Guidance note for EIB Standard on

Stakeholder Engagement in the EIB Operations

October 2020

European Investment Bank

The EU bank

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Acronyms

CBO	Community-based Organisation
CSO	Civil Society Organisation
EC	European Community
EIB	European Investment Bank
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESMP	Environmental and Social Management System
EU	European Union
E&S	Environment and Social
FPIC	Free Prior and Informed Consent
GM	Grievance Mechanism
IP	Indigenous People
IPDP	Indigenous Peoples Development Plan
NGO	Non-governmental Organisation
RAP	Resettlement Action Plan
SEA	Strategic Environmental Assessment
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
ToR	Terms of Reference
TPM	Third-Party Monitoring
UNECE	United Nations Economic Commission for Europe

1. Introduction

1.1 Purpose and how to use

As a European Union institution, the European Investment Bank (EIB) upholds the following rights: (i) public access to information; (ii) access to public consultation in decision-making; and (iii) access to justice.[1] International law reflects similar, complementary, requirements. These rights, and how they apply in the context of EIB-financed projects, are set out in Standard 10 of the EIB's *Environmental and Social Standards.*[2] Standard 10 requires promoters (project implementers) to maintain an open, transparent and accountable dialogue with all project-affected persons, communities and other relevant stakeholders in an effective and appropriate manner. The value of public participation in the decision-making process is stressed throughout the preparation, implementation and monitoring phases of a project.

The purpose of this Guidance note is to provide **recommendations** to promoters on how to meet the EIB's requirements regarding stakeholder engagement in EIB operations. It also summarises **good practices** for meaningful stakeholder engagement to help promoters maximise potential project gains. The Guidance note in itself is **non-binding** and is to be used in conjunction with Standard 10. If there is any inconsistency or conflict between the Guidance note and Standard 10 or any of the EIB's other Environmental and Social Standards, **the provisions of the Standards prevail**. The Guidance note may be updated occasionally in line with how policies and practice related to stakeholder engagement evolve.

The Guidance note follows the structure of Standard 10. The sections following this introduction cover key elements of the stakeholder engagement process. Each section starts with the relevant extract from Standard 10 (in green-shaded boxes) and the ensuing text describes both the required and recommended steps to conform to the Standard. It also advises on effective optional approaches, with good practice messages in white boxes and definitions in blue-shaded boxes. Supplementary and practical material is provided in the annexes.

1.2 Audience

The primary target audience for this Guidance note comprises project promoters, including their staff, and the consultants, contractors and advisers they may hire to undertake stakeholder engagement.

The Guidance note is also intended to be useful for project-affected persons, communities, civil society organisations, government agencies and local government units of relevance, and other parties interested in EIB-supported projects. These stakeholders can use it to see what is suggested regarding stakeholder engagement in EIB-financed projects, and to identify possible entry points for their own involvement.

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[1] While the Aarhus Convention, from which these citizens' rights derive, addresses *environmental* information and justice in *environmental* matters, the guidelines accompanying it broaden the definition of "environmental information" to include social issues (particularly regarding changes that directly impact "human health and safety, … conditions of human life, cultural sites and built structures") and information about opportunities to participate in decision-making processes. The EIB clarifies this broadened scope in the context of EIB operations. Its *Environmental and Social Standards* (see next footnote) states "*the EIB is committed to upholding the Aarhus Convention, which emphasises the citizens' rights to justice, to be consulted and to enjoy access to information on projects and plans and programmes that will have environmental and social impacts on them, their assets and their lives.*" Standard 10 specifically requires disclosure of information about consultation opportunities as well as about a project's risks, impacts and opportunities, and its purpose and nature.

[2] EIB Environmental and Social Standards:
    http://www.eib.org/attachments/strategies/environmental_and_social_practices_handbook_en.pdf

1.3 Applicability of the Guidance note

This Guidance note applies to EIB operations that are required to conform to Standard 10. However, this does not mean that all such operations will require the same level of stakeholder engagement. It should be applied systematically, but with flexibility. The **principle of proportionality** should help determine the level of stakeholder engagement needed – with the level of engagement being commensurate to the project's environmental and social impacts and risks, and to its complexity (see sections 3 and 5).

Furthermore, EIB projects use a variety of financing instruments that address stakeholder issues differently.[3] This guidance has been written primarily with **investment loans** in mind. For operations entailing more than one promoter or intermediary, these entities will be required to secure compliance with Standard 10 by ensuring that projects and sub-projects: (i) are briefed about Standard 10, (ii) agree to comply with Standard 10, (iii) have the capacity to do so, and (iv) use their reporting and monitoring processes to verify compliance. The requirements will be commensurate with the nature and complexity of the projects and sub-projects financed along with their expected risks and impacts, and will include promoter commitment on the allocation of adequate human and budgetary resources.

The EIB may be a co-financer of the project, often alongside other international financing institutions. In these cases, the EIB seeks to harmonise its requirements regarding stakeholder engagement to avoid contradictory and confusing approaches or duplication. Generally, this results in all lenders agreeing on the application of more stringent standards.

The EIB may become involved in a project at a relatively mature stage. In such situations, the promoter and the EIB will discuss the nature of stakeholder engagement to date. This enables the EIB to assess any shortfalls with respect to its own prerequisites and identify the remedial measures it would require before approving the project. These shortfalls are typically addressed through additional measures, such as developing/updating and implementing a project-specific Stakeholder Engagement Plan, or supplementing the existing Environmental (and Social) Impact Assessment, Resettlement Action Plan or other relevant environmental and social documentation (see Annex 11: Key terms). The remedial measures agreed would ensure that subsequent project stages comply with the EIB's requirements.

EIB-financed operations are required to comply with national legislation and the international conventions and agreements ratified by the host country. In addition, operations within the European Union, Candidate and potential Candidate countries must comply with EU horizontal legislation while the operations outside the EU, Candidate and potential Candidate countries should meet best international practice with regards to stakeholder engagement, promote good environmental and social governance and align with relevant EU principles and standards.

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[3] The relevant categories of EIB operations comprise:
- *Investment Loans:* the loans made directly for specific projects with a single promoter, and the promoters may be public or private sector entities. These are the most common type of EIB operation.
- *Investment Programme*: the loans made for programmes of multiple projects, with single or multiple promoters, and the promoters may be public or private sector entities. In the case of multi-component Investment Programmes, the appropriate level of stakeholder engagement is required for each component.
- *Framework Loans:* for financing multi-component investments. There should be initial stakeholder engagement concerning the overall programme, as the specific initiatives to be financed may not be defined at the outset; hence stakeholder engagement will be required subsequently when the exact nature of the planned investments is clear, as appropriate to the impacts and risks entailed. These loans may involve multiple promoters.
- *Structural Programme Loans:* similar to Framework loans but with multiple promoters and a coordinating body.
- *Global Loans:* loans to an intermediary financing institution which then provides "sub-loans" to finance small and medium-sized projects, typically in response to requests for proposals. The final beneficiaries and their sub-projects are generally not identified at the time the EIB approves the operation. Loans for Small and Medium Enterprises and "Mid-Cap" loans operate similarly.
- *Special Funds:* EIB investments in equity in a fund, which then makes investments in one or more projects. Typically, these operate in one or more sectors in a specific region.

For projects in the European Arctic region, there are particular sensitivities in stakeholder engagement related to the Environmental Impact Assessment (EIA) process, and the EIB has developed a separate Guidance note on this[4].

1.4 What is stakeholder engagement?

Generally, the objective of stakeholder engagement can be summarised as:

- Identifying stakeholders including the people and/or communities that are, or are likely to be, affected by, or have an interest in the project;
- Ensuring that such stakeholders are engaged with in an appropriate and timely way with regards to environmental and social issues through a sustained stakeholder engagement process;
- Maintaining a constructive relationship with stakeholders on an ongoing basis through meaningful engagement throughout the project cycle;
- Securing a "social licence to operate," through building mutual trust and a mutual understanding of differing perspectives.

Definition of stakeholders

Stakeholders are those who will be or are likely to be directly or indirectly affected, positively or negatively, by a project (commonly referred to as project-affected people or project-affected communities), as well as those who might have an interest in, or may influence, the project.

Source: EIB, Environmental and Social Standards, p. 77f

The **nature and extent of stakeholder engagement** will reflect the nature and complexity of the project and its stakeholders, the project risks and the potential adverse impacts on individuals, communities and other stakeholders, the sector, and the country context. Stakeholder engagement processes will therefore vary depending on the project and financing instrument. Over and above any projects financed by the EIB, stakeholder engagement, whose key elements are listed in the table below, is recommended as good and necessary practice for promoters to adopt more generally. (The EIB, *Environmental and Social Standards*, p. 78)

Table 1: Key elements of a stakeholder engagement process

Stakeholder Identification & Analysis	Engagement Planning	Information Disclosure	Stakeholder Consultation
Engaging with Indigenous Peoples: (only for projects with these stakeholders)	Grievance Mechanism	Addressing Risks of Reprisal	Monitoring & Reporting

Projects that are relatively straightforward and entail only minimal or no environmental and social impacts need an approach emphasising information disclosure or targeted communication campaigns, along with openness to suggestions and concerns from stakeholders. Complex projects and those with

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[4] EIB, 2018, *Guidance note on Indigenous and Local Community Participation in Environmental Impact Assessment in the Arctic,* https://www.eib.org/en/publications/guidance-note-on-indegenous-and-local-community

significant impacts should have a fuller and proactive approach to engagement throughout the project life cycle (for further details, see Section 3 on [Engagement planning](#)).

EIB Standard 10 defines stakeholder engagement as *meaningful* if it includes the following:

Definition of meaningful stakeholder engagement

Effective and meaningful engagement and consultation is a two-way process to be guided by the following general principles:

− be initiated by the promoter early in the process of identification of environmental and social risks and potential adverse impacts and continue throughout the project life cycle as risks and impacts arise;
− be inclusive of the affected communities, and accessible to any vulnerable groups within, and differentiated by various segments;
− be inclusive, beyond the affected parties, of any groups or individuals who have been identified as other interested parties; and,
− be adequately documented both in substance and process.

Source: EIB, Environmental and Social Standards, p. 79f

Good practice further suggests that stakeholder engagement should also:

− **be non-discriminatory**;
− **provide prior information** about relevant aspects of the project, in a language, format and manner that is appropriate for stakeholders, with tailored measures for illiterate stakeholders;
− **be participatory**, by hearing, understanding and taking into account the views, interests, and concerns of project-affected communities and other interested stakeholders;
− **be free**, i.e. without cost, on a voluntary basis and without coercion;
− **be transparent**, i.e. adequately documented in terms of substance, process and the agreements reached.

Key EU and international documents underpinning the EIB's approach to stakeholder engagement are listed in [Annex 1: Legislative foundations for the EIB's approach to stakeholder engagement](#).

Summary: Stakeholder engagement as a set of *rights*

EU legislation and international agreements bestow on citizens impacted by the actions of the EIB and other EU institutions an unambiguous set of **rights** regarding access to information, public participation in decision-making processes and access to justice. This applies to EIB-financed projects with local, national and transboundary impacts.

The **public's right to have access to information** includes information in written, visual, oral, electronic or any other material form. The information made available to the public should be transparent and effectively accessible (Aarhus Convention Art. 5.2.) immediately in the event of any imminent threat to human health or the environment (Aarhus Convention Art. 5.1c). 'Environmental information' is fairly widely defined and includes information about environmental changes that directly impact 'human health and safety, … conditions of human life, cultural sites and built structures' (Aarhus Convention Art. 2.3c). In this way, the quality and the implementation of decisions is enhanced, and public awareness of environmental issues is raised (Aarhus Convention, Introduction).

