

THE STRATEGIC VALUE OF COMMUNITY BENEFITS IN OFFSHORE WIND DEVELOPMENT

DISCUSSION PAPER



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Contents

Executive Summary	VI
1.Setting the Context: Meeting Global Energy Needs by Addressing Community Concerns	1
2.The Business Case for Community Benefits	4
3.Designing Optimal Community Benefit Programs	11
4.Building Blocks of Sustainable Community Benefits	20
5.Future Directions for Community Benefits	38
Appendices	42
Appendix A. Community Benefit Funds as a Delivery Mechanism in the Offshore Wind Industry	43
Appendix B. Common Types of Community Benefits and Associated Advantages and Risks	47
Appendix C. Equinor-Polenergia Case Study: A Local Benefit-Sharing Strategy in Poland	51
Appendix D. Vattenfall Case Study: A Plan to Offer Local Shares in Denmark	55
Appendix E. Dogger Bank Case Study: Ensuring Impact Through a Community Benefit Fund (CBF)	58
Appendix F. The Humber Offshore Wind Cluster: A Collaborative Model for Community Benefit Sharing	62
Endnotes	66

List of Boxes, Figures, and Tables

Boxes

Box 2.1: Defining community benefits	9
Box 3.1: Which communities could be eligible to receive community benefits?	13
Box 3.2: In New York state, growth in offshore wind comes with a focus on just transition	16
Box 4.1: Equinor/Polenergia's business case for local benefit sharing in a Polish offshore wind project	23
Box 4.2: Anglo American's regional community benefit strategy: A shared value platform in Peru	24
Box 4.3: Fundamental elements of successful Community Benefit Funds	27
Box 4.4: Lessons from early engagement with offshore wind stakeholders	30
Box 4.5: Ørsted delivers benefits through a fisheries fund	34
Box 4.6: First Nations engage with the offshore wind sector in Australia	37

Figures

Figure 3.1: Four thematic areas for community benefit programs	12
Figure 3.2: Examples of support for fishing communities	18
Figure 3.3: Determining the optimal design of community benefits	19
Figure 4.1: The building blocks of effective community benefit program	21
Figure 4.2: Who's who in offshore wind development: Key players	29

Tables

Table 2.1: Commercial aspects of offshore wind development impacted by community benefits	6
Table A1: Offshore wind projects included in CBF review	46
Table B1: Examples of community benefits	48

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

The expansion of offshore wind power is an important part of global efforts to meet the climate goals laid out in the [Paris Agreement](#)—the international treaty on climate change ratified in 2016. Offshore wind is also seen as a critical part of the global energy transition and a key driver of economic growth through job creation, investment, and market development. In 2023, offshore wind reached a cumulative installed capacity of 75 GW, representing 1.94 percent of the total 3,870 GW global renewable energy capacity.¹ To date, this development has been almost exclusively focused on Western Europe and China. Looking ahead, offshore wind is projected to expand significantly.² The High Level Panel for a Sustainable Ocean Economy has estimated that offshore wind has the potential to contribute almost 10 percent of the carbon emissions reduction needed to keep the world on a 1.5 °C pathway.³ The International Renewable Energy Agency (IRENA) has called for a nearly eightfold increase in offshore wind capacity by 2030.⁴

To achieve these aggressive targets across both established and emerging markets, developers and governments will need to respond to a wide range of stakeholder concerns and expectations—from potential impacts on jobs, natural resources, and biodiversity to the transparent sharing of benefits with host communities. **This discussion paper explores how community benefits created by offshore wind projects can build trust, ensure positive socioeconomic impact, and ultimately deliver successful commercial projects.** In this way, community benefit sharing is not merely seen as a "nice-to-have" feature of offshore wind projects, but rather a core focus area of strategic value that can drive the sector's long-term growth.

First, the paper highlights the rationale for offshore wind proponents to build strong relationships with host communities. It emphasizes the growing importance of securing and maintaining a social license to operate, which is based on community trust and acceptance of a company within its operational environment.

Next, the paper offers insights into the most effective design of community benefit programs. This design requires that benefits generated by the project are relevant, that stakeholders can access and use them, and that affected communities see a positive impact on their lives—all while striking a balance with what developers can realistically provide while meeting the project's commercial objectives and yielding a competitive cost of energy for rate payers.

Finally, the paper highlights several principles and recommendations for developing sustainable community benefit programs. These include ensuring transparent communication and continuous improvement, building collaborative relationships and partnerships, allocating appropriate resources and expertise, developing a strategy informed by local context, and engaging early and continuously throughout the project.

To enhance community benefits, affected communities need to see a positive impact on their lives, and developers need to strike a balance between what they can realistically provide while meeting business goals.



The paper includes a number of case studies of how developers have engaged with communities to build mutually beneficial and sustainable relationships. Most of the examples draw on experience from established markets. These learnings still hold relevance globally, and the authors have sought to complement this with experience from offshore wind's early progress in newer markets. The paper also intentionally includes examples from other industries—such as mining—to promote cross-sectoral learning on delivering lasting community benefits in emerging markets.

The paper is intended for a broad audience, including developers, communities and businesses involved throughout the offshore wind supply chain and value chain. It also holds relevance for public sector decision-makers by illustrating the ways that governments and the private sector can work together to ensure delivery of lasting community benefits.

Ultimately, this paper is designed to start a discussion about how a heightened and more strategic focus on local communities across the entire life cycle of projects can enhance economic viability and strengthen the industry's ability to drive an inclusive just transition⁵ to clean energy—for the benefit of all.

Key takeaways

- **Expanding offshore wind capacity is key to meeting global climate goals, but social factors could impede growth.** Local resistance to offshore wind development can cause delays and even project cancellations.
- **Community benefits can drive sustainable business and foster stronger company-community relationships.** A heightened focus on meaningful initiatives to address community concerns and priorities can help projects secure and maintain a social license to operate.
- **Community benefit programs should target the communities most affected by offshore wind projects.** Often, communities facing the greatest impacts are those least likely to experience the broader socioeconomic gains that the project aims to achieve.
- **Companies have a wide range of options in designing community benefit programs.** Depending on the project's local context and community priorities, efforts can address several thematic areas, including:
 - Skills and livelihood support
 - Public services and infrastructure
 - Environmental stewardship
 - Shared ownership arrangements
- **Community benefit programs must be part of a broader strategy that prioritizes responsible management of project impacts and the highest standards of stakeholder engagement.** Taken alone, community benefit programs will not ensure positive company-community relationships or enable offshore wind expansion.

1. SETTING THE CONTEXT

MEETING GLOBAL ENERGY
NEEDS BY ADDRESSING
COMMUNITY CONCERNS



1. SETTING THE CONTEXT: MEETING GLOBAL ENERGY NEEDS BY ADDRESSING COMMUNITY CONCERNS

The transition to renewable energy sources will be critical to meeting global ambitions to reduce greenhouse gas emissions. In emerging markets, offshore wind offers significant potential to meet renewable energy goals while driving economic growth and expanding access to electricity for millions—some for the first time.

Social factors could impede growth

The need for wind industry growth and expansion underscores the importance of addressing community concerns and priorities alongside climate and economic development objectives.

Bringing offshore wind to market in developing countries requires action on several fronts. Along with wide-ranging commercial, technical, and environmental factors, social factors have become a serious consideration on the path to achieving offshore wind deployment targets. A key tension exists: although offshore wind projects can contribute

to cutting carbon emissions and creating jobs, communities which host offshore wind projects—nearby residents, local businesses, users of the sea, and community groups close to offshore or onshore infrastructure—might not welcome these large commercial infrastructure developments.

Stakeholder concerns can be diverse. Indigenous communities might have concerns about preserving their values, heritage and traditions. Fishers often question the impact of offshore wind on their activities. Coal miners may worry about losing their livelihoods if wind energy replaces thermal power. Groups focused on biodiversity conservation and natural resource management might directly oppose the development of offshore wind projects out of concerns over environmental preservation.

Such stakeholder concerns are not exclusive to offshore wind. In the context of the global energy transition, most energy projects need to ensure stakeholder participation and support alongside considerations of financial and technical feasibility. However, if stakeholder concerns, expectations, and relationships are not appropriately assessed and managed from the earliest phases of offshore wind development, the negative impacts to businesses can include difficulties in securing permits, uncertain operating environments, reputational damage, project delays, and even project cancellations.

Growing pressure to address social concerns

There is growing demand at all levels for offshore wind projects to deliver tangible value to communities and gain a social license to operate. Governments are increasingly looking for ways to ensure a just energy transition, which focuses on community benefits and the inclusion of traditionally excluded and vulnerable stakeholder groups. Investors increasingly seek to allocate funds to projects that can demonstrate adequate levels of engagement with, and support from, potentially affected communities. Across emerging markets, concerns over existing social and environmental challenges including energy poverty, access to public services and connectivity, job creation, and building resilience against climate change, will continue to influence this dialogue. Offshore wind projects will be expected to be a part of the solution to these challenges, including through transparent sharing of benefits.

The future pathway is clear. Stakeholders will continue to voice their concerns and expectations for tangible benefits. Developers of offshore wind projects that manage these expectations in a responsible and transparent way will be better positioned to build mutually beneficial relationships with host communities. The pressing need for industry growth underscores the importance of addressing community concerns and priorities alongside climate and economic development objectives.



PHOTO: COURTESY OF BALTYK II,III (POLENERGIA-EQUINOR JV)

2. THE BUSINESS CASE FOR COMMUNITY BENEFITS



2. THE BUSINESS CASE FOR COMMUNITY BENEFITS

Simply put, good community relationships help minimize risks and create a better business environment. This is a key reason why offshore wind developers and operators need to understand stakeholder expectations for community benefits and ensure that they can meet these expectations.

Among the greatest non-financial risks to any project is the loss of its social license to operate. A social license transcends legal permissions or contractual rights. It is the intangible, yet invaluable, asset of community trust and acceptance. Gained over time through effective and transparent stakeholder engagement, respect for local norms and traditions, and care for employees and neighbors, it reflects the ongoing social acceptance of a company in its operational environment. When a company loses its social license, the consequences can include community protests, legal challenges, reputational damage, and the end of construction and operations.

In the offshore wind industry, there is a lack of data on increased costs caused by poor community relationships. However, experience from other renewable energy sectors suggests that the impacts can be severe.

In Colombia, local opposition and conflict involving onshore wind projects in the region of La Guajira has been well documented. There, Indigenous communities expressed deep concern over social and cultural impacts, community benefits, conflicts over land use, and the legitimacy of consultation processes.⁶ These concerns, expressed through blockades and protests, have led to project delays and cancellations.

“As an investor, we would benefit if we knew services to help offshore wind projects mitigate community engagement and broader society risks existed. In [their] absence, it is challenging to enter new markets where there are uncertainties around stakeholder risks and expectations.”

— I SQUARED CAPITAL

In Australia, conflicts around onshore wind development commonly revolved around project impacts on local communities, relations with traditional owners, fairness in the distribution of benefits, and the clash between energy and biodiversity goals.⁷

A recent survey in the United States found local opposition to wind and solar projects to be among the top three reasons for project cancellations and delays. Developers noted that even when projects are not

cancelled, uncertainty from opposition creates delivery risk, and the resulting delays have real financial consequences.⁸

Experience with offshore wind in both developed and new markets indicates that the reverse also holds true: ensuring community benefits can yield a positive impact on the commercial viability of a given project. Table 2.1 provides an indication of the business areas that can be impacted, illustrated by examples from various markets.

TABLE 2.1
Commercial aspects of offshore wind development impacted by community benefits

BUSINESS ISSUE	WHY COMMUNITY BENEFITS MATTER	EXAMPLES
Achieving regulatory or legal compliance	Some countries and administrative territories require community benefits in the development of offshore wind projects.	<ul style="list-style-type: none"> • In Ireland, the country's first offshore wind auction requires the developer to make minimum payments to the project's community benefit fund. • In the U.S., developers applying for Department of Energy grant and loan programs are required to create community benefit plans, with the goal of leveraging public investments into broadly shared benefits in host communities.
Losing social license to operate	Losing a social license to operate can trigger local opposition, including questions related to the provision and distribution of community benefits. Local opposition can lead to project delays, difficulties in securing permits, and cancellations. ⁹ If a project secures social license, it can help simplify the permitting processes, limit risks of legal challenges, and create a more stable operating environment. ¹⁰	<ul style="list-style-type: none"> • In South Korea, opposition from the fishing industry has resulted in delays in necessary approvals and permits for projects currently under development.¹¹ • In Australia and France, local opposition has escalated to highly complex and polarized debates at the national level; these present a distinct communications and marketing challenge for offshore wind proponents.¹²
Meeting bidding and permitting requirements	Countries are increasingly considering adopting Non-Price Criteria (NPC) in their offshore wind auction designs, including consideration for community benefit sharing.	<ul style="list-style-type: none"> • EU Commission Guidelines state that governments can use NPC in offshore wind auctions to pursue objectives that cannot be captured solely by price. These criteria can include community benefits.¹³ • In the U.S., states are including NPC in their offshore wind solicitations, including workforce development and supply chain benefits, particularly for disadvantaged communities.¹⁴

BUSINESS ISSUE	WHY COMMUNITY BENEFITS MATTER	EXAMPLES
Meeting stakeholder expectations	A project's ability to demonstrate meaningful contribution and commitment towards community benefits can be an important pathway for meeting stakeholder expectations, building community relationships, strengthening reputation, and demonstrating alignment with industry good practice.	<ul style="list-style-type: none"> <li data-bbox="895 286 1343 658">• In Poland, the Offshore Wind Sector Deal acts as a permanent cooperation platform between government, offshore wind developers and operators, the financial sector, supply chain representatives, and scientific and research institutions. It includes non-binding objectives for local content, employment, training, and education provision.¹⁵ <li data-bbox="895 667 1343 864">• In Scotland, the government published voluntary guidelines that encourage offshore wind farm developers to deliver community benefits to local areas impacted by offshore projects.¹⁶

How community benefits support project development

Community benefits can galvanize stronger community support, which improves the chances of timely project completion. Box 2.1 discusses how community benefits are defined.

