

US EPA ARCHIVE DOCUMENT

United States
Environmental Protection
Agency

Office of the
Administrator
(1802)

EPA100-R-98-009
September 1998
www.epa.gov



Evaluation of Project XL Stakeholder Processes

Executive Summary



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Executive Summary and Recommendations

Project XL—which stands for eXcellence in Leadership—is a U.S. Environmental Protection Agency (EPA)–sponsored pilot test of facility-specific innovative strategies to produce superior environmental performance. In accepting proposals for initial XL projects, EPA established a criteria of demonstrated stakeholder support as one of the conditions for obtaining EPA approval of the project. When Project XL was first announced in May 1995 in the *Federal Register*, EPA outlined its desire for stakeholder involvement, but did not make specific recommendations about the design of the stakeholder processes, leaving the responsibility for creating a process that would meet the criteria to the industry sponsor or applicant.

This report provides a review of the design and conduct of the stakeholder processes at four of the initial XL projects to reach Final Project Agreements (FPAs). It outlines the varieties of models developed by company sponsors, and reports stakeholder perspectives on the processes as gathered in a stakeholder survey.

Several different models of stakeholder involvement resulted from the original call from EPA for XL project sponsors to design a site-specific model for stakeholder participation. The four sites examined in this report demonstrate two basic models:

- Consensus Decision-Making with Stakeholders
- Public-Consultation and Information Sharing

The processes used by Intel and Merck fall into the first category; HADCO and Weyerhaeuser are examples of the second.

The interviews, observations, and survey data gathered for this analysis provide an initial view of the strengths and weaknesses of the two basic models of stakeholder involvement that emerged in early XL efforts. Neither the consensus decision-making model nor the public-consultation and information sharing model was clearly determined to be a superior method of involving stakeholders in the XL FPA development process.

The survey and observation results showed **clarity of structure and objectives for the process is more important to success and credibility than type of stakeholder involvement process**. The XL project rated as most effective by survey respondents was a public-consultation process at Weyerhaeuser that relied heavily on long-standing community-company relationships to establish support for the regulatory experiment. The project rated least satisfactory on most measures was the public-consultation and information sharing process conducted by HADCO. The two consensus decision-making processes were ranked in between the other two.

Benefits of the XL stakeholder processes noted in the survey of stakeholders also provide indications of desirable elements to preserve in any model. The benefits noted include:

- Improved, flexible, and realistic environmental planning
- Involvement of all interest groups, including community and intergovernmental players
- Opportunities for citizen involvement in future monitoring of project implementation

The weaknesses noted in the survey of stakeholders provide indications of pitfalls and conditions to avoid. They include:

- Confusion about, and time consuming nature of, procedures for approval of the FPA.
- Perceptions that the company could “orchestrate” stakeholder support.
- Intervention by national environmental groups that is disconnected from local citizen involvement.

The survey conducted for this report found that processes rated as highly effective (i.e., clearly structured with adequate resources) had a combination of broad distribution of benefits and high individual and organizational satisfaction with the outcome of the negotiation. Processes with perceived barriers to participation (e.g., lack of technical information, unclear objectives, inadequate resources to participate) had lower satisfaction with the distribution of benefits and with the outcome. Thus, **process satisfaction and substantive results were closely linked**; both are critical elements of the success of future XL projects.

Recommendations

Consensus Versus Advisory Role for Stakeholders

- Determine up front what type of process is appropriate, to allow stakeholder responsibilities regarding time commitment and authority to commit to be addressed in a realistic way before the process starts.
- Use consensus decision-making processes when:
—Serious objections to the final outcome might succeed in blocking implementation, and options exist for addressing the objections.

—Strong community ownership of outcome is desired.

- Use public-consultation and information sharing processes when:
 - Issues in proposal are not controversial.
 - Public notices do not generate much comment.
 - Issues are narrow in scope and don't impact policy concerns.
- If a consensus decision-making process is the desired approach, allocate time for training in collaborative process negotiations and on the technical issues likely to be the subject of discussion. Time also will be needed in the initial meetings for procedural negotiations to ensure all stakeholders feel the process is fair and likely to produce an outcome they can live with. If consensus is the goal, agreement on the definition of consensus will be a key procedural negotiation. Defining consensus as "all can agree to live with, and support, the outcome" is a practical option.

Consider the use of a facilitator to prevent inadvertent bias from arising when company sponsor is both negotiator and mediator of disputes arising in consensus decision-making processes.

- Through consultation with stakeholders, each XL stakeholder process should be developed into a well-defined structure. The experiences outlined in this report should assist participants anticipate time commitments and other responsibilities new projects will require. The development of a shared understanding of what all participants can gain from the process is an important first step in building stakeholder support. This could require initial one-on-one conversations with affected interests and a synthesis of concerns and issues raised in the one-on-one discussions for all to read and understand. Neutrals often can help with these tasks.

National and Local Environmental Group Participants

- National environmental groups have commented extensively on past FPAs, but have not participated directly in stakeholder groups. In consensus decision-making processes, communication between the national environmental group and some local environmental groups needs to be improved. Methods for addressing this include:
 - Identifying opportunities for national environmental groups to participate in the stakeholder process.
 - Developing viable links between national groups and the local groups who are direct participants.
 - Establishing consultation with national groups by the stakeholder group as a formal part of the process of public consultation throughout the FPA

development process.

Technical Expertise for Citizen Stakeholders

- Funding for limited technical expertise already has been adopted by EPA as a strategy for supporting citizens in the technical discussions. Ensuring the funds are used to answer questions important to all involved in the specific negotiations will be essential. The technical assistance program should be monitored and evaluated by EPA and environmental groups.
- National environmental group staff often have the substantive expertise that citizen environmentalists lack. Implementing recommendations noted above for pairing national and local environmental group direct participants also can improve the technical resources available to local groups.
- To address perceptions identified in RESOLVE's survey that local groups achieve less than other constituencies of what they seek in the XL stakeholder processes, the following strategies might be useful: provide training in negotiation, scope out the stakeholder negotiation issues with the local groups in advance, coach the local negotiating team as the process proceeds, and clarify expectations with local representatives at the outset.

Costs and Benefits

- Improving the integration of the XL process with government agency approval processes might reduce concerns about the time-consuming nature of the stakeholder processes.
- Monitoring stakeholder involvement as implementation of the FPAs proceed will help to further evaluate whether the time spent resulted in the benefits predicted by the stakeholder group.



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