The **right to participate in decision-making** gives "the public the opportunity to express its concerns and enable public authorities to take due account of such concerns" (Aarhus Convention, Introduction and Art. 6.8). Public participation procedures should "include reasonable time-frames

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for the different phases, allowing sufficient time for informing the public (…) and for the public to prepare and participate effectively during the environmental decision-making" (Aarhus Convention Art. 6.3).

The **right to have access to justice** requires adequate review procedures that safeguard the rights afforded in access to environmental information and public participation (Aarhus Convention Art. 9).

1.5 Why is stakeholder engagement important?

The most common cause of projects going off-track and running into difficulties is when unforeseen problems turn into controversies because risks had not been identified early enough or strategies were not devised to address these risks. Usually these problems come to light because people in the project's area are or consider themselves to be damaged in some way as a result, or because an influential interest group sees the project as detrimental to the cause to which they are committed. Moreover, people's rights may be infringed upon. The ensuing controversy can lead to negative media coverage or mounting criticism of the project, and public trust might be lost. At best, this comes at the expense of money, time and prestige; at worst, it comes at the expense of the project itself.

Above all, the EIB sees meaningful stakeholder engagement as a **cornerstone of sustainable and inclusive development** and as the foundation for **respecting the rights of individuals and communities**, as enshrined in international human rights law.

Stakeholder engagement helps **identify potential risks and problems** and find ways of managing and addressing them in a manner acceptable to those most directly concerned. No risk management strategy is secure unless it rests on a strong foundation of meaningful stakeholder engagement.

When stakeholders gain a firm basis of knowledge about the project at the outset, this **reduces the risk of subsequent concerns or opposition** to the project because of misconceptions or insufficient awareness of the mitigatory and remedial measures planned.

The proactive integration of stakeholder engagement in the project process **lessens the risk that the concerns of the communities impacted become politicised or appropriated** by those who may not have their best interests at heart.

Well-planned and early engagement **fosters trust with stakeholders**, increasing the likelihood of their "co-producing" solutions to any issues about which they have concerns. Stakeholders may identify impacts or constraints overlooked by the promoter and suggest potential solutions.

It will also help **identify opportunities for partnerships** that can strengthen implementation (such as through community- or CSO-participation). This can lead to efficiency gains, improved targeting of beneficiaries and potential innovations – all of which can help improve project outcomes and sustainability as well as enhancing the stakeholders' sense of ownership.

When project preparation includes stakeholder engagement, it is easier to develop **appropriate grievance mechanisms**. When these are designed in cooperation with those affected by the project, they are more successful in resolving the grievances raised, resulting in fewer cases of time-consuming and potentially disruptive appeals and protests.

1.6 Challenges and how to address them

There is a strong case for stakeholder engagement in projects, but there are also associated costs for promoters in terms of:

(a) the human and budgetary **resources that will be required** for the engagement processes to be well-run, followed and effective, particularly during the project preparation stage;

(b) the **preparation time** in getting the project to implementation and completion.

Whether these costs are warranted depends on the nature of the project and the likely consequences of NOT consulting key stakeholders in a meaningful way, given that this might lead to human rights violations, controversy, disruptions and unpredictability. After determining the appropriate level of stakeholder engagement to aim for, it is important that the promoter **allocates the budget and personnel realistically** (including hiring specialists and involving intermediaries as needed), and adjusts **the overall project timetable** to make space for the engagement.

The **costs are not just borne by the promoter**; meaningful engagement also entails considerable costs for the stakeholders in terms of their time. Using **stakeholders' representational and deliberative structures**, including engaging with local and public authorities, community leaders and CBOs with a track record of working with the stakeholders in question, can reduce these costs.

The way to **effective and constructive engagement may be country-specific** (and perhaps stakeholder-specific). It is worth seeking guidance by reviewing **records of past consultations** in the country with the same, or similar, stakeholders.

The opportunity for engagement in a given country will also depend on whether there is **an enabling environment for civil society and freedom of speech** and a tolerance for criticism without intimidation or threats of reprisals. If not, it is important to reduce risks to rights-holders whose views are sought by identifying, assessing and preventing these risks early on.

Finally, the following challenges may disrupt the engagement process, and should be carefully managed or avoided:

− **promoter's priorities differing from other stakeholders' priorities**: it is important to inform stakeholders patiently about the project and listen to their concerns before pressing forward with the promoter's agenda of questions;

− **conflicting interests and varying bargaining powers of different stakeholder groups:** this can be disruptive, and a judgement call would be needed as to whether it would be preferable to have separate meetings with the different groups;

− **diverse and exaggerated stakeholder expectations of the outcomes:** the promoter should be candid in describing what is already agreed, what the parameters of engagement are, and what is negotiable;

− **ill-informed dialogue:** consultations are likely to be frustrating to all parties if based on hearsay and guesswork rather than facts; providing adequate information in advance and being as responsive as possible in handling requests for further information is a good investment.

2. Stakeholder identification and analysis

Objective: *To ensure, as a starting point for meaningful stakeholder engagement, that all stakeholders are properly identified, prioritised and engaged with.*

Identifying, analysing and prioritising stakeholders

21. The promoter will be comprehensive in **identifying and prioritising** all project stakeholders in the given context, especially those who may be differentially or disproportionately affected by the project because of their vulnerable status. …

22. **Stakeholder analysis** needs to clearly identify and differentiate between the different types of stakeholders, including consideration of their rights, roles, duties and responsibilities in the given context, outlining rights-holders and duty-bearers. Such analysis will help identify all impacted individuals and communities (rights-holders) and the rights which they hold and may be threatened or interfered with in an operation. Government agencies, promoters and other parties (e.g. suppliers and contractors), as duty-bearers, have the obligation and responsibility to ensure that these rights are upheld.

23. Particular attention will be placed upon the identification of **vulnerable individuals and groups** in the given project context and their meaningful engagement in consultation processes.

Source: EIB, Environmental and Social Standards, pp. 79-80

Step 1: Identifying stakeholders

Listing stakeholders | The main concern is to ensure that **all** the relevant stakeholders, including commonly marginalised groups on account of gender, age, health status, poverty, educational profile or other elements of social vulnerability, are properly identified.

Definition of vulnerable people

Vulnerable people are population groups that suffer from discrimination, unequal access to rights, unequal access to and control over resources or unequal access to development opportunities.

Such groups may include ethnic, religious, cultural, linguistic minorities, indigenous groups, female-headed households, children and youth, older people, persons with disabilities and the poor.

In conflict zones and post-conflict contexts, certain groups may suffer further (e.g. women and children lacking the capacity to claim heritage from missing parents) and new categories may appear such as refugees, returnees, internally displaced people and demobilised soldiers in need of economic and social reintegration into society.

Source: EIB, Environmental and Social Standards, p. 56

For projects that have only minor environmental and/or social impacts, listing the stakeholders can be a rapid "in-house" task. For more complex projects with significant impacts on different population groups, a more intensive effort is needed, prepared by specialists familiar with the geographic area, the sector in question and the range of interested parties who are focusing on the project issues.

Mapping stakeholders | After the relevant stakeholders are listed, they should be categorised according to whether they are:

1. Directly and indirectly project-affected persons, including their legitimate representatives: Identifying people directly affected by the project is the most important task in stakeholder mapping, with a particular emphasis on those who belong to politically, socially and economically vulnerable and marginalised groups. This category includes:

   a. directly affected persons, where the impacts caused by the project are in the immediate project area and manifest themselves at once; for example this could involve the resettlement of people, impacts on their livelihoods due to construction, or damage to natural habitats;

   b. indirectly affected persons, where the project is a contributing factor, but is one of several causes for the impact, as for example with a road-building project which might lead to less custom for businesses along a prior road alignment. Indirect impacts might not be in the immediate project area and might not manifest themselves at once;

   c. legitimate representatives of project-affected people and communities such as community organisations, spokespeople, traditional leaders and others who have a legitimate claim to be able to speak for the project-affected people (even if they are not directly affected themselves).

Definition of legitimate representatives

Various organisations and spokespeople might represent and speak for the affected individuals and groups. It is important, however, to establish that the *stakeholders impacted by a project* accept or prefer to be represented in this way. At the national/regional level, these representatives may include non-governmental organisations (NGOs), unions, advocacy groups, elected office-holders, think tanks and others. At the local level, these may include, but are not limited to:

− elected representatives of regional, local and village councils;
− traditional representatives such as village headpersons or tribal leaders;
− community-based organisations (CBOs) or local-level CSOs;
− leaders of local cooperatives;
− local women's groups;
− school teachers;
− religious leaders.

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2. Stakeholders having an interest in or influence over the project: Many individuals or organisations may hold particular views on or have an interest in the project for various reasons. These are people or institutions who are not necessarily impacted by the project themselves, but have a strong interest in it, such as research institutes, NGOs, business associations, trade unions, human rights defenders and interest groups. For projects impacting biodiversity areas, these should include environmental experts and communities with specific local and indigenous knowledge. In general, involving subject experts early in the planning process enables their input to guide project design, and allows projects to be modified where necessary to alleviate any potentially negative impacts.

3. Stakeholders participating in the project: This category includes:

a) institutions, groups and individuals who have various roles in the project, such as contractors working on the project, local and national authorities who are involved in approving, inspecting or implementing aspects of the project, or NGOs and CBOs that may be contracted by the promoter for project activities at the community level;

b) the project workforce – which may comprise vulnerable people (such as migrant or unskilled workers) and/or non-vulnerable people. When the project maximises local hiring, its workers may have dual stakeholder status as both worker and community member.

[EIB Standard 7](#) sets out the rights and interests of vulnerable groups and those who are marginalised (on account of gender, poverty, educational profile and other elements of social vulnerability) and should be referred to in any project where such groups might be impacted. Therefore, attention should be paid to barriers preventing those who are often overlooked from participating — such as women's reluctance to speak out in mixed groups, language issues, geographic remoteness — and any engagement plan must recognise these constraints and mitigate them as far as possible. For example, to ensure women's participation, focus group discussions moderated by a female expert could be planned for women only so that the concerns of women in the community are taken into account in the project's design and implementation (see also [Annex 2: Sample tables of stakeholder identification](#)).

To assist stakeholder identification for a complex project, it is good practice – early on – to interview key informants likely to be very familiar with the communities in the project area, including government workers focusing on vulnerable and marginalised people, CSOs working at community level, anthropologists, social science research institutions and religious or spiritual leaders. Any such scoping should be handled carefully to ensure that expectations are managed and to avoid possible misconceptions about the project at the outset.

Step 2: Analysing stakeholders

It is important to identify and analyse the roles and "stakes" of the identified stakeholders. This analysis also helps to ensure that their rights, which may in some way be tested by the project, are properly protected. It is also important to verify that appropriate measures are identified and taken to mitigate the negative impacts of the project. Table 2 illustrates the principal "stakes" that may be held in a project. [Annex 3: Sample stakeholder analysis and mapping](#) offers a systematic mechanism to chart the "stakes" by stakeholder group.

In conducting such an analysis, the promoter should have a thorough appreciation of the project's likely positive and negative impacts on the different stakeholders, each stakeholder's interests in the project, and who might welcome or oppose the project, and why. This includes identifying and differentiating between the different types of stakeholders, taking due account of their rights, roles, duties and responsibilities in the given context, and ascertaining who the rights-holders and duty-bearers are.[5]

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[5] As per EIB Standard 10 and in line with the United Nations Guiding Principles on Business and Human Rights, rights-holders are understood as all individuals and certain groups (such as indigenous peoples), since they have human rights. Organisations or entities, such as States, trade unions or religious institutions, are not human rights-holders, but may act in a representative capacity for individuals who are rights-holders. Duty-bearers are all those who have human rights duties and responsibilities vis-à-vis the project-affected rights holders. States are the primary human rights duty-bearers, given their legal obligation to protect, respect and fulfil human rights. Companies and their contractors, suppliers and other business partners, have a complementary responsibility to respect human rights, which is to avoid infringing on the human rights of others and address any impacts in which they are involved.