Community support can be a competitive advantage when bidding for projects and improving access to the local skills required for construction and operations. With certain stakeholder groups such as fishing communities, there is a growing emphasis on the importance of developing a peaceful coexistence, which is essential for risk management throughout the lifetime of the offshore wind farm. The inclusion of community benefits in a dialogue about peaceful coexistence can help developers and fishing communities strengthen their relationships (see Box 4.5).

Community benefits should be tailored to the realities of the energy market as well as the realities of the localities where offshore wind projects are sited. Delivering community benefits is only one of the many tools in the offshore wind developer's toolbox to foster strong company-community relationships. The provision of community benefits must be implemented alongside other strategies, including responsible management of project impacts and the highest standards of stakeholder engagement by the project and its contractors.



“Fishing community engagement and public acceptance are very, very big issues for offshore wind.”¹⁷

— LIMING QIAO, ASIA DIRECTOR,
GLOBAL WIND ENERGY COUNCIL

Box 2.1 Defining community benefits

Community benefits encompass a range of actions that offshore wind developers and operators provide for communities affected by their projects. With the diversity of terminology (i.e., corporate social responsibility, social value, community investment) and a lack of a uniformly applicable definition of what can be counted as community benefits, there is some degree of flexibility in how offshore wind projects can define and communicate about their community contributions.

Two general categories of community benefits:

- **Embedded community benefits** are inherent to the operation. Examples include infrastructure upgrades associated with project development and job creation.
- **Additional community benefits** include a variety of **required** or **voluntary** actions. They can be understood as deliberate measures that involve additional human and financial resources and yield tangible local socioeconomic value. (See Appendix B for more detail.)

What community benefits are not

Measures undertaken by companies to prevent and mitigate impacts required by legislation and/or lender policies and standards—such as community funds established to compensate for lost income to fishermen—are not considered community benefits. Community benefits tend to cover the entire community, as distinct from compensation provided to directly affected individuals.

Striking the right balance with business needs

It is important to note that offshore wind projects are highly cost sensitive—especially in a period of high cost of capital, high commodity prices, and supply chain constraints. From a commercial standpoint, taking on too many community responsibilities could increase capital expenditures, raise the cost of power generation, and render projects uncompetitive.

While some local benefits, such as infrastructure development, may come at considerable cost, not all community benefit initiatives require a significant cash outlay. In the United Kingdom, for example, EDF provided local fishermen operating around its Teesside offshore wind farm with essential safety equipment. This relatively low-cost effort helped reduce fishers' health and safety risks, which local fishing groups viewed as a positive contribution.¹⁸

As offshore wind markets continue to evolve, various stakeholders, including government, the private sector, and community stakeholders, need to adapt their roles and responsibilities to ensure both adequate levels of community benefits and reasonable energy costs for rate payers.



3. DESIGNING OPTIMAL COMMUNITY BENEFIT PROGRAMS



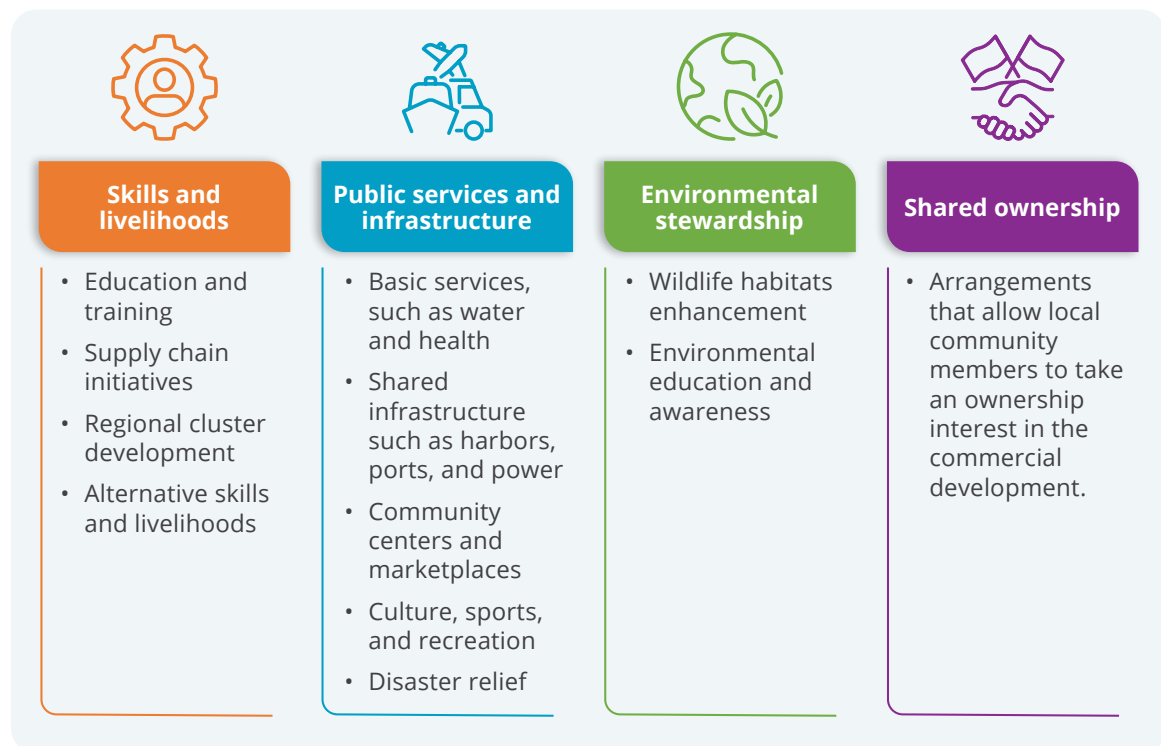
3. DESIGNING OPTIMAL COMMUNITY BENEFIT PROGRAMS

Community benefit programs can—and should—take different forms, depending on project specifics and the local context.

This section explores ways to design an optimal package of community benefits. This can be a complex endeavor, given that most large offshore wind projects have long development timeframes over many years and must respond to a wide variety of stakeholder expectations. Getting the balance right is critical: the relevance of the benefits and how well they are implemented can determine the quality of the relationship and degree of trust between communities and offshore wind projects.

Although the specific mechanisms through which projects deliver community benefits vary widely, there are four thematic areas of community benefits where offshore wind projects commonly invest their resources: skills and livelihoods; public services and infrastructure; environmental stewardship; and shared ownership (see Figure 3.1).

FIGURE 3.1
Four thematic areas for community benefit programs



The challenges in designing and executing effective community benefit programs cannot be underestimated. For more on the challenges and the potential advantages of each thematic area, please see Appendix B.

Identifying community benefits

The provision of benefits recognizes that energy projects are hosted within communities. As such, it is fundamental for any offshore wind project to identify the host communities and establish who should be eligible to receive community benefits (see Box 3.1).

Community benefits in offshore wind projects tend to go to the areas that directly face the wind farm's offshore infrastructure and the areas where onshore transmission construction takes place. However, surrounding communities (near or far) may also perceive impacts from the project. They may feel overlooked and excluded from the plans for local benefits, causing tension and resentment. Therefore, it is important to recognize the range of stakeholder expectations and perceptions to ensure a fair distribution of benefits. This may necessitate expanding eligibility criteria to include surrounding areas and communities outside the immediate impact footprint, to include:

- Political boundaries of a community, municipality, district, or state
- Boundaries of a coastal area or an ecosystem
- Economic regions or corridors
- Cultural and historical boundaries of a particular ethnic group or tribe

Box 3.1 Which communities could be eligible to receive community benefits?

- ✓ Communities **directly affected** by offshore wind construction including:
 - Communities close to onshore infrastructure (e.g. substations)
 - Communities close to an operations and maintenance port
- ✓ Communities **indirectly affected** by offshore wind construction, including:
 - Coastal communities outside of the immediate project footprint area that face impacts such as an influx of construction workers, traffic congestion, and others

The relevance of community benefits and how well they are implemented can determine the quality of the relationship and degree of trust between communities and offshore wind projects.



Assessing the existing requirements for community benefits

Offshore wind developers need to take into consideration any existing requirements for community benefits. The extent of benefits that a project is required to provide to host communities can help determine the degree of additional contributions that are needed, relevant, and feasible. For example:

- In France, each offshore wind farm is subject to a special Maritime Wind Turbine Tax paid to local authorities to finance local projects. Fifty percent of the tax goes to towns and communities located by the sea where wind turbines are visible, 35 percent goes to professional fishermen via the maritime fisheries and marine farming committees, 10 percent is assigned to the French Biodiversity Office, and 5 percent is assigned to sea rescue and rescue organizations. For the first French offshore wind farm commissioned at the end of 2022 by EDF Renewables and its partners off the coast of Saint-Nazaire, this tax represents a total of 9 million euros per year.¹⁹
- In Taiwan, China, the government-mandated Electricity Assistance Fund (EAF) supports, funds, and mitigates impacts in local areas where all power plant projects—whether coal, nuclear, gas, or renewable—are located. The distribution of funds is predetermined by the government for each generation technology, in consultation with local governments and community groups. In the case of offshore wind, EAF funds are distributed into two pots: 30 percent for local project fund pools for which residents, community groups, and civil society organizations, can apply, and 70 percent for councils and fishery associations, formal organizations held accountable by their communities and members.
- In the United Kingdom, the Celtic Sea Floating Offshore Wind Leasing Round 5 requires developers to submit plans for programs that offer social value, such as apprenticeships and skills development for youth who are unemployed or not in school.
- In the United States, a New York state policy aimed at advancing just transition resulted in the creation of a community benefit program by an offshore wind developer. (See Box 3.2.)



Box 3.2 In New York state, growth in offshore wind comes with a focus on just transition

In 2021, the New York State Energy Research and Development Authority (NYSERDA), the agency that issues solicitations for offshore wind projects, laid out a set of guiding principles and requirements for the offshore wind industry to meaningfully engage stakeholders.

What the regulator did: Heightened expectations to bring community value

The Authority required developers to provide stakeholder engagement plans as part of their solicitations for offshore wind projects. The regulator provided guidelines for these plans, including commitments to a just energy transition, such as taking proactive steps to create new clean energy investments, jobs, and training programs, primarily for communities that have experienced adverse environmental and health impacts from thermal power generation. The guidelines also stipulate the creation of a concrete strategy for engaging and delivering benefits to disadvantaged communities, along with minority and service-disabled veteran-owned businesses.²⁰



How one offshore developer responded: Equinor's community benefit programs²¹

Norwegian developer Equinor responded by committing to several concrete community benefit programs in association with its Empire Wind project. These included:

- **Ecosystem Fund:** A collaboration between Equinor and the New York City Economic Development Corporation, the \$5 million fund supports the city's offshore wind industry through investments in talent pipelines for offshore wind-related careers and supply chain development. The fund also supports low-income New Yorkers and the New York City Housing Authority in the green energy transition. A community-led selection committee helps identify suitable organizations and projects.
- **Learning Center:** Equinor plans to build and support a multi-purpose center to promote community learning, foster skills development, and contribute to community cohesion.
- **Offshore wind innovation hub:** The hub, led by Equinor, will help innovators commercialize solutions which improve offshore wind technology.

