staff with the skills which are required.

• Directing major efforts on the stakeholders who are most affected by the project, whether due to their proximity to the project's location or as a result of their vulnerability to change.

• Showing that the opinions and ideas of stakeholders are being considered seriously, whether by 'designing-out' some of the risks which have been acknowledged, 'designing-in' further economic or social benefits for the local stakeholders, or including stakeholders' opinions when analysing the viability of the numerous design and risk management options.

3. Communication

"Without communication, participation, and joint decision-making, neither will be successful" (Source: University of East Anglia, School of Development Studies as cited in International Finance Corporation (2007, p.65).

Communication is a tactic used to engage stakeholders and is used to describe those stakeholders who are prepared to participate in a dialogue with the company organising the project or have a high degree of knowledge in the subject area, but who have not yet taken part in

a dialogue with the company. Increasing communication with these stakeholders will assist the company in improving the value engagement of their project (Source: Morris, 2012). If your chosen format for communication is a verbal exchange, then the company needs to decide which approach best matches their objectives:

- Moderation.
- Teleconferences.
- Webinars.
- One-on-one meetings.
- Group meetings.
- Forum.
- Events.

Regardless of whether the communication format mechanism chosen is verbal or non-verbal, anything that is conveyed with the company's stakeholders will be recorded on paper or as computerised information.

References

Main source of document: International Finance Corporation (2007) *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*. International Finance Corporation: Washington, D.C.

Morris, J. (2012) *Back to Basics: How to Make Stakeholder Engagement Meaningful for Your Company*. BSR.