Table 2: Analysing the "stakes" of the Stakeholders

Key stakeholders	Typical members	Typical stakes
1. Directly and indirectly project-affected persons	- Affected citizens - Impoverished people - Under-represented, commonly marginalised groups - Women - Vulnerable groups, including children, older people and people with disabilities - Indigenous peoples - Other groups and individuals impacted by the project	- Land rights (communal or individual) - Dwelling (if project entails resettlement) - Financial impact (project may entail new opportunities or loss of market) - Food security - Cultural heritage landmarks/locations (tangible) and intangible heritage matters - Access to healthcare and education (project may result in closer or more distant schools) - Civil and political rights - Natural resource access and use - Culture and lifestyle
Legitimate representatives of project-affected persons	- Community-based organisations (CBOs) - Non-governmental organisations (NGOs) - National/local associations - Cooperatives, Trade Unions - Elected representatives - Councils of elders etc.	- Rights and wellbeing of interested individuals and communities - Good social relations in the project area and beyond - Reputation and sustainability
2. Other interested parties	- NGOs - Advocacy groups - Think tanks, research institutes - Business associations	- Interest and expertise in the sector or the geographic area of the project - Publicly recognised leadership on the issues in question - Business interests
3. Other project participants **Private sector**	- Consultants, contractors hired by promoters - NGOs and CBOs working at community level	- Winning contracts, maintaining good reputation - Delivering project benefits at local level ensuring the success of participatory projects - Commercial interests/profits
Public sector	- National governments - Local/national public sector bodies involved in project	- Providing licences required; ensuring national environmental and social standards and requirements are met - Inspection functions, ensuring rights of stakeholders are upheld.
Project workforce	- Locally hired workers - Unskilled workers - Workers further down the contractor chain - Migrant workers - Young workers (aged under 18) - Female workers	- Occupational health & safety - Labour rights (including working hours, overtime, remuneration, right to organise and collectively bargain) - Transparency of employment strategy

Step 3: Prioritising stakeholders

The next step entails making strategic decisions on how best to engage with stakeholders. The list of stakeholders may be quite long. Some may be materially affected and others only marginally; some may be very influential, while others have limited expertise and recognition. The promoter will not be able to engage equally with all stakeholders, nor is this necessary. The promoter should decide who the key stakeholders are and how best to engage with them depending on the significance and magnitude of the potential positive or negative impacts for each group. Mapping the various stakeholders based on the degree to which they are impacted by the project, in combination with their level of influence over the project, helps to determine subsequent engagement strategies and key messages.

The top priority is to engage with directly and indirectly affected stakeholders—especially the most vulnerable and marginalised. These may have a strong interest in the project but may be the least able to make their voices heard or exercise influence over the project. Other interested parties may be no less important to the project's outcome, but can be heard and engaged with more easily.

Good practice: Carefully weighing up the "stakes" of all stakeholders

Legitimate representatives of the affected groups may be well placed to convey the interests and concerns of affected communities, but they may also have other perspectives of their own. Listening to such representatives is therefore best regarded as a supplement to, not a substitute for, direct engagement with the affected communities.

Government authorities may have varied motivations for influencing the direction of the project. Their "stakes" may be best understood by analysing their mandates and talking to key informants who understand the government agencies' interests in the project.

Drawing up a fact sheet about the project-affected persons

Affected stakeholders may be scattered across the country or concentrated in a specific location. For projects requiring intense stakeholder engagement, the promoter is advised to conduct in-depth interviews with stakeholder representatives to grasp their key characteristics better. The characteristics of the direct stakeholders can be summarised in a fact sheet containing the following information:

− number of affected people and mapped locations;
− how they are affected (including whether directly or indirectly);
− what their rights are under applicable laws;
− demographic characteristics of the local population, including children;
− principal ethnicities;
− status of women;
− economic livelihoods (permanent, seasonal, migrant labour, unemployment);
− land tenure and natural resource control;
− community and non-governmental organisation and power dynamics;
− levels of literacy and health care;
− access to the internet.

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3. Engagement planning

Objective: To devise a plan and process of engagement with project stakeholders that is commensurate with the social and environmental risks along with the scale and the complexity of the project, and is therefore appropriate for the project context.

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Engagement planning

17. Stakeholder engagement, including disclosure and dissemination of information, will be planned for and carried out in line with the principles of prior, informed and free engagement and informed participation, in order to lead to broad community support by the affected communities and longer-term sustainability of the project's activities. In the event that broad community support is not attained, the promoter is expected to dedicate all necessary resources and time to additional community engagement and public consultation initiatives, as is required.

27. Stakeholder engagement should be built into an operation's planning in a way that enables a meaningful information exchange with all identified stakeholder groups at the very outset of the project and at subsequent key decision-making points in its life cycle. Adequate budgetary resources should be foreseen and dedicated to this activity.

Source: EIB, Environmental and Social Standards, p. 79-80

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Adjusting the Stakeholder Engagement Plan (SEP) to the project risks | At an early stage of a project, the EIB requires promoters to undertake an analysis of its likely environmental and social (E&S) risks and impacts. The findings of the initial assessment may remain the same or change during the project cycle. The scope and level of detail of the planned nature and arrangements for the SEP should be commensurate with these impacts and risks to stakeholders and the scale and complexity of the project, as outlined below:

For **projects with no or minimal adverse E&S impacts**, the stakeholder engagement process can be limited to simple disclosure and/or engagement with the stakeholders directly involved in the project, such as local authorities and specialist organisations in the relevant sector whose advice might be valuable. In such cases, promoters are not expected to initiate engagement, but they should respond quickly to issues flagged by interested parties.

For **projects with moderate E&S impacts and risks[6]**, a two-way dialogue with the affected stakeholders is needed. The promoter should organise an initial consultation (with the identified stakeholders) or an initial *round* of consultations (if it is more appropriate to have separate meetings with different categories of stakeholders), until significant differences have been resolved. Thereafter, and throughout the project cycle, the promoter should keep stakeholders informed about the project's progress and be open to further consultation if the stakeholders and/or project development so require. The promoter would be expected to hold future consultations if: a) there are changes to the project, which could significantly modify its risks and impacts; or b) stakeholders raise concerns about the project's progress or identify new concerns.

For **projects with significant E&S impacts and risks[7],** the promoter should consult stakeholders carefully during the project's preparation before key decisions about the project are made, in particular as part of the Environmental (and Social) Impact Assessment and/or other relevant decision-

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[6] Projects from Annex II of the EU EIA Directive or elsewhere in the national legislation that have been screened out.

[7] Projects classified under Annex I of the EU EIA Directive, and/or where an ESIA is required by national legislation, or projects where likely significant impacts and risks for the environment, population, human health and wellbeing have been determined, including projects involving involuntary resettlement, impacts on vulnerable groups, indigenous peoples, minorities and/or cultural heritage.

making processes. The goal is to identify stakeholder concerns and alternative suggestions and inform the promoter's response to these. The promoter should conduct further consultations during implementation to ensure that the measures for impact mitigation prove satisfactory and to discuss any new concerns that stakeholders may raise during this phase.

In most projects where there are moderate or significant environmental and social risks, the EIB will require the promoter to draft an SEP at an early project stage (but not necessarily in projects within the European Union if stakeholder engagement is addressed otherwise). During its project preparation, the EIB will indicate clearly to the promoter if an SEP is required. The promoter can integrate the SEP in the Environmental and Social Impact Assessment (ESIA) or draft it separately "where justified by the features of the site and impacts of the project" (EIB, *Environmental and Social Standards*, p. 33).

Stakeholder engagement as part of the E(S)IA | Projects that are complex and/or likely to have major social or environmental impacts are required to have an E(S)IA, for which stakeholder engagement is required. The scope and the depth of the E(S)IA and its engagement process are determined by the scale, nature and location of the project and the policy, institutional and socioeconomic framework that is in place. The definitions and requirements regarding E(S)IAs are set out in EIB Standard 1.

In EIB projects outside the European Union in particular, the E(S)IA's stakeholder engagement process typically informs the plans for addressing the negative impacts, which are usually detailed in Environmental and Social Management/Action Plans, Resettlement Action Plans, Indigenous Peoples Development Plans and other similar mitigation and compensation arrangements.

Continuing with meaningful engagement | While engagement should start early on, it should be continued throughout the project cycle for projects with moderate and significant environmental and social risks – on a proactive or reactive basis, depending on the risk level and project circumstances. During project implementation, there should be a fresh round of engagement if there are significant changes to the project or unforeseen circumstances have arisen with a bearing on the social and environmental impacts.

Drafting an SEP | The SEP is "a blueprint that outlines a project's stakeholder engagement strategy and guides its roll-out" (EIB, *Environmental and Social Standards*, p. 78). As such, it should provide assurance that the rights of stakeholders will be upheld regarding access to environmental information, consultation and redress in EIB-supported operations, covering the preparation and implementation stages.

The SEP should provide a **clear description of the engagement activities** to be undertaken with different groups of impacted individuals, communities and other relevant stakeholders (see Annex 4: Sample outline of a Stakeholder Engagement Plan).

> **Good practice: Ensuring vulnerable and marginalised stakeholders are heard**
>
> It is important that the voices of vulnerable and marginalised stakeholders are heard, and that more vocal participants do not dominate the engagement process. To avoid this, hiring a skilled mediator to moderate and help structure meetings in addition to holding focus group meetings or one-to-one interviews with these stakeholders is strongly advised.
>
> Similarly, stakeholders may need time amongst themselves – with no one representing the project or government present – so that they can identify common concerns and galvanise confidence in articulating these concerns. They may also need to be consulted in a "safe space" to offer protection against intimidation and reprisals (see Section 8).
>
> Setting up an interactive process (using the project website if appropriate in the context) is recommended so that stakeholders can keep track of issues and decisions they are concerned about. However this should only be one part of the feedback process, since not all stakeholders will have the necessary internet access.
>
> Engaging with representative organisations and interested parties will be valuable. Due to their specific expertise and local knowledge, they may be more systematic in identifying the concerns and needs of vulnerable stakeholders and can be good sources of advice regarding the design and implementation of the stakeholder engagement process.

Receiving feedback in the preparation and implementation of the SEP | In preparing an SEP, the promoter is required to give stakeholders the opportunity to provide input for the draft Plan and should report back to them on how their comments and input have been incorporated and addressed (EIB, *Environmental and Social Standards*, p. 80). If significant changes are made to the SEP, the promoter should publicly disclose the most up-to-date version. Otherwise, the Standard is not prescriptive about how to collect stakeholders' feedback. The following are recommended practices:

– Promoters may place the draft SEP either in the public domain and/or share it proactively with specifically identified stakeholders affected by the project and their representatives.

– Stakeholders could be specifically invited to provide feedback on the following issues: (a) accuracy of the compiled stakeholder list; (b) the intended modes of communication with the stakeholders (e.g. oral, in writing, languages to be used); (c) the proposed extent and methods of engagement (e.g. stakeholder study, broad consultation); and (d) the appropriateness of the engagement processes envisaged.