Assessing stakeholder expectations and additional opportunities for local impact

In addition to regulatory requirements, governments may also provide guidelines to help developers determine the expected level of community contributions. In other jurisdictions, voluntary non-binding agreements, such as the UK's [Offshore Wind Sector Deal](#), can also spell out stakeholder expectations.²²

Understanding local expectations, particularly in communities directly impacted by offshore and associated onshore infrastructure, is especially important. Socioeconomic benefits captured at the national and regional levels might not reach the local level, where most of the negative impacts are felt. The following guidance offers insights to help clarify stakeholder expectations and identify ways to maximize impact at the local level:

- **Target local communities with skills training to access jobs and supplier opportunities.** Given that most goods and services used to construct and operate offshore wind projects require skilled labor, local community members may not be able to access job opportunities unless they are specifically targeted and provided with skills training. The geographic proximity of impacted local communities to the locations where jobs are concentrated could be another barrier. Using local suppliers as the primary providers of core activities during the installation, operation, and maintenance phases also could be a challenge, since these providers tend to be highly specialized businesses. But secondary suppliers—shipyards, providers of equipment, fuel, cleaning, and inspection services, and electricians, among others—could be identified at the local level. These secondary suppliers might need additional support in areas such as management, health and safety, and upskilling.
- **Address existing vulnerabilities at the local level to maximize the impact of community benefit initiatives.** In many markets, but particularly in emerging ones, coastal areas may already be vulnerable to a variety of pressures, including the impacts of climate change and competing demands for resources, which create economic uncertainty and territorial conflicts. Diminishing fish stocks, more frequent storms, coastal erosion, and saltwater intrusion affecting farmlands can also significantly impact the livelihoods and cultural practices of communities living in coastal areas.
- **Engage directly with diverse stakeholder groups through differentiated approaches to address their distinct needs.** Developers should prioritize engaging with minority groups such as artisanal fishers, Indigenous Peoples, and women and youth. For example, fishing communities can be remarkably diverse, and various groups and subgroups will have different perspectives on the role of community benefits. A comprehensive analysis of these communities should involve understanding sources of household income and employment, cultural and social values, access to public services, existing infrastructure, intra-community dynamics, gender dynamics, and marketing links, among other factors. With a full understanding of these characteristics, developers can then explore differentiated areas of potential support (see Figure 3.2).

FIGURE 3.2

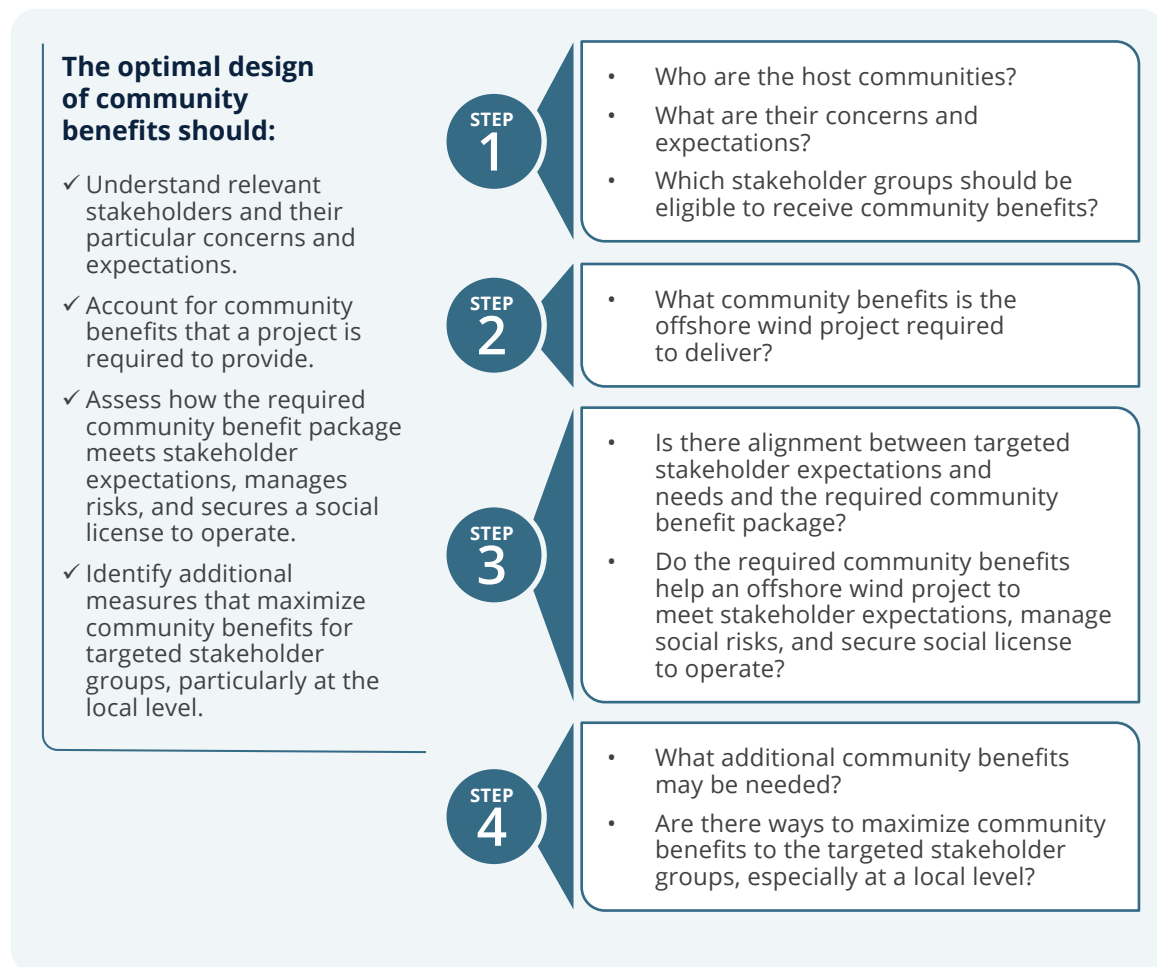
Examples of support for fishing communities



- **Pay close attention to the ways in which benefits are distributed. If not managed well, benefit distribution could pose risks by increasing inequities, giving rise to intra-community conflict and leading to gender-based violence and harassment.** These risks are not yet well documented in the offshore wind industry, but lessons from other industries may be relevant. For example, the mining sector has documented experiences where an influx of work-seeking migrants created tensions with original inhabitants, as the migrants were better able to identify and take advantage of new business opportunities. To address these tensions, special attention was given to helping original inhabitants take advantage of community benefit programs such as micro-credit programs.²³
- **Assess and consider the risks of corruption.** Offshore wind development may be vulnerable to corruption due to complex regulatory environments, political involvement, engagement with various stakeholders and local communities, and the time pressure to deliver new projects. The potential for community pushback around the placement, construction, and operation of both offshore and onshore infrastructure can be difficult for developers to navigate. Developers can engage with national, regional, and local parties to navigate these requirements and expectations in relation to community benefits, but the engagement process needs to be transparent and carefully managed to guard against corruption risks.

FIGURE 3.3

Determining the optimal design of community benefits



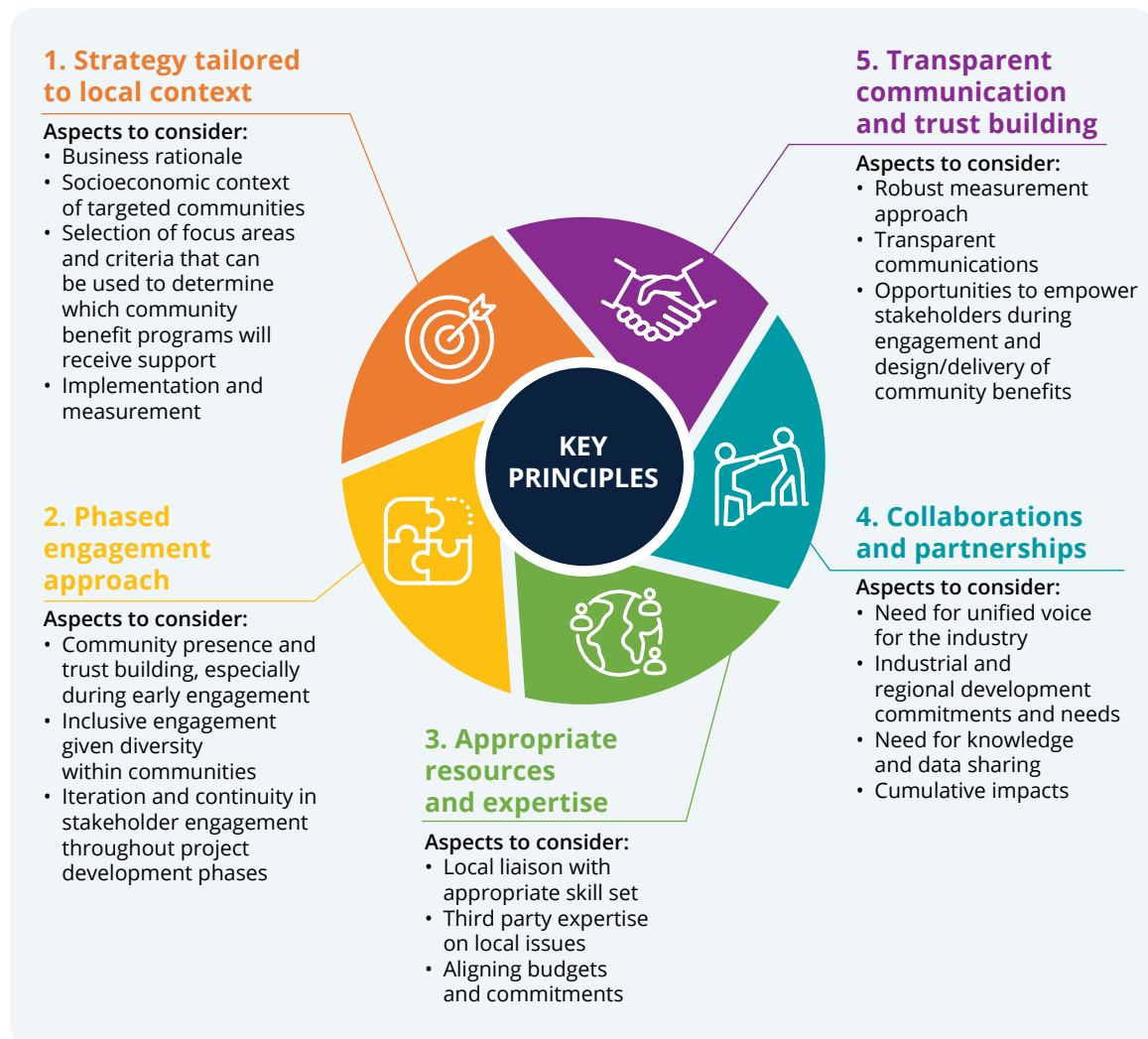
4. BUILDING BLOCKS OF SUSTAINABLE COMMUNITY BENEFITS



4. BUILDING BLOCKS OF SUSTAINABLE COMMUNITY BENEFITS

As illustrated in Figure 4.1, five building blocks are essential to the development and delivery of successful community benefit initiatives for offshore wind projects. This section provides an overview of these building blocks, along with recommendations on how to put them into practice.

FIGURE 4.1
The building blocks of effective community benefit programs





Building Block 1: A strategy tailored to local context

Developers and operators of offshore wind projects should be prepared to respond to a long list of community expectations and needs. Without a clear strategy to guide engagement, proponents will find it challenging to manage these interactions and outline what a project will or will not consider supporting.

Having a clearly defined strategy for community benefit sharing is key. This strategy should rely on a well-structured stakeholder engagement process and should be made public. It may be set at the local, regional, or even national level, depending on the business and country/local context.

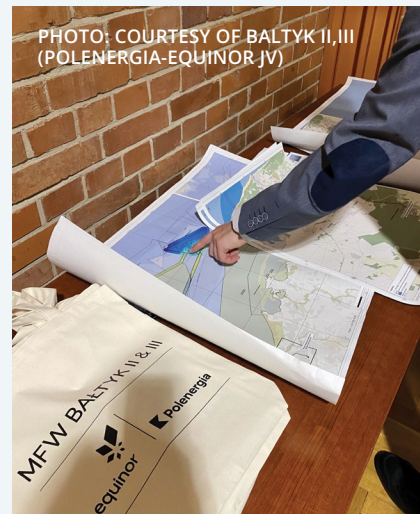
Firstly, the strategy needs to define a business rationale for delivering community benefits. This business case should provide a clear statement of ways in which community initiatives deliver shared value for both the host communities and the project proponents. For example, community benefit programs can support the livelihoods of fishing communities, generating value for this stakeholder group, but they can also help reduce the likelihood of opposition during project development and construction—a benefit to the developer. Boxes 4.1 and 4.2 provide relevant examples of community benefit strategies in both the offshore wind and mining sectors.

Box 4.1 Equinor/Polenergia's business case for local benefit sharing in a Polish offshore wind project

“The benefit sharing strategy for our offshore wind projects in Poland gives a direction for our social initiatives that support business objectives and create value for local communities.”