Planning engagement for projects with transboundary impacts | For projects which might have impacts in more than one country, it is important to ensure uniformly high standards of stakeholder engagement in all these countries. This includes the requirement for stakeholder engagement in every affected country, using an approach (including language) appropriate for that country and the anticipated impacts there. The relevant authorities are involved at all stages, including the identification of stakeholders. In addition, all national requirements regarding stakeholder engagement must be followed.

Allocating appropriate human and financial resources | When preparing the SEP, the promoter should make sure that sufficient human and budgetary resources have been allocated to the planned activities. When third parties (e.g. consultants, CSOs, NGOs or think tanks) are tasked with implementing SEP items, the promoter should – especially in projects with moderate and significant environmental and social risks – "duly verify and assess that the quality and process of engagement undertaken by third parties conform to the provisions included in the present standard" (EIB, *Environmental and Social Standards*, p. 77).

4. Information disclosure

Objectives: *To ensure that stakeholders are provided with timely, accessible and culturally appropriate information to enable them to understand the project's environmental and social risks, impacts and opportunities.*

Information disclosure

32. The timely disclosure of relevant project information enables stakeholders to understand the project's risks, impacts and opportunities. Mindful of this and as foreseen in the Stakeholder Engagement Plan, the promoter will provide identified stakeholders with relevant information in a timely and appropriate manner. The promoter will further disclose and grant access to relevant information to any other interested party as appropriate.

33. The promoter will provide the following information ("the Information") to all identified stakeholders who are likely to be affected by adverse environmental or social impacts from the project:

- the purpose, nature, objectives and scale of the project;
- the duration of proposed project activities;
- any risks to and potential adverse impacts with regard to the environment, land tenure changes (resettlement, land acquisition or expropriation), occupational and community health, safety and security, and any other potential adverse impact on communities arising from the project;
- the proposed mitigation plans and associated budget;
- the available grievance mechanisms;
- any added value and opportunities for benefit-sharing;
- the envisaged consultation process, if any, and opportunities and ways in which the public can participate; and,
- time and venue of any envisaged public meetings, and the process by which meetings are notified, summarised, and reported.

Source: EIB, Environmental and Social Standards, p. 81

Providing information | The right of access to information is the foundation for transparency and accountability and is essential for building a relationship of trust among stakeholders. As such, it contributes to better long-term investment and development results. By providing the information listed above as defined in Standard 10 and in the manner described, promoters will meet their obligation to enable project stakeholders to enjoy their right of access to information.

This disclosure is required and particularly important at the *early stages of the project and at the latest, as soon as the information can reasonably be provided* to enable informed consultation about the proposed project, its impacts and possible alternatives. If the project requires an ESIA, SEP, RAP (Resettlement Action Plan), or any other environmental and social studies and documents (according to EU or national legislation and/or EIB Environmental and Social Standards), the promoter is responsible for making the documents available to the public in a language appropriate for local consultation and stakeholder engagement (after taking out any confidential information from the RAP). These documents should also be provided as early as possible to the EIB, i.e. when they are provided to the competent authority and made available to the public.

During *project implementation*, the promoter is to disclose relevant project information about activities that might affect the public, especially if there are any changes in the project, which could influence its environmental and social impacts. This may include information about emergency preparedness and response measures or the next project stages, such as when construction work will

start and when there may be sources of inconvenience (e.g. blocked access to streets, high levels of dust and noise, and other nuisances).

To ensure the consultation process is meaningful, the promoter should disclose information in a timely manner about the process and how people can participate, including:

− the SEP (if there is one);
− information about any planned consultation events;
− records of the consultation process, including specific proposals made by stakeholders and any conclusions or agreements reached;
− information about the project-level grievance mechanism, the EIB Group's Complaints Mechanism[8] and how stakeholders can access them (if not specifically mentioned in the SEP).

In addition, the promoter should give feedback to stakeholders on how their comments and input have been incorporated and addressed in finalising the SEP; it is *recommended* that this feedback indicates which of their proposals have been accepted (and how) and which have not been accepted (giving reasons for the promoter's decision).

Definition: Disclosure and dissemination

Disclosure refers to the body of documents related to the project that the promoters places in the public domain, whether or not they are required to do so.

Dissemination refers to the processes of distributing the publicly available information; *passive* dissemination can be limited to placing project documents on the promoter's website or in a publicly-accessible location; *active* dissemination additionally entails targeted measures to ensure that *appropriate* information reaches all key stakeholders so that the consultation can be informed and meaningful. This also requires the information to be in a language, style and format appropriate for the stakeholders in question and to be timely, accurate and comprehensive about the issues that should be in the public domain.

Disseminating information | While the EIB's Environmental and Social Standards are not prescriptive about *how* information is to be disseminated, Standard 10 does stipulate that the "information will be disclosed in the local language(s) and in a manner that is timely, accessible and culturally appropriate, taking into account any vulnerable or minority groups and their right to equitable representation and consideration for their rights, views and interests. The promoter will ensure that access to information is provided to stakeholders early in the environmental and social impact assessment process and will continue as it unfolds."

In practice, this may include:

− translating the information into languages that are suitable for the affected stakeholders, preferably their mother tongues;
− ensuring that information about a proposed project and its potential impacts reaches stakeholders at an early stage;
− ensuring that affected stakeholders receive the information about the project and the consultation process so that all stakeholders are able to participate and express their views and concerns on an equal basis with others;
− ensuring that the information is in a style and format that is appropriate for affected stakeholders, taking into account levels of literacy, disability and cultural factors. For example, in a predominantly oral culture or where affected communities are largely illiterate, this would require going beyond distributing written material, such as by providing key information orally, or using information intermediaries who are trusted by the stakeholders.

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8   Overview of the EIB Group Complaints Mechanism: https://www.eib.org/en/about/accountability/complaints/index.htm

It is important that stakeholders receive information about the project and consultation within a reasonable time frame, preferably at least 30 days between the public notice and the start of public consultations, to allow them to access the relevant documentation and prepare adequately.

Typical dissemination channels, besides mailings and manual distribution, include:

− *community public notice boards*, displaying up-to-date information on the project and its impacts;
− *the project website,* updated regularly, including information on the project stages, key contact details, stakeholder engagement process and grievance mechanism;
− *mainstream media,* such as announcements through newspapers and radio stations;
− *social media platforms, push news, bulletins and newsletters,* including important information on the project, any possible impact on the stakeholders (e.g. traffic issues due to construction work) as well as contact information for grievances;
− *existing outreach structures*, such as libraries, NGOs or traditional leaders;
− *the project office*, including the opportunity for submitting feedback and complaints, as well as for accessing project documentation.

In considering the dissemination strategy, it is good practice to consult key informants (such as government officials, social scientists, NGOs and leaders or spokespeople of key stakeholder groups) to verify whether the communication formats, methods and venues chosen are suitable. The promoter is also advised to draw on the lessons regarding outreach from any similar stakeholder engagements in the country.

5. Public consultation

Objective: *To establish and maintain a constructive dialogue between the promoter, project-affected communities and other interested parties throughout the project life cycle in order to improve project outcomes and sustainability.*

Public consultation

35. The consultation process is part of the public commitment of the promoter. Where communities are, or are likely to be, affected by adverse impacts from a project, the promoter will undertake a process of meaningful consultation in a manner that provides the affected parties with opportunities to identify and express their views on project risks, impacts, and mitigation measures, and engage in a collaborative process with the project in responding to, and addressing considerations raised. Initial stakeholder consultations will occur early enough for the rights and interests of impacted individuals and communities to influence the decisions made throughout the project life cycle.

36. The promoter will consult all identified stakeholders at strategic decision-making points during the project life cycle and certainly before any impact is delivered. The frequency and degree of subsequent engagement and consultations will depend on the nature and magnitude of risks and current and potential adverse environmental or social impacts arising from the project. As a minimum, the promoter will ensure that a regular, consistent and reliable platform of ongoing dialogue and communication with stakeholders is maintained.

37. Within the context of such dialogue, the promoter will consider, take into account and respond to all views expressed as appropriate and report to stakeholders on the rationale behind the final decisions. […]

38. The promoter will be required to review the effectiveness of previous public consultation processes, report on the findings and make the necessary amendments in the operation's environmental and social action plan (ESAP) and SEP to improve future consultations. […] The promoter will inform those who have participated in the public consultation process in a timely manner of the final decision on the project, the accompanying environmental and social mitigation measures and any associated benefits for the local communities. The promoter will further inform the latter of the reasons and considerations on which the decision was based, as well as of the judicial and non-judicial grievance or complaint mechanism or process that should be available during the entire duration of the project.

Preparing consultations | For projects with potentially significant social or environmental impacts, the promoters are expected to conduct a meaningful consultation process. The promoters are also advised to do so in projects where communities in the project area *perceive* that the project will have a significant impact even if this is not the case. Undertaking consultations will usually entail assigning a project officer, social specialist or communications specialist to manage the process for the promoter (see Annex 7: Sample outline for a consultation consultant).

This process should include all those identified by the stakeholder analysis and listed in any SEP. It is particularly important that promoters hear, understand and address the concerns of vulnerable and marginalised groups including women and youth. Inclusivity is therefore essential as is avoiding "elite capture" in which the voices of politically and economically stronger (and typically male) stakeholders are predominantly heard.

In projects in the European Union for which the EIB requires an ESIA, the ESIA process and content must be compliant with the requirements of the EU EIA (Environmental Impact Assessment) Directive.[9] Outside the European Union, the ESIA should be consistent with the principles contained in the EU EIA Directive and best international practice. Therefore, public consultations are conducted by the authority competent for the decision and before the decision is taken. In this case, the role of the promoter is limited here to providing support in identifying relevant stakeholders, answering any questions that may arise or organising resources and tools for conducting consultations.

Determining the timing and intensity of consultations | The consultation should start, and be at its most intensive, during the project preparation stages to provide, in particular, information for the ESIA and other project assessment or planning documents required. It should commence as early as possible, while the public authority is still in the information gathering and processing stage and when all options are still possible. The public authority must be open to persuasion by members of the public to change its position or opinion.

Each phase of planned consultations should include reasonable time frames to allow the public adequate time to digest the notification and the relevant information provided about the proposed project. and prepare their feedback and input for decision-making, taking into account the possibility that they may need to request further information from the public authorities. Therefore, the time period for public participation should at least be long enough to provide a response to a request for information in the normal course of events. While the time frames may vary depending on the characteristics of the proposed activity, general good practice would be to notify the public about the planned consultations and share the relevant project documentation at least 4 (four) weeks in advance.

During the consultation, special attention should be paid to rights-holders' concerns about how the project could impact them, including in social, environmental, employment and other economic respects; a dialogue should then be opened about what mitigation measures would be appropriate and proportional to these risks and impacts. In addition to any consultations organised by the promoter and/or competent authorities, the promoters should be open to meeting with stakeholders at their request, schedule further meetings if asked to do so, or enable communities to raise issues in other ways than those prescribed in the SEP.

As previously explained (Section 3, see also Table 3 below), the intensity of the consultation should depend on the risks and impacts inherent in the project. It should start as early as possible and continue throughout the project cycle, as dictated by the evolving risks, complexity and stakeholder rights and interests in the project.

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[9] https://ec.europa.eu/environment/eia/eia-legalcontext.htm

Table 3: Project E&S impact and risk levels – levels of consultation

PROJECT CYCLE:-> E&S Impacts ↓	Project concept and design	Project planning	Project implementation /construction	Project operation and decommissioning
Projects with no or minimal adverse E&S impacts	Hold meetings with key informants if requested.	Respond quickly to issues flagged by interested parties.	As at the planning stage.	As at the planning stage. PLUS consultation if there are changed circumstances: i.e. with relevant stakeholders about any E&S impacts and risks related to operations that were not previously anticipated.
Projects from Annex II of the EU EIA Directive or elsewhere in the national legislation that have been screened out	As for no impacts, see above. PLUS: invite impacted stakeholders and those known to have an interest in the project or sector to one or more consultation meetings.	As for no impacts, see above. PLUS: hold further meetings with categories of stakeholders (focus groups) as the need becomes apparent and as stakeholders request.	Continue consultation with affected stakeholders, as stakeholders request and while differences remain.	As at the implementation stage if impacts on stakeholders continue, PLUS consultation due to changed circumstances (as above) and with those who may be impacted by the project's closure and/or decommissioning.
Projects classified under Annex I of the EU EIA Directive, projects from Annex II that have been screened in, and/or where an ESIA is required by national legislation[10]	As for screened out projects, see above. PLUS: hold intensive dialogue with all categories of stakeholders (separately or jointly) about their concerns and suggestions, and repeat as needed while differences remain; if there are impacts on indigenous peoples, the special "Free, Prior and Informed Consent" (FPIC) process is to be followed.	As for screened out projects, see above. PLUS: continue the in-depth dialogue about concerns and suggestions; use professional mediators if there are tensions; be wary of any signs of intimidation or reprisals; brief the EIB on progress and difficulties; if there are impacts on indigenous peoples, continue with the FPIC process (see Section 6).	Continue and expand the consultation process to include implementation issues and handle grievances. If problems remain, continue to use the services of social specialists and/or NGO mediators.	As at the implementation stage if impacts on stakeholders continue, PLUS consultation due to changed circumstances (as above) and with those who may be impacted by the project's closure and/or decommissioning.

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[10] Also projects where likely significant impacts and risks for the environment, population, human health and wellbeing have been determined, as well as projects involving involuntary resettlement, impacts on vulnerable groups, indigenous peoples, minorities and/or cultural heritage.

Allocating adequate resources for consultations | Effective consultations take time and cost money. The required budget depends on various factors, including relative prices and salary levels in the country, the complexity of the consultation process required, the diversity and geographic spread of stakeholders, any history of controversy regarding similar projects in the country, the need for translation and other special communication requirements, the need to hire particular expertise (such as for building relations with indigenous people or gender specialists), the need for skilled and neutral facilitators for meetings, and the likelihood of needing an iterative approach with key stakeholders. The promoter should assess such needs at the outset and ensure that the consultation is adequately costed in the project budget and integrated in the project schedule.

Establishing broad community support | Stakeholder engagement should result in "*broad community support*" for the project, which Standard 10 defines as "a collection of expressions by the affected communities, through individuals and their legitimate representatives, in support of the project. There may be broad community support even if some individuals or groups object to the project."

To achieve this, promoters should be able to demonstrate that they have listened to stakeholders' concerns (especially stakeholders impacted by the project) and have sought to accommodate these concerns by modifying the project design, and/or introducing mitigation measures. These would be set out in an appropriately financed Environment and Social Management/Action Plan (ESMP/ESAP).

Suggested questions when assessing if the project has achieved "*broad community support*"

- Are stakeholders, especially those directly impacted, satisfied with the manner and extent to which they have been informed and consulted to date? Were they all able to participate without unreasonable restrictions, intimidation or fear of reprisals?

- Were the rights, special needs and capacity constraints of particular individuals or groups taken into account in the consultation's design?

- Do any stakeholder concerns constitute a commercial or reputational risk to the project? Have these been clearly identified and resolved as far as possible prior to implementation?

- If stakeholders have suggestions that the promoter considers not appropriate to act on, have the reasons for this position been explained to the stakeholders in question, and have they been given an opportunity for further response?

- If objections remain, are they considered irreconcilable? If so, do the objections relate to the project as a whole or just to one component or intended operational approach?

- How widespread is the dissatisfaction? Is it largely local or from outside the project area?

- Has the candid record of unresolved stakeholder objections been passed on to the EIB, any relevant government authorities and any other lending institutions?

- Has the project been clear and transparent in the making of its decisions and in sharing them, along with records of deliberations, with stakeholders and project partners?

If objections to the project remain, further consultation is advised to ensure that all feasible options for adjustments and/or mitigation have been explored. If these objections remain, the promoter should be able to explain why they consider that the project has broad community support (where the interests of a wider population who stand to benefit from the project are also relevant), or look at alternatives, including not going ahead with the project.

Consultations should be conducted in a manner that avoids any actual or perceived coercion of participants to agree with the project's proposals (see section 8 on Addressing risks of reprisals). They should present the case for the project, listing possible options, but not seek to persuade communities

to accept it as a given; the promoter should be open to considering alternatives or project improvements proposed by stakeholders.

Recording consultations | In planning the consultations, the promoter should consider and draw on the lessons from prior public consultations of a similar nature (as described in Section 3 on Engagement Planning) and should emphasise transparency and the two-way nature of meaningful consultation. The public record of the consultation process should summarise suggestions and concerns from stakeholders (in keeping with the European Union's data protection requirements)[11], stating which of these the promoter accepts and how the project has been adjusted accordingly, and also which concerns and suggestions the promoter feels unable to accommodate, giving due reasons. It is good practice to summarise each significant consultation meeting or event, in particular recording any decisions reached, and to share these records with participants. Similarly, the promoter should inform stakeholders of the final decisions regarding project approval and the reasons for these.

It is in everyone's interest to ensure high standards of consultation. Poor quality processes are a frequent source of conflict and tension. Promoters are therefore advised to draw on the good practice lessons in the following box.

During the implementation of projects with moderate or significant E&S impacts and risks, there should be renewed consultation whenever modifications to the project or unforeseen circumstances lead to significant changes in its social or environmental impacts. Any such consultation should start with proactively disseminated information about these circumstances and proposed adjustments, the reasons for them, the impacts these changes may result in, and the strategy for mitigating and/or compensating for any negative impact. Promoters should remain open to alternative proposals from stakeholders.

The form of consultation event, during both the design/preparation and the implementation stages of the project, is best decided on a case-by-case basis, depending on the circumstances and the stakeholders to be reached. Annex 6: Methods of consulting outlines a variety of commonly used methods.

The promoter should endeavour to facilitate the participation of people with disabilities, by, for example, ensuring meeting spaces have easy access, providing hearing loops at meetings, making information available in braille and large-letter formats and including representative organisations of persons with disabilities in the consultation process.[12]

Making a special effort to ensure that women are fully represented in the consultation process is both more difficult and more important in fragile and conflict-affected situations. See Annex 12 for further guidance on this.

According to its own assessment of the sensitivity of the consultation process, the EIB may decide to observe the consultation activities to understand the concerns of the people affected and how the promoter might address them.

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[11] See more information on the EU General Data Protection Regulation (GDPR) here: https://eugdpr.org/
[12] For further guidance on this subject see: *Guide for Accessible Meetings for All*, from the European Disability Forum – accessible at www.edf-feph.org/sites/default/files/edf_guide_for_accessible_meetings.pdf

Good practices: Managing consultation processes

1) Make proactive efforts to include those most affected by the project, ensuring in particular that there is a gender balance and inclusion of vulnerable and marginalised stakeholders.

2) Ensure it is easy for stakeholders to attend meetings, such as by holding them at locations convenient to them, giving adequate notice of events and timing them appropriately – avoiding holidays, harvest time or busy work periods, including times of the day when women are typically busy.

3) Ensure the process is properly informed; this means providing information early enough to be digested prior to meetings, and in appropriate languages and formats that impacted stakeholders use; have translators and interpreters present at the meetings when needed. Offer easy-to-read versions of all the documents.

4) Consider scheduling separate meetings (focus groups or break-out sessions in wider meetings) for different stakeholders (such as women, youth, vulnerable and disadvantaged groups) to ensure their voices are heard; facilitate meetings with the aim of ensuring that stakeholders' safety and comfort levels are not barriers to their participation.

5) Allow time for stakeholders to talk among themselves in private so that they can identify common concerns, boost their confidence and perhaps nominate a spokesperson to express their views.

6) Document meetings and share these records with participants; invite responses if participants feel that an important point has been misrepresented or omitted.

7) When the issues are controversial and the discussion may be tense, consider using independent or professional mediators. Facilitators should be careful to manage expectations.

8) Avoid rushing. Allow opportunities for multiple meetings to reach decisions. Be vigilant to ensure that no one uses coercion or makes threats against stakeholders who express reservations.

9) When the enabling environment for public participation is limited, seek other ways to hear stakeholders' concerns, such as by contracting an NGO or research institute to survey stakeholders, or by forming a stakeholder advisory group or community forum to advise the project.

10) Use existing institutions and structures where possible; if key stakeholders are members of or are represented by a national or sub-national umbrella group (such as a farmers' or coffee-growers' association), explore using this structure and its facilitators for consultation purposes.

11) Seek opportunities for using consultations to identify ways in which directly and indirectly impacted people and other stakeholders can remain engaged and contribute constructively to the project during implementation, for example by helping to roll out the mitigation measures or monitoring project implementation.

6. Special requirements for engaging with indigenous peoples

Objectives: *To ensure that any communities of indigenous peoples affected by a project are fully informed about the project and its potential impacts, meaningfully consulted about the project, and given the chance to deliberate on whether they agree with the project.*

Free, prior, informed consent

39. … Free, prior, informed consent (FPIC) refers to the process whereby an affected community of indigenous peoples arrives at a decision in accordance with their legal provisions, cultural traditions and practices. The UN Declaration on the Rights of Indigenous Peoples ratified in 2007 is the standard to be applied in the implementation of sustainable development projects at all levels, including respect for full participation in decision-making and indigenous peoples' free, prior informed consent to policies, programmes and projects affecting them.

40. In properly appreciating and applying FPIC:

Free should imply no coercion, intimidation or manipulation.

Prior should imply consent has been sought sufficiently in advance of any authorisation or commencement of activities and respect time requirements of indigenous consultation/consensus processes.

Informed should imply that information is provided that covers (at least) the following aspects: (a) the nature, size, pace, reversibility and scope of any proposed project or activity; (b) the reason/s or purpose of the project and/or activity; (c) the duration of the above; (d) the locality of areas that will be affected; (e) a preliminary assessment of the likely economic, social, cultural and environmental impact, including potential risks and benefit sharing in a context that respects the precautionary principle; (f) personnel likely to be involved in the execution of the proposed project (including indigenous peoples, private sector staff, research institutions, government employees and others); and (g) procedures that the project may entail.

Consent should be premised on consultation and participation undertaken in good faith and full and equitable participation, allowing for as much time as needed and an effective system for communicating among interest-holders, participation of peoples' own freely chosen representatives and customary or other institutions, and the participation of indigenous women, as well as children and youth as appropriate.

Source: EIB, Environmental and Social Standard, p 82

FPIC is an essential element of the EIB's commitment to human rights. As such, it must be followed by any promoter who receives EIB finance for a project impacting indigenous peoples (hereafter IP for convenience)[13]. More details of the requirements are set out in EIB Standards 7 on *Rights and Interests of Vulnerable Groups* and 10 on *Stakeholder Engagement*.

This section is to be used alongside the other sections concerning Stakeholder identification and analysis (2), Information disclosure (4), Reprisals (8) and Grievance Mechanisms (7) (see also Annex 12: Further sources of information).

Projects requiring an FPIC process | FPIC applies to any project affecting the lands, territories or other resources customarily used by IP, either permanently or seasonally, that results in any displacement, livelihood loss or impact on cultural heritage, or affects their identity in other ways. The land in question does not have to be owned in legal title by the IP, providing they can demonstrate their traditional or customary use of it.