— KJERSTIN SKEIDSVOLL LANGE, SOCIAL PERFORMANCE MANAGER, EQUINOR

In Poland, Equinor and Polenergia are developing the Baltyk offshore wind projects through a 50/50 joint venture. In this context, Equinor-Polenergia JV collaborated with the World Bank Group to develop a well-defined strategy for delivering local benefits (see Appendix C for more details). One of the first steps was to establish clear business objectives for investing resources into local development projects. Through a series of workshops with participation from cross-functional Equinor-Polenergia JV teams, the following three business objectives were identified:



Avoid operational disruptions and protests

- Secure/maintain access for community members to land and waterways during all onshore construction activities (e.g., those related to the cable corridor, substation, operations and maintenance base, etc.)
- Create an enabling environment to avoid disruptions and allow meaningful stakeholder engagement throughout the construction and operation phases.
- Create a strong reputation as a credible contributor to protecting the onshore and offshore environment and nature in the area of influence.

Build and maintain stakeholder buy-in

- Create acceptance for the offshore wind industry among local stakeholders to ensure continuous operations, including during the permitting process

Secure future competencies to ensure business continuity

- Secure access to skilled workforce and suppliers for the needs of the JV's offshore development during all phases, in line with just transition principles.
- Ensure an inclusive and diverse workplace that contributes to the JV and suppliers' innovation and productivity.

Box 4.2 Anglo American's regional community benefit strategy: A shared value platform in Peru

In the resource-rich Peruvian region of Moquegua, local communities have significant opportunities to benefit from mining activities. Anglo American, in partnership with Mitsubishi Corporation, ENGIE Peru, the Moquegua regional government, and IFC, have been working together on *Moquegua Crece*, a collaborative platform for diversified and sustainable economic development throughout the region adjacent to the recently opened Quellaveco copper mine.

The initiative complements the company's traditional community investment programs. By helping coordinate and take advantage of the opportunities the mining industry represents for regional development, the platform takes a broader perspective beyond the mine's area of direct influence.

Why take a regional approach?

The rationale for determining that the regional approach was the right one in this context included an understanding that fostering partnerships is a fundamental strategy for the mining industry to operate and meet the demand for critical minerals necessary for the low-carbon transition. Among the other criteria that factored into the decision:

- High regional interest in the project from various stakeholders required a focus on solutions that benefit the region.
- Looking broadly at the region, beyond the direct area of influence, can bring more opportunities to the wider community, avoid creating greater inequalities/division, and integrate interlinked stakeholders.
- The significant amount of royalties that will be transferred to local governments represented an opportunity to leverage these resources for regional development.
- The footprint of the mine cut across many administrative areas, so many stakeholder groups were interlinked.
- The administrative areas were interlinked economically, so creating sustainable local economic opportunities required investing and uplifting economic development at the regional level.
- Diversification—creating economic opportunities beyond the mine—was one of the areas of focus for the *Moquegua Crece* platform.

The strategy should be a concise and accessible document that takes into consideration different types of community benefits, each aligned with the various project development phase. For example, any strategy developed to respond to requirements during a bidding round will need to be revised regularly, especially during pre-construction, as opportunities for community benefits will change.

The operations and maintenance phase should be a focus area for any community benefit strategy, particularly at a local level. For example, developers should consider the locations of operations and maintenance (O&M) ports as an opportunity to generate community benefits for impacted coastal locations. While smaller local ports often employ few people directly, they are an important part of the municipal economy, generating substantial economic activity and local jobs. Based on a Danish assessment of socioeconomic impacts, an O&M contract is calculated to generate between €3.2 and €9.1 million in turnover and between 50 and 80 full-time equivalent roles each year over a period of 25 years for the local O&M port and suppliers.²⁵ In addition, installation and O&M tend to come with several localized opportunities for domestic ports and local suppliers, including dock workers, seafarers, transport and logistics workers, technicians, and engineers.



Developing a community benefit strategy is a process

To design a community benefit strategy, developers should engage both internal company stakeholders and external stakeholders, including community members. Internally, the inclusion of various disciplines—finance, community relations, health and safety, engineering, and supply chain—can foster greater understanding of the full range of stakeholders and their concerns. This creates internal alignment and ownership across the organization and its functions.

The strategy development process includes several steps:

- **Identifying the business case for supporting community benefits:** Detail the reasons why it is important to support local communities for the success of the project and/or the company, both in the short and long term.
- **Understanding the socioeconomic context and optimal level of community benefits:** Integrate information and knowledge about local stakeholders, including their perceptions and concerns, as well as an assessment of local priorities and government objectives to determine the key development priorities and the optimal level of community benefits (see Section 3 for more guidance).
- **Determining the focus of community benefit programs:** Selectivity is key. Typically, developers cannot address all expectations and needs, nor should they be expected to. Experience suggests that companies with high-quality initiatives in a few well-defined focus areas tend to achieve greater impact and recognition than companies with programs that spread resources across too many different types of activities.
- **Detailing the implementation and measurement plan:** Internally, it is necessary to determine how best to implement community benefit programs. Many offshore wind projects have chosen community benefit funds as a delivery mechanism (more details below). It is also important to decide who can function as a community liaison or point of contact. Awareness and attention to whom is best suited to represent the company helps reduce the risk of creating barriers to effective stakeholder engagement and communications.

Community benefit funds as a common delivery mechanism

Community benefit funds (CBFs) have emerged as one of the most widely used mechanisms for implementing community benefit strategies in the offshore wind industry (for more detail, see Appendix A). While CBFs are popular and there are many examples of ones that have worked well, they should not be seen as a one-size-fits-all solution. Lessons from other countries and industries suggest that poorly designed community funds may be vulnerable structures that might not deliver meaningful benefits for stakeholders. As such, CBFs and their implementation must be carefully tailored to the project and local context. Box 4.3 describes features of well-designed CBFs.

Box 4.3 Fundamental elements of successful Community Benefit Funds



Clear rationale and design: It is important to establish why a community fund is the chosen mechanism for delivering community benefits (versus other implementation mechanisms) and the vision for the fund (short-term, long-term, community- or company-driven, etc.). Additional design questions can address the fund's focus, governance, selection criteria, and funding needs.



Collaboration and coordination: CBFs offer opportunities to collaborate with other projects and stakeholders to maximize impact in the relevant communities. Collaborating with local authorities, particularly in areas like education, infrastructure, and economic development, can help ensure alignment with regional goals, policies, and existing initiatives, leading to more effective and impactful programs. For instance, partnering with local education stakeholders in the UK helped the Dogger Bank wind farm develop skills development programs relevant to both community aspirations and national strategies. (See Appendix E.)



Continuous improvement through regular reviews: Regular reviews and evaluations of CBFs over an extended period can be important for identifying successes and areas for improvement, as well as tracking evolving community needs.



Participation tailored based on community capacity: In communities with lower capacities, developers and operators may need to offer capacity building to ensure stakeholders can participate in decision-making (for example, the review of submitted proposals). Also, to empower communities to participate without being overburdened, the developer or an independent agency might have to handle administrative tasks. Conversely, high-capacity communities might be able to fully manage their funds.



Transparency and impact measurement: Very few CBFs regularly publish information about their impact. Regular reporting and measurement and the use of standard metrics can help ensure that stakeholders understand the value that CBFs deliver locally and that their performance can be consistently tracked over time. In the UK, for example, SSE Renewables regularly publishes details about its Sustainable Development Fund. This includes information about funding priorities, application process, and decision-making approach, as well as the fund's use of social-return-on-investment methodology and community surveys to measure results.²⁵

Building Block 2:

A phased approach to stakeholder engagement

The quality of stakeholder engagement can significantly influence how people perceive both an offshore wind project and its proponents. Not all modes of engagement are equal in their effect, but generally the more inclusive and transparent an engagement process, the more likely it is to receive community buy-in and support.

Given the long development timeframe for an offshore wind project, stakeholder engagement should follow a phased approach that begins early. (See Box 4.3 for more lessons on early stakeholder engagement.) Several overarching considerations are described below.

Genuine community presence earns trust building

A critical first priority for developers is establishing a trusted relationship—something that only comes with time. There can be significant benefits to building an in-community presence instead of managing community relations remotely. Projects that establish genuine community presence can better manage expectations, have real-time understanding of what is happening in the community, and develop a strong grasp of local priorities and dynamics.

Inclusivity helps capture the complete range of values and perspectives

Additional efforts are often needed to reach and engage the full range of stakeholder groups. In these cases, sensitivity to community issues and cultural awareness is essential. Box 4.6 offers one example of engagement with Indigenous communities in Australia.

Iteration ensures continuous refinement and adjustment

Continuous refinement and adjustment in stakeholder engagement around community benefits is essential. This is particularly important in cases where delays in project completion lead to delays in the delivery of community benefits. Some offshore wind projects may choose to allocate early funding for small community projects to prevent communities from suggesting that the developer is not fulfilling promises made. These types of early community projects could include sponsorships or awareness and education activities. It is essential that these early community projects genuinely connect with broader stakeholder priorities and needs. Otherwise, there is a risk that early community programs could be perceived with skepticism or viewed as purely superficial.

Continuity closes feedback loops and guards against misinformation

Developers should communicate regularly and transparently with stakeholders to demonstrate how their feedback has been acknowledged and implemented—or to explain why it hasn't. Continuity in who engages with the community is critical. Frequent changes in community liaison officers can be disruptive, especially if relationships and trust have already been built. Continuous follow-up with stakeholders is vital to addressing misunderstandings and misconceptions in a timely and proper manner. High levels of misinformation and disinformation represent significant risk to securing and maintaining local community support.

FIGURE 4.2
Who's who in offshore wind development: key players



Box 4.4 Lessons from early engagement with offshore wind stakeholders

The research for this paper yielded several important lessons drawn from the experience of leading offshore wind developers and IFC's own engagements in other sectors.²⁷ Among them:

- 1. Find opportunities to engage early.** At an early stage, a developer will not have concrete information about a project's scope and timelines—or even if the project will be executed at all. As a result, there may be hesitancy to start engaging local communities actively. However, it is still important to start building trust and earning local respect without making premature promises. Consider engaging with representatives from important stakeholder groups to understand their positions, priorities, and concerns. Be clear that project and initial development plans are subject to change. Communicate high-level principles and/or high-level commitments that will guide stakeholder engagement and community benefit distribution. Be balanced when helping stakeholders understand positive and negative news. A general rule is that if you don't tell your story, people will tell it for you.
- 2. Manage expectations without overpromising.** It is often at an early stage of project development when proponents establish commitments for local benefit sharing. It is critical to manage expectations and not overpromise, especially in a context where community benefits may be seen as important for acquiring development rights. Overpromising and underdelivering can have a lasting impact on whether development will be allowed in the community. It is also good practice to establish a common understanding among project stakeholders of what benefits a project is required to deliver and what additional benefits are under consideration.
- 3. Don't rely on data alone to build trust and connection.** Many engagement processes emphasize educating people about offshore wind technology and its impacts and benefits. However, during early engagement, trust in data can be low, so it is important to first establish authentic relationships and trust.
- 4. Avoid technical jargon and make information accessible for all stakeholders.** Early engagement is an opportunity to influence opinions and address uncertainty or misconceptions about offshore wind by explaining basic technical concepts. At the same time, it is important to translate any technical information into language that helps people learn without feeling alienated. For example, communities may have difficulty grasping the significance of the economic support that community payments can generate or understand what types of technical skills and business opportunities will be generated.²⁸

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Box 4.4 Lessons from early engagement with offshore wind stakeholders

5. **Have patience.** Offshore wind development timelines can be lengthy (five to eight years is not uncommon), and developers should consider how to effectively engage stakeholders throughout the journey. Developers should focus on the topics that are of greatest relevance for each moment of the project development cycle. For example, direct community benefits might not be the most appropriate focus area at a project's initial phase, even if stakeholders are interested. In these cases, great skill is required to explain why and how these benefits will be addressed at later stages of the project. It is also critical for trust-building to document such conversations and any formal or informal commitments that are made.
6. **Be realistic about structuring engagements to ensure sufficient resources and efforts.** Since engagement is resource intensive, targeted engagement can be an effective strategy to reach stakeholders and build trust. For example, instead of trying to achieve consistently broad outreach, it may be more effective to target various subgroups and ensure they are approached and engaged in a sequenced manner, with a focus on topics that address their particular issues and preferences.
7. **Collaborate with purpose.** Stakeholder fatigue can be a real risk during early engagement, as multiple developers may approach the same stakeholders with the same sets of questions. Where possible, collaboration between developers may prove sensible and efficient. For example, developers can collaborate on industry forums and convene key stakeholder groups to discuss collective concerns and interests.



PHOTO: COURTESY OF BLUEFLOAT ENERGY NZ

Building Block 3:

Appropriate resources and expertise

Offshore wind developers and operators can draw on a range of internal resources for stakeholder engagement and delivery of community benefits. It is not uncommon to see offshore wind developers hire both a fisheries liaison and community liaison officers, as well as dedicated stakeholder engagement managers who oversee overall stakeholder relationship building and community benefits.

Having a local liaison is a must

Community perceptions may be negatively shaped by the presence of an international developer seeking to develop a commercial project on their lands and marine space. Managing these perceptions and building trust is often difficult and requires both time and effort, highlighting the importance of ensuring local presence, even during early project development. Hiring local people with knowledge of various stakeholders, culture, history, political economy, language, and priorities is invaluable. Local presence is also about ensuring that the project is seen as accessible and visible. Local stakeholders should be able to meet and communicate not just with community engagement frontline staff, but also with managers and directors. In general, experience shows that in any kind of community engagement, it is vital that a local liaison is rooted in the community for the duration of the project. The local liaison must also have a high level of integrity, be approachable, and be seen as sympathetic.

Top-notch outside expertise adds value

When international developers enter new markets, the complex socioeconomic, cultural, and ethnic realities of certain localities may necessitate external expertise. For example, while it is good practice to hire a full-time project fishery liaison officer (FLO),²⁹ additional external expertise may also be needed. This is critical in any context, but particularly when an area doesn't have proper coastal management, lacks updated planning or zoning documents, or is home to formal and informal/artisanal fishing communities, ethnic minorities, and/or Indigenous Peoples. Depending on the complexity of the local context, developers and/or the project's FLOs may need to hire additional social experts to help identify various groups and subgroups in the fishing communities and the best possible ways to engage them, set up appropriate compensation arrangements, and discuss opportunities for community benefits. However, any time external parties are engaged, a company also needs to designate an internal resource to ensure that externally managed engagement and the delivery of community benefit programs align with the company's policies, procedures, and values.

Budgets must align with commitments

Unfortunately, there are often cases when early commitments are not translated into budgets at the operational stage. Since different operational teams oversee different stages of a project, there is a danger that commitments made early may not be followed through. It should be a foundational principle that promises made during the development and consenting phases are promises kept at the operational stage. In practice, this means that there should be a clear budget allocation for the community benefit package in place throughout the project's development lifetime.

Building Block 4:

Collaboration and partnerships

Multiple opportunities exist for collaboration among stakeholders, including those identified in Figure 4.2. Collaboration can be particularly relevant in the early engagement phase—or when there are significant socioeconomic commitments.

In Australia, for example, a group of offshore wind developers identified the need for joint engagement with the Latrobe Valley Authority on the scope of community benefits. Given that the area is home to major brown coal reserves—a primary source of power generation as well as an important employer—the government was focused on ensuring a just transition away from reliance on coal power. Engaging as an industry can help developers establish a unified voice.

Developers may also choose to collaborate with other developers, as well as governments, non-profit organizations, and community groups on the implementation of community benefit packages. (See the case study on Ørsted in Box 4.5.)³⁰

Collaboration and partnerships can also support broader industrial or regional development, including significant long-term commitments for community benefits (see Appendix F for a detailed case study). Another option is for national or regional industry associations to host working groups that share information and engage stakeholders on behalf of several developers.

Knowledge and data sharing is another potential opportunity for collaboration. Given the relative novelty of the offshore wind sector in many markets, sharing knowledge, data, and information can create significant value. For example, in Taiwan, China, Danish developer Copenhagen Infrastructure Partners invited government think tanks, nonprofits, and environmental associations to meet regularly to review monitoring reports and openly discuss actions to protect the environment as part of a formal environmental supervisory committee.³¹ A similar approach could be adapted for community benefits. A multi-country approach might involve rotating workshops and working groups hosting various national industry associations, with the goal of sharing information and engaging stakeholders on behalf of many developers. Such joint approaches can harness synergies for many aspects of offshore wind development.

Collaborate to manage cumulative impacts of multiple projects

The impacts of offshore wind projects do not occur in isolation. They often interact, with the potential to exacerbate the overall impact on stakeholders. Multiple offshore and onshore projects in the same areas bring increased complexity—and greater potential for compounded impacts. In these cases, collaboration on positive contributions through community benefits among developers, local communities, and stakeholders will become a necessity. Such collaboration can also ensure consistency and regularity in communication.

For example, in Pakistan, several onshore wind power projects operating in the Jhimpir Wind Region participated in the development of a joint management and monitoring framework, led by IFC and supported by other lenders. Since both negative and positive

cumulative impacts were assessed, the development of the framework also included a review of community benefit programs undertaken by developers. The final framework featured recommendations for collaboration among developers to enable long-term sustainable development in the region.

Box 4.5 Ørsted delivers benefits through a fisheries fund

In 2013, Ørsted established the West of Morecambe Fisheries Fund as an independent non-profit. Now closed, the organization was designed as a fishing community-driven fund.

“Offshore wind farms can get in the way of fishing, so why not ensure that we make fishermen’s lives a little easier onshore through fishing community benefits initiatives? This was our statement of intent to demonstrate that we are interested in fishermen’s lives.”

— HYWEL ROBERTS, SENIOR LEAD STRATEGIC SPECIALIST, ØRSTED

One of the early lessons that Ørsted learned was that an engagement with fishing communities that focuses only on cash compensation is not conducive to building genuine relationships. Rather, they found that dialogue focused on broader community benefits is a more effective way to engage fishing communities and build better relationships.

Ørsted wanted the independent fund to focus on genuine fishing priorities as a cornerstone of its community benefit scheme. The governance of the fund was driven by the fishing community, which submitted applications (individually or as small groups) to a decision panel tasked with selecting winning proposals. Ørsted conducted due diligence to ensure funding was released and spent on the selected projects. While Ørsted was the key funder, several other developers also contributed, and local governments offered matching funds on some projects. Over the span of several years, more than 45 different projects, activities, and acquisitions were supported.³²

Ørsted also learned the importance of flexibility. While most of the funding went to support fishing businesses, including trucks for delivering products, packaging units, certifications, and trainings, on one occasion the fishing community wanted to direct funds to renovating schools and community houses. While this proposal did not directly support fishing livelihoods, the fishers made a compelling case for extending support to the broader community. In the end, the initiative was approved.

As a result of this experience, Ørsted now integrates the same principle of community-driven development in its other community funds. For example, funds are distributed according to criteria developed with the communities, and recipients are selected by a panel that always includes community members.³³

A photograph of an offshore wind farm at sunset. The sky is a mix of blue, orange, and yellow, with the sun low on the horizon. The water is dark blue. A long pier extends from the bottom left towards the turbines. The turbines are silhouetted against the bright sky. The text is overlaid on the right side of the image.

“This paper aims to facilitate constructive dialogue on community benefits approaches among governments, developers, and communities within the emerging markets where the World Bank’s Offshore Wind Development Program operates.”

— SEAN WHITTAKER, CO-LEAD,
OFFSHORE WIND DEVELOPMENT PROGRAM

Building Block 5:

Transparent communication and continuous improvement

Trust-building is an essential ingredient that can facilitate local support for offshore wind projects, as well as the delivery of lasting community benefits. Open and transparent communications regarding the community benefit strategy and its implementation can help create an atmosphere of trust. This can involve sharing a version of the strategy or framework with external stakeholders, including community groups, nonprofits and civil society organizations, as well as government officials. Proactive communications stand in stark contrast to reactive approaches in which community engagement happens only when the project is in need of something or when a crisis arises, such as responding to community protests.

Robust measurement enables follow-through on commitments and promises

For a project that could take a decade to develop, keeping up with the commitments made early on can be a challenge. It is important to be transparent about progress, or lack thereof, and what is and is not working with the delivery of community benefits. Such transparency enables continuous improvement and can reduce negative perceptions.

A robust approach to measurement involves developing clear objectives and going beyond obvious metrics such as the cash invested in communities. While measuring results can enable transparent and effective communications, offshore wind projects have too frequently been reluctant to adopt a systematic approach. A review of measurement approaches by offshore wind community benefit funds found that relatively few projects conduct regular results assessments. For more detail, see Appendix A.

Empowering stakeholders in culturally sensitive ways strengthens knowledge and skills

As other industries have discovered, giving stakeholders agency as active recipients and users of information can yield broader benefits and help strengthen the social fabric of communities. For example, an initiative involving IFC, BHP Foundation, the Peruvian Mining, Energy, and Oil Association, and others engaged more than 240 local leaders through digital training sessions and social media communications. In addition to sharing more reliable information about mining and its contribution to local community development, participants strengthened their own skills and reported better access, understanding, and use of information related to mining and development. As highlighted in Box 4.6, it is critical to integrate cultural sensitivities into such activities.

Box 4.6 First Nations engage with the offshore wind sector in Australia

Australia's Department of Climate Change, Energy, the Environment, and Water recognizes First Nations Peoples as the traditional custodians of the land and waters and respects their deep connection to the country. As Australia transitions to renewable energy, the emerging offshore wind sector presents an opportunity for industry and First Nations Peoples to work in partnership to deliver benefits to communities and develop local capacity to undertake renewable energy projects.

In Gippsland, Victoria, the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) is the legal representative of the Gunaikurnai people, who are the traditional custodians of the land and sea. The GLaWAC's goal is to ensure that the community is well-represented and that the rights and views of the traditional owners are respected and understood through the transition. As part of the process of awarding seabed licenses off the coast of Gippsland, the Australian government consulted with GLaWAC, which held meetings with developers to outline its vision and expectations. In September 2024, GLaWAC launched an initiative called Pathways to Partnerships: Gunaikurnai and Major Projects.³⁴ The initiative highlights the importance of showing respect, developing trust, agreeing on shared values of protecting Country and cultural heritage, developing partnerships, and delivering best-practice agreements to lock in positive outcomes for all involved.

During the application process for feasibility licenses, GLaWAC hosted "speed-dating" sessions with offshore wind developers, reinforcing the principles and values articulated in its renewable energy strategy.³⁵ On its website, GLaWAC emphasizes the importance of developers "engaging with First Nations; forming economic partnerships; facilitating training and long-term employment outcomes for Gunaikurnai people; [and] providing for offsetting and a range of other economic measures, including a sustainable revenue stream from power produced."

Under these guidelines, current efforts to develop offshore wind projects in partnership with First Nations Peoples will provide important lessons on ways to make developer-community partnerships work.³⁶

5. FUTURE DIRECTIONS FOR COMMUNITY BENEFITS



5. FUTURE DIRECTIONS FOR COMMUNITY BENEFITS

This discussion paper highlights the fundamental importance of community benefits to the expansion of offshore wind development in both established and emerging markets. Successful community benefit-sharing initiatives are based on the principles and five building blocks described above. In summary, the likelihood of success depends on a tailored strategy, regular and transparent stakeholder engagement backed by appropriate resources, and collaboration to ensure continuous improvement.

The growing expectations of community benefits do not necessarily make it more difficult to attract investors and experienced developers of offshore wind to emerging markets. Since investors and developers find uncertainty the greatest challenge in project development, it is more a question of creating certainty around the level of community benefits, such as the expected scope, roles and responsibilities, and delivery timeline. However, more research is needed to understand the evolving practice of community benefits. Several areas that would benefit from further research are highlighted below.

Understanding which models of community benefit sharing generate the most value

With the need to increase renewable energy deployment in support of climate goals, stakeholders are increasingly exploring more creative and inclusive forms of community benefits, including an elevated focus on how communities can participate as shareholders in renewable energy projects. A growing number of onshore wind and solar projects across the world have implemented shared ownership models. In Canada, for example, the participation of Indigenous Peoples in the development and shared ownership of renewable energy projects is encouraged, and communities can access advice and financial support to help them acquire equity shares in projects.³⁷ Yet in the offshore wind sector, shared ownership arrangements are new, and the feasibility and impact of shared ownership arrangements have not been comprehensively studied. This is a particularly interesting topic in the context of emerging markets, where there is a lack of understanding of what models can be implemented and how each model can work for both communities and developers.

Emphasis on nature-positive outcomes

The increased focus on nature-positive outcomes³⁸ is likely to influence the construction and operation of offshore wind farms. One way in which community benefit programs for the offshore wind sector will continue to evolve is by developing further synergies with the growing nature-positive movement. While a company or a project by itself is not, by definition, nature-positive, it has the opportunity to contribute to an overarching nature-positive goal, as encapsulated in the Kunming-Montreal Global Biodiversity Framework.³⁹ Nature-positive contributions should also be people positive, and companies should consider how nature-positive actions, in line with country and jurisdictional planning and targets, could be considered in a community benefit program, as well as on a seascape scale. It is for this reason that this discussion paper considers ecosystem services and other environmental stewardship actions in the context of benefit sharing. This is particularly relevant to fishing communities that may be impacted by offshore wind installations but also could benefit from the ecological restoration of habitats relevant to the fisheries and other marine life on which they depend.





The government's role in community benefits

There are additional questions about the role that the government can, and should, play in promoting community benefits in offshore wind development, especially in emerging markets. Some form of structured public-private dialogue on this topic is warranted. On the one hand, government can play an important role in enabling an open and transparent dialogue between communities and developers, as well as ensuring that community benefits are delivered to communities in the right way. This role can help avoid conflicts where benefits are perceived as benefitting some individuals and groups more than others.