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[13] Additionally, the EIB adheres to good international practice requiring that REDD+ projects apply FPIC, too, whether indigenous populations or forest communities are affected.

The people to whom the FPIC requirement applies | The FPIC process should be applied to IPs who share these particular characteristics in varying degrees:

− self-identification as members of a distinct indigenous cultural group and the recognition of this identity by others;
− collective and historical attachment to geographically distinct habitats, ancestral territories or areas of seasonal use in the project area, and to the natural resources in the project area;
− customary cultural, spiritual traditions, beliefs, social, or political institutions that are distinct from those of the mainstream society or culture and a shared wish to maintain these differences;
− an indigenous language, often different from the official language of the country or region.

In addition, the EIB requires that FPIC should also apply to forest-dwelling communities, whether they fit the above criteria or not, in the case of REDD+ projects.[14]

The FPIC process and consent | The starting point for FPIC, as for engagement with other rights-holders, is a stakeholder analysis in which it is important to identify the IPs who may be impacted by a proposed project along with their existing deliberative structures and trusted representatives. This would inform a culturally appropriate engagement plan that includes specific provisions, such as the need for project information to be translated or made available in different formats, or for anthropologists or communications specialists to be brought in.

Thereafter, the process of engaging with IPs has significant differences from other stakeholder engagement processes. In particular, it goes beyond consultation to *negotiation* with the objective of obtaining the *explicit consent* of the communities for the project. When there are major differences in starting points between the promoter and the IP, the negotiations may be slow, iterative and sensitive. No project activity that results in any physical or economic displacement should occur until the IP involved have signalled their consent to the project and received their compensation, including the agreed measures of livelihood rehabilitation, as part of the FPIC agreement.

Definition of consent

"Where the relocation of these [indigenous] peoples is considered necessary as an exceptional measure; such relocation shall take place only with their free and informed consent.

Where their consent cannot be obtained, such relocation shall take place only following appropriate procedures established by national laws and regulations, including public inquiries where appropriate, which provide the opportunity for effective representation of the peoples concerned.

…[Where IP have to be displaced, they] shall be provided in all possible cases with lands of quality and legal status at least equal to that of the lands previously occupied by them, suitable to provide for their present needs and future development. Where the peoples concerned express a preference for compensation in money or in kind, they shall be so compensated under appropriate guarantees."

Source: Art. 16, ILO Convention 169

The *UN Declaration on the Rights of Indigenous People* specifies that explicit consent is required in instances of relocation from IPs' lands (art. 10), storage of hazardous materials on their lands (art. 29), and projects that affect IPs' lands (art. 32.2).

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[14] REDD stands for projects whose objectives are Reducing Emissions from Deforestation and forest Degradation; REDD+ adds to this a broader set of interventions for conserving forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks.

Consent, in the FPIC context, does not mean that an IP community automatically has a veto over a proposed project, as the above box explains. While the EIB requires that promoters make every effort to obtain the consent of IP impacted by the project, this does not require the agreement of *all* IP representatives. The aim should be to reach a collective expression by the IP representatives consenting to those elements of the project that affect them with defined measures of mitigation.

The results should be *firstly* an IP Plan or IP Development Plan (IPDP, see box below) together with the budget proposed for the agreed mitigation and benefit-sharing measures (in practice there may be different IPDPs for different IP communities impacted). *Secondly,* there should be an Agreement, signed by the representatives of the IP communities and the promoter, confirming the IPs' consent for the project, with a statement summarising the agreed measures to prevent, minimise, mitigate or effectively remedy the adverse effects of the project, along with the benefit-sharing arrangements. The EIB would then determine, in discussion with the promoter, whether the FPIC process has been adequately followed and if the budget is realistic for the measures set out.

Expertise requirements | Since project impacts are likely to be viewed differently by IP and non-IP stakeholders, and an objective of FPIC is to preserve and promote the self-determination of IP, it is important that the promoter has the necessary expertise from the outset to appreciate the IPs' perspective. For a project with significant IP impacts, this would normally require the promoter team to include a specialist in IP affairs who is trusted by the communities in question to manage the relations and coordinate the FPIC process. This person should be seen by all parties as a bridge-builder and facilitator, and therefore not a negotiator on behalf of the promoter, however frequently they might seek to interpret and clarify the promoter's positions.

If the EIB comes into the project relatively late, for example after the EIA has been completed and the authorities have approved the project, it will still require the FPIC process to be followed. For this, the promoter will either need to demonstrate that the consultation approach it has followed conforms to FPIC requirements, or will need to re-open and remedy it accordingly.

Six stages for high-quality, sustainable FPIC processes

(1) Research | Draw on existing national and international expertise on IP, organisations representing IP (such as national forums or parliaments of IPs' traditional leaders), research institutes, NGOs and others familiar with the IP concerned and their legal rights. This will help identify any special issues pertaining to the project-affected IP and their representational and deliberative processes. Consider the experience of (and lessons from) any prior FPIC processes involving these or other IP in the country.

(2) Use this research to plan the FPIC process | The research would feed into the IPDP, ESIA and SEP for the project as well as indicate the appropriate FPIC approach to take which should be proportional to the possible impacts of the project (and discussed with the EIB). This planning would detail the IP representatives and IP structures to be engaged with as well as a provisional format for the consultations.

(3) Be guided by IP leaders | It is good practice to consult with IPs' legitimate representatives as early as possible for their assessment of the information derived from the research and their guidance on information dissemination and FPIC consultation. Planning in this way may help ensure a constructive response to the project information and the initial proposals regarding IP communities.

Six stages for high-quality, sustainable FPIC processes (continued)

(4) The consultations | In the initial meetings (which should be as early as possible in the project cycle), ensure that participants: a) understand the project, its benefits and impacts; b) are aware of their collective rights under FPIC; c) are familiar and agree with the FPIC process planned; and d) agree about how meetings are to be recorded. If the early discussions prove contentious, it is advised that a skilled mediator or expert be hired, such as an anthropologist who has worked in the area or a communications specialist with IP expertise and experience. Subsequent consultations should catalogue IPs' feedback regarding the project and proposed measures for avoiding, mitigating or compensating for its impacts. Where other non-IP communities are also impacted by the project, it is advisable to hold separate consultations with these stakeholders, since their concerns and cultures will usually be different, unless both sets of stakeholders voice a preference for joint consultations.

(5) FPIC negotiations | The first step should be to establish the IPs' "non-negotiables", and whether their concerns apply to the project as a whole or just to specific elements. Any areas of agreement should be written down and clarified with the IP. The promoter should propose steps to address IP concerns and find a benefit-sharing arrangement for the project. Negotiations should allow the IP time to deliberate according to their own decision-making process and without any pressure.

As the process moves towards agreement, balancing changes to the project design with mitigation and benefit-sharing schemes, it is time to aim for the formal FPIC Agreement, bearing in mind:

a. IPs' traditional systems for negotiation should be paramount. For practical reasons, whenever it makes sense, negotiations should involve the fewest IP representatives, consistent with the need to include all the various legitimate IP interest groups; for a widespread project it may be preferable to negotiate different FPIC agreements with different IP communities.
b. While it is generally appropriate to negotiate with the IPs' existing representational structures, the impacted IP must be satisfied with this arrangement and have the right to choose their preferred interlocutors.
c. It is important to reach agreement on the IPDP – the agreed mitigation and benefit-sharing measures – as the basis for the IPs' consent for the project. This would also include any agreed project changes and the arrangements for addressing IP grievances. After negotiating adjustments to the draft IPDP and draft Agreement – recording any remaining dissenting voices and possibly non-agreement with particular components if necessary – the Agreement should be ready for signing. The EIB should be informed of this situation to ascertain whether the FPIC process meets its requirements.

(6) Implementation arrangements | The agreed measures for mitigation and benefit-sharing, covered in outline in the FPIC Agreement, should be detailed in the IPDP, including the processes for delivering these commitments and a budget committed to by the promoter. It is good practice to establish a steering or monitoring forum including IP representatives and others to ensure the IPDP keeps on track, to monitor the effectiveness of the mitigation elements and to ensure that the benefit-sharing schemes are well-targeted. It would also help in identifying any problems, suggesting relevant modifications to the IPDP, and providing regular feedback to the promoter on progress.

The promoter should have in place an institutional arrangement, acceptable to the IP, for receiving and addressing their grievances (while it would normally be IP-specific, it could be the same as the mechanism for addressing grievances from non-IP stakeholders impacted by the project in that the project is likely to impact both constituencies similarly). It is good practice to have IP representation in the grievance mechanism, but it may be preferable to direct certain types of complaint to the IPs' own traditional justice and mediating mechanisms.

7. Grievance Mechanism

Objectives: *To establish effective and appropriate mechanisms for grievance resolution and redress to ensure that project-affected stakeholders have access to effective remedy.*

Grievance mechanism

46. The promoter will ensure that a grievance mechanism is introduced at project level, irrespective of other complementary linkages or access to existing public grievance channels in the country concerned. It should be designed as a mechanism that is:

− legitimate and trusted;
− scaled to the risks and potential adverse impacts of the project;
− publicised and accessible, appropriately tailored to all potentially-affected persons and communities and other interested parties, irrespectively of their literacy and administrative capacity;
− free of cost for the stakeholders;
− includes the anonymity option, where feasible, and guarantees confidential handling of requests, if so requested by the complainant;
− fair, transparent and inclusive;
− guided by engagement and dialogue;
− predictable in terms of process;
− timely;
− not impeding access to grievance and resolution on grounds of one's financial ability to seek judicial remedy; and,
− a source of continuous learning for the promoter and the lending operation at large.

Source: EIB, Environmental and Social Standard, p 83

Project-level Grievance Mechanisms (GM) | are the processes and structures through which complaints, specific grievances and suggestions about the project are received and responded to. It typically entails a two-stage process comprising a first-tier investigation and response and an appeals process if complainants are not satisfied. The GM should be legitimate, effective, accessible, predictable, equitable, transparent, commensurate to a project's impacts and risks, based on engagement and dialogue and function as a source of continuous learning. In summary, the purpose of the GM is to prevent harm, provide effective remedy to stakeholders and rights-holders that are affected or may be affected by the project, and ensure institutional accountability and continuous institutional learning and improvement.

Handling grievances throughout the project cycle | A well-functioning GM is an important instrument for both learning about the negative impacts the project might have (particularly *unintended* impacts) and for preventing harms from being compounded and grievances from escalating into more systemic or damaging public opposition to the project. The GM should be a direct channel for handling stakeholder concerns or grievances at all stages of the project cycle. Matters referred to it may relate to:[15]

− actual damages, injuries or losses (or perceived damages);
− unwelcome incidents including inappropriate behaviour of project-related personnel;
− threats of reprisal or intimidation by project-related personnel;
− project implementation that deviates from official plans that are viewed as inappropriate;
− general concerns or even comments relating to the project.

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[15] This GM should not cover employer-workforce relations, as a separate grievance structure would be dedicated to this purpose in line with the EIBs Standard 8 on Labour Standards.

In order to enhance its problem solving and institutional learning function, the GM is most effective if it is housed within the project management structures. However, for more complex projects with significant E&S impacts and risks, it may be prudent to set up a GM outside of the project structure, such as in a local or community institution, non-governmental organisation or think tank. Potential conflicts of interest within the GM should be avoided by hiring independent staff with no ties to the preparation, design or implementation of the project.