On the other hand, any government involvement in the topic of community benefit sharing needs to be carefully assessed, structured, and managed. In a country with an emerging offshore wind market, restrictive guidance on community benefit program design might not be the best solution from the start. For example, while the introduction of non-price criteria for auctions can be an important tool for bringing a greater focus on social or community issues, potential issues with implementation—such as subjectivity or lack of transparency—can undermine the original intent of such mechanisms. That said, government/regulatory guidance represents a helpful tool in developing mechanisms that support a level playing field for community benefit sharing.

Navigating these evolving dynamics can help ensure that offshore wind capacity will continue to grow and play an important role in achieving global clean energy and climate goals. Doing so will depend on overcoming a range of industry obstacles, including securing and maintaining a social license to operate. Continuous engagement with communities and meaningful, appropriately targeted, and sustainable community benefits will be key to accomplishing this objective.

APPENDICES



Appendix A. Community Benefit Funds as a Delivery Mechanism in the Offshore Wind Industry

Community benefit funds (CBFs) have emerged as one of the most widely used mechanisms for delivering community benefits in the offshore wind industry. To benchmark CBFs, this review analyzed publicly available information on 29 global offshore wind projects (see table A1), with most of the projects located in developed markets. This Appendix summarizes the key findings, with a focus on the objectives, size, timing, structure, and management of CBFs.

Objective of funds

A significant percentage of the reviewed offshore wind projects established dedicated funds to address a wide range of local needs. Funds supported science, technology, engineering, and mathematics (STEM) education, workforce training and development, and sought to bolster local supply chains, empower disadvantaged groups, preserve cultural heritage, and enhance tourism, environmental protection, and industry-specific innovation (see Appendix B for more detail about the different types of community benefit programs and their associated advantages and risks). Some projects have set up more narrowly focused funds to target stakeholders directly affected by development. Examples include the Codling Bank Wind Park's Fisheries Fund in Ireland committed to promoting sustainable fishing and the Yunlin Wind Power Project's Fisheries Fund in Taiwan, China, which invests in infrastructure and training to help the fishing community adapt to environmental changes.

Size of funds

There is no one-size-fits-all formula for the size of CBFs. Offshore wind projects determine how to allocate community funds in a variety of ways, including the following approaches:

- **Fixed annual amount:** Some offshore wind projects commit to contributing a set amount each year to their CBFs, regardless of the power generated. For instance, in the UK, Dogger Bank allocated £1 million during construction and then approximately £600,000 a year during operation, and the Hornsea 3 Community Benefit Fund has committed £700,000 per year over a 10-year period.
- **Energy generation-based:** Other projects allocate funds to their CBFs based on the actual energy generated. For example, for the Offshore Renewable Electricity Support Scheme (ORESS) 1 Community Benefit Fund in Ireland, generators contribute €2 per MWh of loss-adjusted Renewable Electricity Support Scheme (RESS) metered quantity.⁴⁰

Timing of funds

CBFs can be established at different stages of an offshore wind project's development cycle. The timing of these funds can impact the local community's perception and acceptance of the project. Out of the 30 projects reviewed, several explicitly mention setting up funds during specific phases:

- **Construction phase funds:** Projects may establish funds specifically to support local needs during construction. For example, the Triton Knoll Wind Farm implemented a Construction Fund, allocating £500,000 distributed over four funding rounds to support 57 local projects.⁴¹
- **Operational phase funds:** Many projects create funds that continue throughout the wind farm's operation, providing longer-term benefits. One example is the Rampion Offshore Wind Farm, which established the Rampion Community Benefit Fund in 2017. This fund, managed by Sussex Community Foundation, has allocated £3.1 million over a ten-year period.⁴²
- **Combined construction and operational phase funds:** Some projects opt for a continuous support model, establishing CBFs that extend from construction into the operational phase. For example, the Beatrice Offshore Wind Farm implemented a community benefit funding package valued at £6 million. This fund was designed to benefit groups and organizations in the Highlands and Moray regions of Scotland over a five-year period, spanning both the construction and initial operational phases.⁴³

Structure and administration of funds

The administration and management of CBFs associated with offshore wind projects can vary significantly. Most of the examples disbursed funds through grant programs, where local organizations, charities, or community groups submit proposals for projects that align with the fund's objectives. The objectives themselves are often developed in consultation with the community to ensure they will be fit for purpose and make a positive impact. Together with the fund administrators, community representatives can also participate in the review and selection of grant proposals. However, in some cases the funds take a more proactive, fund-driven approach by identifying specific causes or projects to support.

The most common administrators of these funds include:

- **Independent charities or foundations:** Developers may partner with these organizations for their grant-making expertise and to promote transparency (e.g., Ørsted has collaborated with GrantScape, while Scira Offshore Energy Limited has worked with the Norfolk Community Foundation to establish the Sheringham Shoal Community Fund).⁴⁴

- **Project developers or owners:** Some developers handle CBF administration in house, ensuring strong alignment between the fund and project goals (e.g., SSE Renewables employs full-time staff members to develop, manage, and maintain CBFs alongside local communities and other stakeholders, examples of which include the Beatrice Offshore Wind Farm fund and Dogger Bank Offshore Wind Farm fund).
- **Local authorities or government bodies:** Occasionally, local or national government bodies administer funds to ensure compliance with regulations and align with local priorities (e.g., Yunlin Wind Power Project and Taiwan's electricity development fund).

Impact of funds

Measuring the impact of CBFs remains an area that could be strengthened, as the availability of public information varies considerably. While not explicitly stated for all projects, some CBFs produce annual reports detailing their activities and impacts.

Among the CBFs that reported results, most only track output metrics like funding allocations, the number of initiatives supported, and direct beneficiaries. While valuable, these metrics don't fully reflect long-term community impact. Some projects go further by measuring results like job creation, collecting stakeholder feedback, or commissioning independent socioeconomic studies to assess broader impacts. The Beatrice Offshore Wind Farm's 2023 impact report exemplifies this approach, combining output metrics with a social impact study that found each £1 invested generated £3.21 in community value. Similarly, the Sustainable Development Fund (SDF),⁴⁵ established by SSE Renewables, uses a Social Return on Investment (SROI) analysis to quantify the broader value generated, revealing that for every £1 invested, £10.95 in wider societal value is created. The SDF also conducts surveys to gather direct feedback from funded projects, with 96 percent reporting ongoing positive impacts within their communities.

However, such in-depth impact assessments remain uncommon within the offshore wind industry, likely due to cost, complexity, and the absence of standardized measurement frameworks. SSE Renewables' experience with the SDF highlights the value of engaging professionals with expertise in evaluation—in this case, drawing upon expertise from the UK third sector of not-for-profit and non-governmental organizations, where such practices are well-established.

One overall lesson is to tailor the extent of the reporting and measurement based on the context. Some CBFs are simple donations, and therefore expecting extensive reporting could go against the spirit in which the funds were given. Furthermore, the size, scale, and resource constraints of community groups may limit their ability to provide detailed reporting.

TABLE A1
Offshore wind projects included in CBF review

LOCATION	PROJECT NAME	PROJECT CAPACITY (MW)	STATUS
Denmark	Bornholm Bassin Syd Offshore Wind Project	1,000	Planning
Denmark	Vesterhav Nord Offshore Wind Power Plant	170	Planning
Denmark	Thor Offshore Wind Farm	1,000	Under construction
Germany	Trianel Windpark Borkum (Borkum West II), Phase I	200	Operational
Ireland	Codling Bank Wind Park	1,300	Development
Ireland	Dublin Array Offshore Wind Farm	824	Development
Ireland	Western Star Offshore Wind Farm—Phase I	1,300	Development
Portugal	Viana do Castelo Floating Offshore Wind Farm	600	Operational
New Zealand	Waikato Wind Farm—Phase I	250	Planning
Sweden	Neptunus Offshore Energy Hub	1,900	Planning
Taiwan, China	Yunlin Wind Power Project	640	Under construction
Taiwan, China	Greater Changhua Offshore Wind Project	1,820	Greater Changhua 1 & 2a: Operational Changhua 2b & 4: Under construction
Taiwan, China	Changfang and Xidao Offshore Wind Project	589	Operational
Taiwan, China	Hai Long Offshore Wind Project	1022	Under construction
United Kingdom	Beatrice Offshore Windfarm	588	Operational
United Kingdom	Dogger Bank Wind Farm Complex	3,600	Under Construction
United Kingdom	Triton Knoll Wind Farm	857	Operational
United Kingdom	London Array Offshore Wind Farm, Phase I	630	Operational
United Kingdom	Race Bank Wind Farm	573	Operational
United Kingdom	Greater Gabbard Wind Farm	504	Operational
United Kingdom	Dudgeon Wind Farm Project ⁴⁶	402	Operational
United Kingdom	Sheringham Shoal Offshore Wind Farm Project	317	Operational
United Kingdom	Rampion South Coast Wind Farm	400	Operational
United Kingdom	Walney Extension Wind Project	659	Operational
United Kingdom	Burbo Bank Extension Wind Farm	258	Operational
United States	Vineyard Wind 1 Farm	800	Under Construction
United States	Garden State (Ocean Wind) Wind Farm	1,100	Suspended
United States	South Fork Wind Farm	132	Under Construction
United States	Leading Light Wind	2,400	Development

Appendix B. Common Types of Community Benefits and Associated Advantages and Risks

Community benefits are usually understood as deliberate actions that go beyond the measures required for impact prevention and mitigation. They require human and financial resources beyond the project's development and operational needs and must yield tangible local socioeconomic value. The specific areas of community benefits vary widely, and each carries its own potential advantages and disadvantages, as shown in table B1.



TABLE B1.
Examples of community benefits

TYPE OF COMMUNITY BENEFITS	EXAMPLES FROM OFFSHORE WIND PROJECTS	UPSIDE/ADVANTAGE	DOWNSIDE/RISK
<p>Skills and Livelihoods⁴⁷</p> <ul style="list-style-type: none"> • Employment and skills (i.e., education, apprenticeships, vocational training, etc.) • Supply chain (i.e., supplier days, supplier databases) • Regional cluster development • Alternative skills and livelihoods 	<ul style="list-style-type: none"> • In Taiwan, China, Copenhagen Infrastructure Partners (CIP), National Taiwan University (NTU), and Danish Technical University (DTU) collaborated to offer industry-relevant offshore wind courses to university students as part of a new MSc program in offshore wind energy at National Taiwan University (NTU), as well as dedicated online courses serving continuing education needs.⁴⁸ • In Denmark, DWP System Supplier was founded in 2011 to act as a one-stop-sourcing platform for developers and their primary contractors throughout the development of the Anholt Offshore Wind Farm, owned by Ørsted. The 32 member companies secured orders for more than DKK 450 million and created 330 jobs in connection with the construction of the project.⁴⁹ As part of this initiative, a proactive effort was made to upgrade the skills of local suppliers to prepare for the demands and requirements of offshore wind customers.⁵⁰ • In the Philippines, Triconti ECC Renewables Corporation recognized a lack of needed technical skills in the communities where offshore wind projects will be developed. Once early development of offshore wind begins, Triconti plans to implement a program that will help upskill communities to enable them to seek alternative employment within the offshore wind supply chain. Triconti is also considering ways to support local fishermen to self-organize in cooperatives to provide services to offshore wind farms and other businesses. 	<p>Accessing skills development and job opportunities is a key expectation for local communities and governments.</p> <p>As offshore wind is a new industry, investments in skills, supply chain, and industrial development should have a long-term focus.</p> <p>Closer alignment between business needs (labor force), community, and government expectations (i.e., jobs, contracts) is critical.</p> <p>Investments in alternative skills can help reduce dependency on direct project employment and capitalize on existing skills and livelihoods.</p>	<p>In emerging markets, the supply of local labor could outpace available employment/supply chain opportunities.</p> <p>Procurement and employment may involve elite capture, benefiting wealthier and more educated community members.</p> <p>Communities could lack needed skills for jobs or business contracts and require significant support and skills development.</p> <p>Depending on the maturity of the local industrial base and educational institutions, there may be constraints on how quickly and effectively local suppliers and workers can absorb new technologies and skills related to offshore wind.</p> <p>Implementing any alternative skills and livelihoods programs is a long-term commitment.</p> <p>Designing, implementing, and monitoring programs requires extensive and consistent input over time.</p> <p>Collaboration and partnerships in all areas will be necessary. Clarity over who is playing a lead role as well as the commitment of all parties with appropriate resources is often challenging to secure.</p>