The GM – while usually easily accessible, faster and free to complainants – should not impede, or purport to impede, complainants' access to other judicial or administrative remedies. Stakeholders can also access the EIB's own Complaints Mechanism at any time.[16]

Typical elements of a grievance mechanism process

The scale of the Grievance Mechanism | The GM's scale should be proportionate to the negative social and environmental impacts and risks of the project, and to its complexity and scale. Its purposes should be to investigate any complaint or grievance about a project and to remedy any undesirable impacts. The promoter and the EIB will agree on the scale of these risks at the project preparation stage and therefore what form of GM is needed. The promoter is responsible for ensuring that: (a) all relevant staff in the project are fully aware of the grievance process (such as by issuing a grievance manual); (b) staff handling grievances have appropriate training; and (c) adequate financial and human resources are allocated to the GM.

For projects where the risks are modest, it may be sufficient for the promoter to designate a person who will receive and handle feedback on the project by following a clearly defined process and working with existing staff. For projects with significant impacts, the GM is likely to require designated staff. While for practical reasons, it may be housed on or just outside the project site, it should have considerable independence from the promoter. More complex projects may need more than one layer or type of GM, addressing variously the involuntary resettlement process (if applicable), labour issues for workers on the project (see EIB Standard 8 on Labour for more details), and general project grievances. In all cases, the project GM can build upon existing platforms for grievance management among affected communities.

Engaging stakeholders in the GM process for riskier projects | Whenever possible, and in particular in projects with moderate and significant E&S impacts and risks, it is advised that the design of the GM be included in the stakeholder consultation process (see Section \1 on Stakeholder Consultation). To ensure that the remedy is effective, the promoter should allow for the consultation and participation of the aggrieved parties in developing remedial actions.

To maintain trust as the GM becomes active, it is good practice to establish an oversight group with stakeholder representation (alongside GM staff, the promoter's representative and possibly one or more respected, independent persons); alternative good practice is to have stakeholder representation on the panel that reviews and agrees on the GM's response to the complaints received. In these cases, such a panel should reflect gender balance. The promoter is also encouraged to look into the policy and practice of other project-specific GMs in the country for relevant lessons.

Establishing a grievance policy | This should be publicly available, well known to project staff and (together with other materials on lodging complaints) available in relevant languages. All project staff who interface with the public should be briefed about the policy and the GM process. Any staff working specifically in the GM should be trained in their role of handling information securely and sensitively, including the actions to take if complainants experience any threats or coercion; ideally, they would be equipped with an operating manual for the GM.

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[16] Any natural or legal person who alleges a case of maladministration by the EIB Group in its decisions, actions and/or omissions can lodge a complaint with the EIB's Complaints Mechanism. More information can be found here: https://www.eib.org/en/about/accountability/complaints/index.htm

Diagram 1: Generic grievance management flow
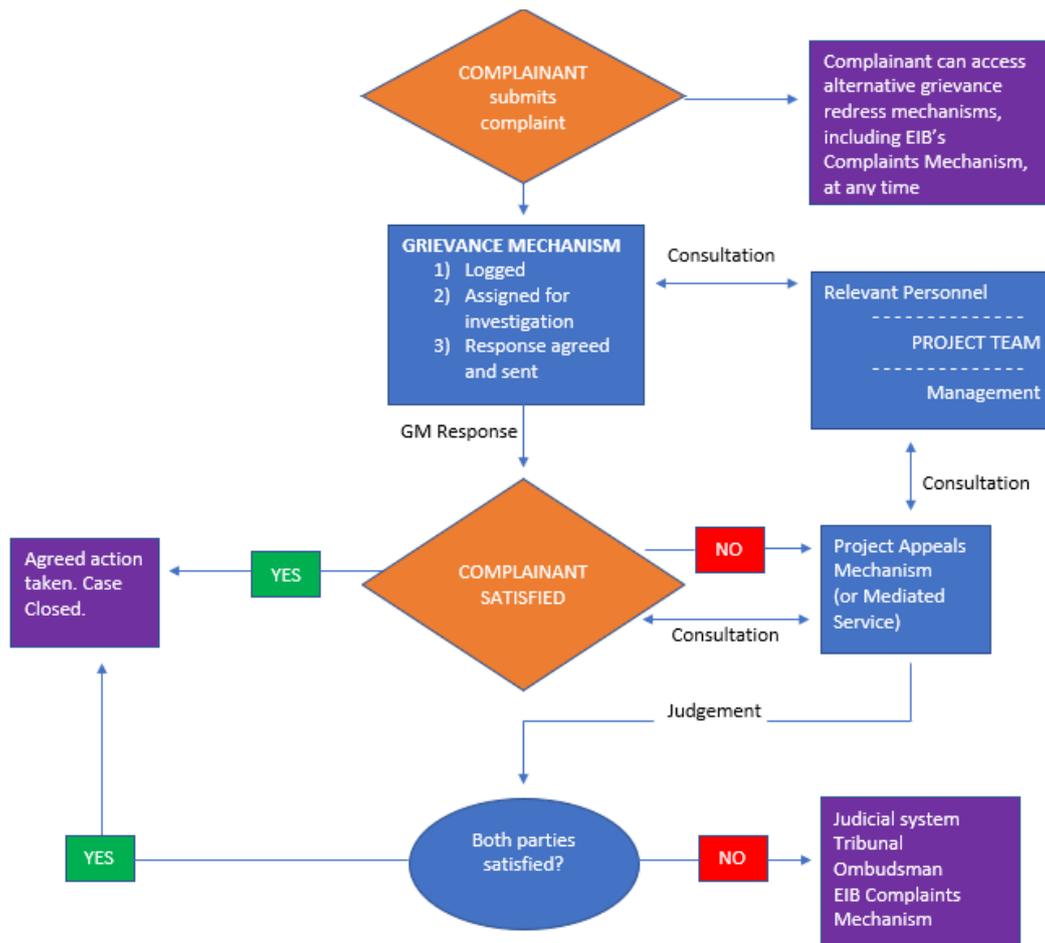
Making the grievance mechanism known | Whatever the scale of the GM, it should be established early in the project cycle and its process should be clearly described on the project website, and/or in the written material about the project. The description should include:

- how a complaint can be lodged;
- how it will be handled;
- the timetable that can be expected for acknowledging, investigating and responding to complaints;
- confidentiality guarantee: the complainant should be assured that their identity and the information they provide will be considered confidential unless they give their specific consent for its use (while making clear that confidential complaints may prove more difficult to investigate);
- the complainant's right of appeal (and options) should they not be satisfied with the response.

The process of lodging a complaint or grievance should be readily accessible in various ways (typically by website, email, mail address, text message, phone or in person). Annex 8: Suggested content of grievance form provides a specimen grievance form that can facilitate submissions.

The objective should be to reach out widely amongst project stakeholders and make it easy to understand and use the GM process. The appeals options should be described, as well as alternative channels for lodging complaints such as the EIB Group's Complaints Mechanism.[17] Outreach might include leaflets in community facilities, newspaper and radio announcements and billboards in project areas.

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[17] EIB Group Complaints Mechanism overview: http://www.eib.org/en/about/accountability/complaints/index.htm

Quickly responding to concerns | The GM should seek to resolve concerns promptly and effectively. As far as possible, a consensus-seeking, problem-solving approach should be taken that is always respectful of the complainant. A swift and effective response can help avoid the escalation of disputes to courts or other formal bodies for seeking redress, which can be lengthy, costly and not necessarily deliver satisfactory results for either party. The GM should rigorously ensure there is no retribution to the party that originally raised the issue or concern (see Section 8 on Addressing risks of reprisals).

The GM process | The GM should log all submissions, including the contact details of the correspondent, their request for confidentiality, a summary of their issue, and the first step taken by the GM – typically who is assigned for processing and investigating the complaint, and which other personnel are on copy for their response (safeguarding any confidentiality requested). This log should be updated each time an additional step is taken towards resolving the complaint. While some submissions will relate to complaints, some people will use the GM as a channel to submit comments and suggestions for the project; these also should be logged, sent to the relevant person for response, and followed up.

The GM should acknowledge receipt of a complaint and inform the complainant when they can expect a considered response. The considered GM response should:

− accept the complaint or comment or reject it, giving reasons for the rejection.
− propose how to reach an agreed solution or remedy for accepted complaints through dialogue.
− provide a name and contact details for further communication.
− explain if a longer period is required for investigating the complaint.
− give relevant information about the project to clarify the promoter's plans and/or state where such publicly available information can be accessed.
− whenever a **complaint is rejected**, the complainant should be notified of how they can appeal this judgment, such as via a project-specific appeals mechanism, or by accessing normal judicial and administrative channels of redress (such as the Ombudsman office or local courts).
− complainants should also be reminded of alternative channels for raising their complaints, including the EIB Group's Complaints Mechanism.[18]

Regularly reporting on the complaints | To ensure the transparency of the GM and its value in providing operational lessons, a periodic report should be prepared (possibly every year or quarter, depending on the volume of grievances submitted or anticipated). This should primarily be used for learning purposes by the promoter. Ideally, it should also be shared with the EIB and any other financing institution, and made public by posting on the project website. Such reports typically summarise:

− the volume and nature of grievances, and a comparison with the prior reporting period;
− the analysis of the complainants' demographics, including gender, socioeconomic status and location;
− the proportion of closed complaints and whether they are to the satisfaction of the complainant;
− the volume of pending cases;
− the numbers of cases that have gone to appeal.

Appeals process | Projects should have a clearly identified path for complainants to take if they are not satisfied with the initial response from the project's GM, but this should be appropriate for the risk level of the project. In medium-risk projects, this would normally entail referring to the complainant's rights to access judicial and administrative options (such as local courts and arbitration services). For projects with significant E&S impacts, it is recommended that a project-specific appeals mechanism with a credible degree of independence be established. An appropriate format is a senior panel of specialists who are independent of the project and promoter with representation from civil society, local leadership, possibly local or national government, and sector specialists. The costs should be

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18 How to submit a complaint to the EIB Group Complaints Mechanism:
    https://www.eib.org/en/about/accountability/complaints/submit/index.htm

borne by the project. If still dissatisfied, complainants have recourse to national courts, national Ombudsmen and other remedies.

Reporting to the EIB on the GM | The regular project progress reports for the EIB should contain information about the functioning of the GM – either by adding the regular GM reports (described above) as annexes or including GM-related information. The promoter should describe whether the GM is functioning properly, what improvements are intended and when these will be put into place, along with other lessons learned.

Good practice: Key principles of an effective Grievance Mechanism

It should be:

- ✓ *Proportional*: to the risks of adverse impacts and the population impacted

- ✓ *Accessible*: well-publicised, clear, user-friendly for all relevant stakeholders

- ✓ *Free*: entails no cost to users

- ✓ *Equitable*

- ✓ *Culturally appropriate*: languages, uses appropriate ways of handling issues

- ✓ *Well-trusted*: as neutral as possible, aiming to resolve issues to mutual satisfaction

- ✓ *Well managed*: clear governance, well-documented process, rapid response

- ✓ *Open and transparent*: publishes findings and regular summaries of case-load and keeps complainants informed of progress regarding their complaint

- ✓ *A source of continuous learning:* regarding the project and the handling of grievances

And it should:

- ✓ *Protect users***:** guarding against reprisals and respecting requests for confidentiality

- ✓ *Offer appeals***:** directing dissatisfied users where next to take their complaint

- ✓ *Keep to promises*: providing a realistic approach, adequately resourced, with careful oversight

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8. Addressing risks of reprisals

Objectives: *To protect the right of persons – acting individually or in association with others – to express their opinion, criticism or concern about any EIB-financed activity, and to seek any remedy they deem to be appropriate.*

Zero tolerance towards reprisals[19]

The EIB upholds human rights, including the rights of access to information, consultation and participation, and remedy. This translates into the right of stakeholders to "free, prior and informed engagement" in consultations and other engagement with promoters, which must be free from external manipulation, interference, or coercion and intimidation.