TYPE OF COMMUNITY BENEFITS	EXAMPLES FROM OFFSHORE WIND PROJECTS	UPSIDE/ADVANTAGE	DOWNSIDE/RISK
<p>Public Services and Infrastructure</p> <ul style="list-style-type: none"> • Basic services (water, sanitation, health, education) • Shared infrastructure (i.e., improvements to harbor facilities, new port infrastructure beyond what is required) • Local energy supply and energy services 	<ul style="list-style-type: none"> • In the United States, the Vineyard Wind 1 Farm stands out for its multifaceted approach, which includes a collaboration with Citizens Energy Corporation to establish a Resiliency and Affordability Fund. This fund receives \$1 million annually for 15 years to support energy storage and solar projects for public buildings, provide bill credits for low-income residents, and invest in backup power and cost savings for public facilities.⁵¹ • In Scotland, the Beatrice Offshore Wind Farm provided £6 million for local community improvements, including new lighting around the harbor and wheelchairs to enhance beach accessibility.⁵² 	<p>Important and visible benefits that can help demonstrate a commitment to local development.</p> <p>Decisions on what public services and infrastructure to support should be aligned/integrated as much as possible into local development plans.</p> <p>Potential to work in partnership with government.</p>	<p>Challenges with infrastructure, maintenance, and operation once the developer exits due to lack of community and government resources.</p> <p>Risk that the company could be increasingly viewed as a substitute for the government.</p> <p>Implementation of local energy services may require complicated governance and contractual structures.</p>
<p>Environmental stewardship</p> <ul style="list-style-type: none"> • Actions that deliver outcomes that benefit people and nature (e.g., support to ecosystem services such as improvements to local environment/wildlife habitats) • Environmental education and awareness (i.e., collaborative research on impacts and benefits to fishing and marine environments) 	<ul style="list-style-type: none"> • In the Netherlands, the Dutch energy company Eneco set up the Luchterduinen Fund to enable residents, associations, and foundations of coastal municipalities in the vicinity of offshore wind farms to actively contribute to increasing the sustainability of the coastal region. Projects included the repair of historic bridges, training guides for beach excursions, nature-focused podcasts, and making buildings, clubhouses, and water sports associations more sustainable and energy efficient. • In the UK, the Race Bank Wind Farm off the coast of Norfolk has supported a range of environmental initiatives, including beach cleanups, biodiverse habitat installations, and funding for wildlife and marine conservation organizations working to protect and restore local ecosystems. 	<p>Focus on environmental stewardship can help address expectations of stakeholder groups advocating for better environmental protection and biodiversity conservation.</p> <p>Can help contribute to risk reduction for the community and project, especially where climate-related difficulties occur and communities direct their concerns and grievances to the project.</p> <p>Income generation opportunities if linked with livelihood activities such as sustainable tourism.</p>	<p>Implementation can require changes in community practices, at times making it challenging to gain buy-in and ownership or ensure sustainability.</p> <p>Changes in community awareness or practice may take a long time to materialize, particularly if changes run counter to customary beliefs and practices.</p> <p>Communities might prefer programs with more immediate short-term benefits.</p> <p>Implementation often requires hard-to-find technical expertise.</p>

TYPE OF COMMUNITY BENEFITS	EXAMPLES FROM OFFSHORE WIND PROJECTS	UPSIDE/ADVANTAGE	DOWNSIDE/RISK
<p>Shared ownership</p> <ul style="list-style-type: none"> • Arrangements where local communities obtain partial ownership of a project, enabling them to share in the financial benefits and sometimes participate in decision-making processes⁵³ 	<ul style="list-style-type: none"> • In Denmark, two offshore wind projects—Vesterhav Nord and Vesterhav Syd—fell under the equity sharing scheme in Danish offshore projects governed by the Renewable Energy Act. The project owner, Vattenfall, therefore offered shares for sale to residents in nearby areas, including owners of holiday homes. <i>(For more details, see Appendix D.)</i> 	<p>Increased sense of community ownership along with greater sense of community capability, self-respect, and optimism.</p> <p>Potential to build community management capacity.</p> <p>Closer alignment of company-community interests.</p>	<ul style="list-style-type: none"> • Can involve difficult, costly, and long negotiating processes that might not succeed. • Difficulty in raising funds for communities. • Uncertainty and long timeframes of project development. • Time lag between investment and dividend flows. • Risk that expected community returns do not materialize or the capital is lost. • Measures to reduce community risks increase developer risks. • Measures to increase community returns reduce developer returns. • Governance structures can be complex and cumbersome.

Appendix C. Equinor-Polenergia Case Study: A Local Benefit-Sharing Strategy in Poland

Key takeaways:

- Develop a local benefit-sharing strategy as a multi-step process to prioritize programs for support.
- Ensure cross-disciplinary internal collaboration in the development of the strategy.
- Create avenues for ongoing communication with stakeholders.

Offshore wind energy is an important pathway for Poland's energy transition and energy security, as well as a new sector for its economy. The ambition is to develop 5.9 GW of offshore wind by 2030 and even more afterwards, but no offshore wind farm has been completed to date.

Equinor and Polenergia have a 50/50 joint venture (JV) in Poland and are working together to mature the Bałtyk offshore wind farm projects towards construction. The first two projects, Bałtyk 2 and Bałtyk 3, have a planned capacity of 1440 MW and the potential to power more than 2 million Polish households. In development since 2012, the first energy from the Bałtyk 2 and Bałtyk 3 offshore wind farms is expected to flow into the grid as early as 2027, with commercial operations to follow in 2028.



PHOTO: COURTESY OF BAŁTYK II,III (POLENERGIA-EQUINOR JV)

Meeting national and local commitments

In recognition of the challenges and opportunities in the sector, Poland signed its first Offshore Wind Sector Deal in September 2021. It is a non-binding agreement that spells out the main industry commitments during the preparatory, installation, and operational stages of offshore wind projects, the upgrade of port infrastructure, and the training and education of offshore wind workers, with a focus on reskilling and upskilling those employed in the mining industry.

A strategy that delivers local benefits

In this context, the Equinor-Polenergia JV collaborated with the World Bank Group to develop a well-defined strategy to deliver local benefits. This strategy took into consideration the commitments in the Offshore Wind Sector Deal, as well as risks and opportunities at the local level. For example, given stakeholder expectations for job generation and overall community development, the project team included a focus on local workforce and local supply chain development. Also, the areas closest in proximity to the offshore wind farms are known tourist destinations and include protected areas. As a result, engaging with stakeholders around opportunities to support existing ecosystem services was identified as another opportunity. Finally, offshore wind is a new technology in the country and the area, so the strategy included a focus on education and raising awareness.

Steps in the strategy development processes included: (1) conduct stakeholder mapping and analysis, (2) analyze social risks and opportunities, (3) select focus areas, (4) establish criteria to guide the selection and prioritization of community initiatives for company support, and (5) review potential indicators that can be used to monitor and assess project results.

The strategy was prepared by a cross-functional team consisting of Equinor-Polenergia JV social and environmental experts as well as representatives of the supply chain, technical and engineering, and corporate teams.

Early implementation

As the JV team gears up for construction, the structured approach established by the strategy helped select and prioritize community benefit initiatives across three major focus areas:

Local workforce and supply chain development: Activities included participation in local job fairs, educational projects, and supplier days. Three phases of the "One Sea, Many Benefits. Offshore Wind in My Region" project targeted more than 4,000 students in 11 participating primary schools and seven secondary schools, raising general awareness about green energy and offshore wind farms, as well as career prospects in the sector.

The JV also organized three supplier days to enable local/Polish companies to join the supply chain and enable dialogue with Tier 1 suppliers, with close to 400 participants.

Suggested content of a local benefit-sharing strategy (based on Equinor-Polenergia JV strategy)

Local context

- Map of the impacted communities
- Stakeholder mapping and prioritization (to identify subsets of stakeholders who will be targeted for benefit-sharing activities)
- Other relevant local context and information
- Opportunities for positive impact (based on analysis of local development plans, priorities, existing community assets, etc.)

Business case

- Business objectives that the benefit-sharing strategy supports
- Mapping and prioritization of social risks relevant for business and discussion of how the benefit-sharing strategy can help manage the identified social risks

Focus areas and selection criteria

- Focus areas for the benefit-sharing strategy
- Selection criteria that will be used to select and prioritize the community benefit-sharing initiatives with the highest or most valuable impact

Implementation scope

- Prioritized programs in each of the focus areas
- Mapping of potential local partners
- Stakeholder engagement (past and planned)

Results measurement

- Goals and objectives
- Measurement framework (output, outcome, impact indicators)
- Key Performance Indicators

Ecosystem services: The JV is exploring partnership opportunities to identify feasible initiatives to support ecosystem services.

Education and awareness raising: The JV hosted workshops with local government officials to ensure they are informed about the issues related to health and safety and traffic management during the construction of the wind farms and the ongoing operations and maintenance base in Łeba.

To inform communities, the JV established a local presence with an information center near its chosen O&M base in Łeba and in June 2024 opened a branch dedicated to offshore wind at the National Maritime Museum in Gdańsk, the first such sites in Poland. The JV also launched a comprehensive online portal (baaltyk123.pl/en) focused on communicating with stakeholders about the Bałtyk projects.

Lessons

Key lessons in the development of Equinor-Polenergia JV's community benefit-sharing strategy include:

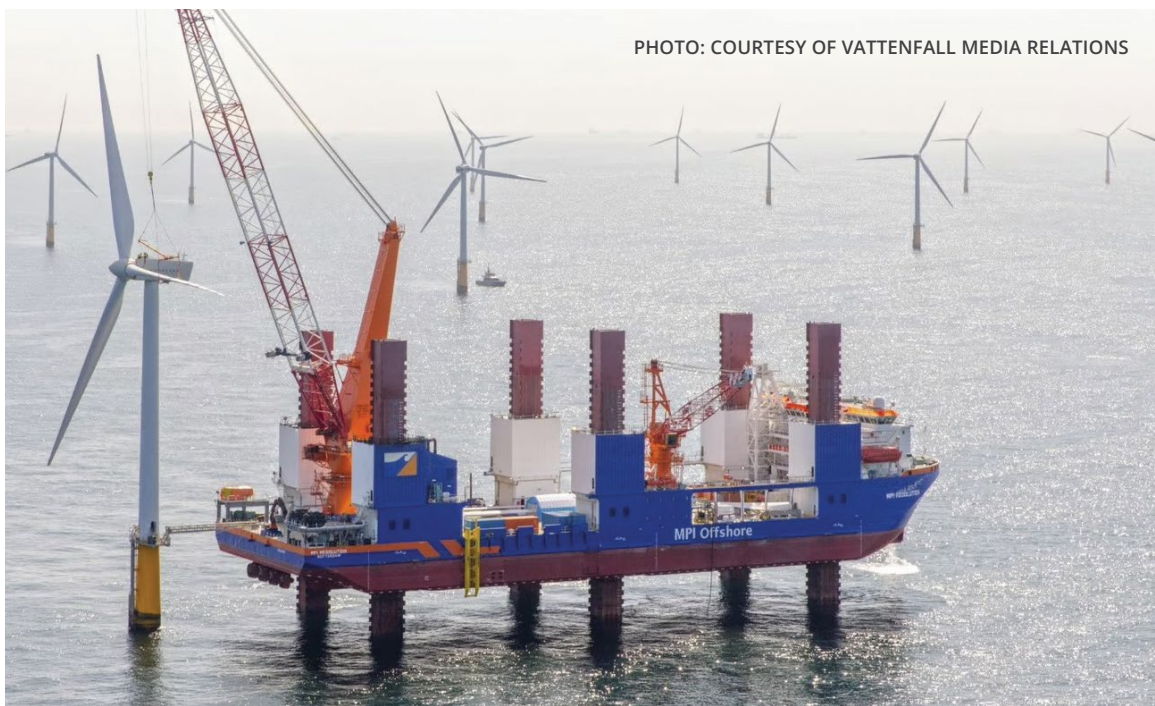
- **Strategy is important** for establishing a direction and helps prioritize community activities.
- **Review the strategy before major milestones**, such as construction, to capture changes in stakeholders, stakeholder perceptions and priorities, and other changes in the local and business context.
- **The strategy provides the basis for communicating with stakeholders** on what an organization will or will not support.
- **Stakeholder validation** is a chance to select relevant initiatives and manage expectations.
- **Outreach should be ongoing** in an effort to reach all targeted stakeholders and is particularly important during the construction phase.
- **Collaboration is critical**. The JV has already established several partnerships, including one with the Polish Energy Association that created a group to accelerate local companies' capacity to be partners for the construction of the JV's first phase.

Appendix D. Vattenfall Case Study: A Plan to Offer Local Shares in Denmark⁵⁴

Key takeaways:

- Offer equity sharing provisions for compliance and/or to improve local support for nearshore offshore wind projects (5-10 km from shore).
- Develop a transparent process and clear framework to tender shares to local stakeholders.
- Identify additional community benefit activities early in the process.

Equity sharing in Danish nearshore offshore wind projects was governed by the Renewable Energy Act, which stipulated rules around a "right to purchase arrangement." The intention was to create a framework for continuous benefits to local citizens throughout the lifetime of the offshore wind farms. While the arrangement has expired and only includes projects which obtained construction permits before June 1, 2020, two current nearshore projects both fall under the law, with a requirement to tender shares included in their Establishment Permit. The project owner, Vattenfall, offered shares for sale in the summer of 2023.



Developing a process to offer local shares

The two offshore wind farms—Vesterhav Syd and Vesterhav Nord—are both located on the west coast of Denmark, 5-10km from shore. Constructed between 2022 and 2024, each has a total capacity of 170-180 MW. This case study focuses on Vesterhav Syd, but an identical process was followed for Vesterhav Nord.

Several key steps were taken to prepare the offer to buy shares. They included:

- **Determine eligibility:** The Vattenfall project team had to outline clear parameters to determine who would be eligible to purchase shares. These parameters included:
 1. Residents registered in the CPR register or who own one holiday home in a municipality that has a coastline within 16 km of the installation site during the period in which the tender was held.
 2. Owner(s) of a holiday home(s) must have owned the home for a minimum of two years before the announcement of the tender and must not use the home for commercial rental.
 3. Residents registered in the CPR register had priority purchasing rights for up to 50 shares.
- **Establish governance structures:** While Vattenfall remains the majority shareholder (92 percent); following the first General Assembly meetings, the company has agreed to consider having one board member represent the minority shareholders or establish some form of an associated committee.
- **Prepare the offer:** Vattenfall prepared a sales prospectus, which was approved by the Danish Financial Supervisory Authority and the Danish Energy Agency before publication. The prospectus included a detailed outline of the potential risks involved in the investment, such as higher installation and construction costs than forecasted, delays in the commencement of production, lower electricity prices than forecasted, etc.
- **Initiate the sales process:** The sales period was eight weeks in summer 2023, during which time interested buyers could submit a notification of their interest to Vattenfall. The company then sent emails to all interested buyers with information on how to pay, including the stipulation that payment must be made within five working days.
- **Calculate the share price:** The price per share in the project was the same for those eligible to purchase local shares and the project owner, Vattenfall, as documented by an external accountant. The price was based on a relatively simple calculation:

*((Total construction price) + (Total estimated production per year for the OWF) / Number of production hours) * 1000 = price in DKK per share.*

A total of 156,409 shares (corresponding to 20 percent of total shares) were tendered, each with a price of 3,600 DKK (\$525).

Results and lessons

One of the key takeaways from Vattenfall's experience is that equity sharing is complex. It may not be a suitable option in all contexts, but for the Vesterhav Nord and Vesterhav Syd projects, tendering shares was viewed positively by stakeholders as an important and relevant local benefit.

During the sales period, approximately 2,600 investors bought shares. In total, 73,000 shares were sold, corresponding to roughly half of the 156,409 tendered shares. Total sales were 263,000,000 DKK (\$38,401,945). Approximately 60 percent of the private investors were local residents (CPR registered in their municipality). The remaining 40 percent were owners of holiday homes. On average, investors purchased 15 shares, corresponding to approximately 51,000 DKK (\$7,450), but individual purchases varied widely.

Another lesson is that it is important to explore a wider array of community benefits and identify beneficiaries in the early stages of a project. Vattenfall offered other community benefit activities through a strategy developed for each project, including support to local business organizations, major suppliers, and local businesses in its supply chain, as well as a local grocery store that could not otherwise operate.

Appendix E. Dogger Bank Case Study: Ensuring Impact Through a Community Benefit Fund (CBF)⁵⁵

Key takeaways:

- Establish a CBF early in the development phase of a project.
- Collaborate with project developers and other stakeholders to ensure sustainability of benefits.
- Establish several funding windows for targeted yet flexible spending to ensure positive impact.
- Create a stakeholder-driven approach to design and manage the fund.
- Ensure robust measurement.

Located in the North Sea, the Dogger Bank Wind Farm (DBWF) is a major renewable energy project with a planned 3.6 GW capacity across three phases—enough to power 6 million UK homes. DBWF recognizes the value of strong community relations and has made community benefits a central part of the project’s development and operations from the outset.



PHOTO: COURTESY OF SSE RENEWABLES

A community fund to bolster STEM education

DBWF's £1 million Community Fund, launched in 2020, strategically targeted communities near its onshore facilities within three counties: East Riding of Yorkshire, Redcar & Cleveland, and South Tyneside. The commitment for the fund was made during the project's development phase and was approved by the DBWF board and launched before construction started. DBWF's partners—SSE Renewables, Equinor, and Vargronn—collaborated on, and jointly approved, the commitment. The partners agreed that SSE Renewables would lead on the construction of the wind farm and therefore would oversee DBWF during this phase of the project. Equinor will subsequently lead on its operations and take over the responsibility for DBWF from that point.

The fund's primary focus was to boost STEM education by addressing:

- **Lack of STEM opportunities:** Limited quality STEM programs and pathways to STEM careers.
- **Industry needs:** Projected growth in STEM sectors demanding a skilled workforce.
- **Economic opportunity:** Low representation in high-paying STEM jobs in impacted regions.
- **Talent retention:** A need to attract and retain working-age talent in STEM fields.

DBWF adopted a multi-pronged approach to its Community Fund. It established several funding windows to allow for flexible yet targeted spending tailored to the unique requirements of different stakeholder groups and local causes. For example, the Operational Fund was established to respond to priority needs during the COVID-19 pandemic, and the Scholarship Fund was established to ensure local students can continue to progress to university. The four funding windows were:

- **Construction Fund (£540,000):** Direct support to the three counties most impacted by the project's construction and operation.
- **Operational Fund (£100,000):** Small grants for grassroots community projects, initially focused on addressing COVID-related disruptions.
- **Scholarship Fund (£325,000):** Partnering with the Scholarship Hub, DBWF supported 62 STEM education scholarships.
- **Sponsorship Fund (£25,000):** Promoted fund awareness and benefits through event sponsorship.

A collaborative approach with stakeholders

DBWF prioritized collaboration with local education stakeholders in all three counties to ensure the Community Fund met local needs. Instead of dictating terms, DBWF empowered each locality to identify its specific STEM education priorities and submit funding proposals.

In this process, each local education stakeholder worked with a STEM delivery partner to design programs tailored to its community's needs. This was followed by a collaborative engagement to review and refine proposals. The approved programs received funding over a two to three year period.

Ensuring robust measurement

Recognizing the value of impact assessment for future initiatives, DBWF's monitoring and evaluation framework for its Community Fund included several metrics:

- **Participation:** Number of students engaged, with emphasis on girls and non-binary individuals, along with employer involvement.
- **Student Feedback:** Changes in students' confidence regarding career decisions, general outlook, and career awareness.
- **Teacher Feedback:** Effectiveness of support, confidence in leading STEM activities, understanding of STEM career paths, and strength of industry partnerships.
- **Scholarship Impact:** Survey of scholarship recipients revealed that 41 percent pursued a Bachelor of Science (BSc) and 14 percent pursued a Master of Science (MSc), highlighting the program's success.

Lessons

An adaptive, community-driven approach, refined through ongoing evaluation and stakeholder input, is essential for the long-term success of community benefit programs. Other key lessons include:

- **A localized approach with industry collaboration.** Allowing communities to tailor STEM programs to local needs while partnering with industry for real-world student exposure has proven highly effective.
- **Collaboration with education stakeholders.** Education stakeholders, including local authorities, understand where funding could provide maximum impact. Their participation created a more relevant program for local stakeholders and enabled collaboration and learning.
- **Flexible funding.** The Operational Fund's ability to respond to evolving needs (e.g., post-COVID) highlights the value of flexible community support mechanisms.
- **Identifying areas for improvement.** Implementing a robust monitoring and evaluation framework enabled impact measurement. Ongoing stakeholder reviews can help ensure continuous improvement and alignment with community needs.
- **Collaboration among developers to ensure continuity.** An open and transparent relationship conducive to the sharing of information and lessons among project partners was important for the success and continuity of the CBF.⁵⁷

Appendix F. The Humber Offshore Wind Cluster: A Collaborative Model for Community Benefit Sharing⁵⁷

Key takeaways:

- Create a collaborative model that supports the development of an offshore wind hub.
- Conduct a strategic assessment of the cluster by establishing a baseline and a strengths and weaknesses analysis.
- Focus on a flexible approach to governance and implementation, and continuous adaptation.

The emergence of the UK's Humber region as a leading offshore wind hub can be attributed to several critical factors, including its strategic location, supportive local policies, adequate deep-water port infrastructure, and early private sector investment. The Humber region was formally acknowledged as a cluster in 2011 and designated as one of five Centers for Offshore Renewable Engineering in the UK. This recognition was followed by significant investments, such as Siemens' decision to establish a £310 million blade manufacturing facility in Hull that created over 1,000 jobs and signaled the region's potential to other industry players. Together, these factors enabled an ongoing journey from organic growth to strategic collaboration for the Humber Offshore Wind Cluster (HOWC), which supported the region's overall industrial development and also generated community benefits.

A collaborative approach to building a thriving offshore wind industry

Initially emerging organically amid a backdrop of economic decline in traditional industries like fishing, HOWC gained momentum with key investments and policy support.

A key shift occurred in 2019 when, responding to the UK government's call for private sector leadership, Ørsted took the lead in formalizing the cluster. This move established a structured collaborative model, bringing together diverse stakeholders and marking the transition to a more coordinated approach.

The development process followed these key strategic steps to establish a common view of existing conditions and a collective vision for the future:

- **Establishing a baseline:** Using *Offshore Wind Sector Deal Place (Clusters): A Playbook*, Ørsted initiated a collaborative assessment of the cluster's current state. This evaluation categorized the Humber cluster as "established," with the potential to progress to "advanced" status, providing a clear roadmap for development.⁵⁸
- **Collaborative strengths and weaknesses analysis:** A stakeholder workshop in January 2020 brought together diverse participants to identify the cluster's strengths and areas for improvement. Key areas highlighted for development included: (i) advancing entrepreneurship and innovation, (ii) deepening local supply chains, (iii) enhancing international recognition, and (iv) strengthening skills and workforce diversity.
- **The Humber Offshore Wind Cluster prospectus:** The strategic assessment was used to develop the cluster's prospectus, outlining the collective vision for the future and identifying areas for further development.
- **Governance arrangements:** Five working groups were established to focus on each of the key priority areas. The working groups and their managers meet regularly, and a full meeting of the HOWC network is held every year. The working groups focus on developing short-term and long-term initiatives to enhance the cluster's competitiveness and maximize community benefits. Industry support initiatives include skills development programs (e.g., Aura Innovation Center) and local business support (e.g., the Green Port Growth Programme supporting over 800 local businesses in the renewables supply chain). Community benefit initiatives encompass investments in transport infrastructure improvements and new public spaces. To ensure these initiatives can get off the ground, strong relationships among industry, government, academia, and local communities proved essential for leveraging strengths and driving innovation.

The HOWC governance and implementation arrangements continue to evolve, highlighting the need for flexibility and responsiveness to changing circumstances. For example, instead of formalizing its legal structure right from the start, the HOWC favored a more informal route by relying on the working groups to create and drive progress. This also helped galvanise collective ownership.

Lessons

The cluster's growth illustrates how offshore wind deployments can create opportunities to advance the overall industrial development of their localities and regions. The HOWC initiative highlights the importance of sustained collaboration among various stakeholders over time and offers lessons that can inform similar regional initiatives.

- **Leadership:** Ørsted's role as cluster lead demonstrated the importance of having a dedicated entity driving the process. While private sector leadership can be effective, the lead role could potentially be filled by other entities, including government bodies. Public/private collaboration is key.
- **Funding constraints:** The cluster relies heavily on resources from Ørsted and a few cluster partners, highlighting a need for more diverse and consistent funding sources.
- **Administrative burden:** The cluster's informal structure, while offering flexibility and collaborative ownership, placed a significant administrative load on a small team for whom cluster development tasks were added to their formal employment roles. Having dedicated staff to provide administrative support would have been advantageous from the beginning. The HOWC initiative now plans to bring on board a full-time administrative assistant.
- **Balancing informality and accountability:** The need to balance the cluster's informal structure with demonstrating concrete progress and impact to stakeholders is critical.
- **Coordinating diverse stakeholders.** Aligning the interests of various stakeholders remains an ongoing challenge.
- **Ensuring equitable benefit distribution:** As the cluster grows, ensuring fair benefit sharing across the region is a constant consideration.

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- 47 Note that per the discussion in Section 2, some degree of community benefits can be embedded—i.e., a project will generate jobs just by virtue of being developed. The skills and livelihoods referenced here involve additional community benefits, which involve deliberate measures requiring human and financial resources beyond baseline project requirements that generate socioeconomic value.
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