Stakeholders must be able to engage freely with the EIB and its promoters – in both the public and private sectors – in providing feedback, voicing opposition and raising concerns. Hence, the EIB does not tolerate any action by, or on behalf of, a promoter that amounts to retaliation within the context of the projects it finances. It takes seriously, and follows up on, as and when appropriate, allegations of intimidation or reprisals.

Source: Adapted from: *EIB, Environmental and Social Standards, standards 6, 7 and 10*

The European Union, and the EIB as one of its bodies, acknowledges that civil society, including human rights defenders and environmental activists, plays an important role in sustainable development, and specifically in promoting human rights in development activities. It is therefore important to address risks of intimidation or reprisals in relation to any EIB-financed activity.

Identifying risks | At the outset of any project, taking note of the situation in a given country, legislative framework, human rights record, anticipated grievances and criticism, as well as the public debate about the project and the sector in question, the promoter should seek to identify any risk of intimidation or reprisals.

The promoter's stakeholder analysis should flag specific groups, such as Indigenous Peoples, communities in the vicinity of projects in the extractives sector, forest dwellers, human rights defenders, journalists or environmental activists, who may face greater risks of reprisals. A stakeholder engagement plan (SEP), if required, should be particularly attentive to providing secure forums for consulting these groups to promote reprisal-sensitive stakeholder engagement. It should be recognised that risks for women and men as well as for certain communities may be different, and also that risk levels may change during the project cycle.

Mitigating or preventing reprisals | Where any such risks or claims exist or are anticipated, or where there are "at-risk" groups, the promoter should have a strategic approach to preventing and responding to reprisals in an open and non-retaliatory manner, in particular by engaging constructively with individuals and groups at risk in line with EIB Standard 10. Mitigation measures must not include exclusion of relevant rights-holders who may be at risk. The promoter is advised to:

- give top priority to the safety and wellbeing of individuals at risk;
- send a clear signal to all parties – including staff, consultants or contractors who may have interaction with stakeholders and local officials involved – that any form of intimidation or reprisal will not be tolerated; issuing a public statement that this is its policy;
- build capacity of relevant project staff for dealing with individuals and communities at risk, as well as with allegations of reprisals, and protecting those threatened;

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[19] **Reprisal** against those who voice their opinion regarding the project activities includes threats and intimidation of any kind towards such persons, groups, or their families (including threats of economic or livelihood losses), stigmatisation, harassment, violence, and actual or threatened criminalisation or incarceration against those speaking out against the impacts of projects.

- make clear in the SEP and other relevant public project documents that intimidation and reprisals are unacceptable, and as needed, integrate appropriate measures in the SEP to promote reprisal-sensitive stakeholder engagement;
- establish as early as possible an appropriate project-level grievance mechanism (GM) in which the safety and confidentiality of individuals and groups is safeguarded;
- provide stakeholders, from the earliest project phase and in the relevant project information materials and SEP if applicable, with information on the secure ways to refer a reprisal case, such as through the project-level GM and/or the EIB Complaints Mechanism;
- develop capacity for assessing, addressing and resolving any credible allegation of reprisal;
- where attitudes regarding a proposed or agreed project may be highly polarised and divisive, implement actions to prevent potential threats of reprisals;
- consider and institute further measures for ensuring safety and stakeholder protection in the engagement process, such as seeking a "safe space" for consultations and safe means of communication, paying attention to the views of those concerned.

EIB policies

The EIB Anti-Fraud Policy stipulates that "the EIB will not tolerate Prohibited Conduct (i.e. corruption, fraud, collusion, **coercion**, obstruction, money laundering and terrorist financing) in its activities or operations,"[20] wherein the **coercive practice** is defined as "impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party."[21]

Similarly, the EIB Group Complaints Mechanism Policy establishes that "**Complainants to the EIB Group Complaints Mechanism** must not be subject to any form of retaliation, abuse or any kind of discrimination based on the fact that they have exercised their right to complain. This shall apply to the EIB Group as well as to any counterpart that is in a business relationship with the EIB Group. The EIB Group is committed to taking steps to prevent and address potential risks of reprisal against complainants and complaint-related people."[22]

Environmental or Social Claim is any claim, proceeding, formal notice or investigation by any person in respect of the Environment or Social Matters affecting the project including any breach or alleged breach of any Environmental or Social Standard. They include requests for information concerning the project.

Notifying the EIB | If the promoter (through its GM or otherwise), becomes aware of any allegation of reprisals, the promoter should share this information immediately with the EIB, subject to the consent of the affected individuals concerned. This applies to allegations of reprisals made directly by, or on behalf of, stakeholders impacted by or concerned about the project. Promoters typically have a contractual obligation to inform the EIB of any "Environmental or Social Claim" (definition: see above) or Prohibited Conduct that could impact on the project.

In line with the EIB's Anti-Fraud Policy, promoters are required to report any allegations of reprisals that may fall under the coercive practice definition (see the textbox below) to *the Fraud Investigations Division of the EIB*.[23] If the case is confirmed as coercive practice, it will be handled in accordance with the EIB's Anti-Fraud Policy.

Responding to allegations | *If the EIB determines that the case does not fall within the scope of its Anti-Fraud Policy*, the promoter should gather and verify information about allegations of reprisals, track and publicly report on any such instances and its responses (if this does not expose any individual

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[20] EIB Anti-Fraud Policy: https://www.eib.org/en/publications/anti-fraud-policy.htm

[21] Ibid.

[22] EIB Group Complaints Mechanism Policy: https://www.eib.org/en/publications/complaints-mechanism-policy.htm

[23] Details on how to report Prohibited Conduct can be found here: https://www.eib.org/en/about/accountability/anti-fraud/reporting/index.htm

to further risk). All such cases must be treated with care and ensure confidentiality and the protection of identities. In doing so, the promoter should first ensure that the interested party consents to the process and that potential implications are discussed and understood. Any potential action should have been consented to by the person concerned and carried out in a manner that does not expose any individual to further risk. The promoter should also reiterate to all parties its zero tolerance of reprisals.

Where the initial evidence adds credibility to the allegation of threats and reprisals, the promoter should identify measures to address these and devise a time frame for pursuing them in close consultation with the person concerned. With the consent of the victim, the promoter may refer the case to the local or national authorities.

Taking action | Responses to reprisals should be based on the principle of "do no harm", i.e. prioritising the safety and protection of the victims or others associated with them. If there is credible information that the promoter's staff, employees, or (sub)contractors have acted in a way that threatens, intimidates or coerces stakeholders, the promoter is expected to take firm action with the perpetrator, including the possibility of sanctions, as appropriate, and/or referral to other relevant authorities, such as an ombudsman, subject to the consent of the stakeholder(s) concerned. Both the party concerned and the EIB should be consulted and informed of actions taken by promoters, or the decision not to take any action and the reason why not. The promoters should also provide information on any available remedy if an interested party considers that the promoter has not duly assessed or addressed a specific risk or the available information.

The EIB should be kept informed about any developments related to the case in question, and may take follow-up action as and where appropriate. In doing so it will protect the identities and confidential information shared with it in this regard. EIB management will be informed of such cases, so that it can consider possible action.

9. Monitoring and reporting

Objectives: *To ascertain whether stakeholder engagement is being implemented as planned and to report appropriately to stakeholders and the EIB on progress regarding stakeholder engagement at all stages of the project.*

Monitoring and reporting

51. … Promoters are required to monitor the implementation of the stakeholder engagement plan and the performance of the grievance mechanism and report on both. … monitoring and reporting procedures must be established early on in the operation by the promoter.

52. … the promoter will arrange for all necessary provisions to assure stakeholder engagement during the monitoring phase. Thereby, the promoter will endeavour to involve independent third parties (e.g. CSOs, NGOs, national human rights institutions) or to facilitate community-driven monitoring, where practical and acceptable by the communities concerned.

53. In terms of reporting, the promoter will establish regular communication and reporting channels back to the communities and individuals impacted and concerned, whether through non-technical summaries of progress updates, engagement activities, public meetings, targeted issue-based hearings.

Source: EIB Environmental and Social Standards, p 84

Monitoring stakeholder engagement | The promoter will conduct a regular assessment of the status of stakeholder engagement relevant to the project. Most planned measures for stakeholder engagement should be included in the promoter's Environmental and Social Management System (based on the ESIAs and related ESMPs), which in turn may be captured in the SEP for the project if there is one. In addition, there may be some elements of stakeholder engagement that arrive subsequent to these, especially regarding:

- any changes to the engagement plans, with the associated reasons (e.g. new categories of stakeholders emerging as significant, events dropped with the relevant stakeholders' agreement);
- the main concerns, differences and conclusions reached as a result of the consultations, including agreed steps for mitigation and compensation;
- significant difficulties experienced in the engagement process (including allegations and incidents of threats and reprisals) and how these are handled.

These, and progress in all other stakeholder engagement topics, should be monitored and recorded regularly.

Whenever deemed useful and feasible, the promoters are encouraged to use third-party monitoring, such as by local and public authorities, stakeholder representatives, CSOs, affected communities, think tanks or others familiar with the issues involved in the project. The Good Practices box below as well as annexes 9 and 10 provide more guidance on third-party monitoring options and practices.

Reporting on stakeholder engagement | The promoter should use this information to identify areas in which stakeholder engagement should be strengthened, and where additional financial or human resources and training are needed. The project progress reports for the EIB should provide updates on:

- significant aspects of stakeholder engagement;
- the effectiveness of mitigation and compensation measures;
- the volume and nature of stakeholder complaints and grievances;

-   how these are being resolved.

Similarly, the promoter could draw on this information in its regular communication with stakeholders. The specific content, format and frequency of reporting to the EIB on stakeholder engagement, as part of the reporting on E&S issues, are defined with the promoter in individual financial contractual documentation.

Good practices in monitoring and reporting

Measure progress indicators | Instead of just recording the number of meetings held, it is more meaningful to monitor and report on the specific constituencies reached (categories of stakeholders, numbers of participants reached with project information, number of participants consulted, etc.) and outcomes (agreements reached at meetings, areas of disagreement that became apparent, etc.). Ideally, the SEP would have established engagement performance indicators against which progress can be assessed.

Engage third parties in the monitoring process | It is often useful to involve stakeholder groups in the monitoring process. Third parties – whether local and public authorities, stakeholder representatives, CSOs, think tanks or others familiar with the issues involved in the project – can provide independent verification or correction, help assess whether impacted stakeholders have similar experiences to those reported in the social assessments and extend the reach of the monitoring into geographic areas or constituencies that might otherwise be overlooked. These third-party roles are not restricted to monitoring stakeholder engagement and can include:

−   Tracking service delivery and the environmental and social performance of projects;
−   Reviewing stakeholder engagement and grievance management;
−   Making site visits to review documents and meet with workers, management and stakeholders;
−   Where impact-related problems arise, identifying corrective and preventive actions as needed and assisting the promoter in incorporating these in an amended project implementation plan;
−   Providing information for the promoter to disclose to stakeholders, showing the performance of the project or implementation of commitments.

Where third parties are involved, it is important that the approach and expectations for the process are clear and agreed at the outset, including confidentiality requirements to protect stakeholders and the use of any information provided on a privileged basis, the use of the third party monitoring (TPM), findings and the dissemination of reports. Annex 9 on Third-party monitoring suggests points to consider in forming a cooperation agreement – particularly when the promoter recruits an independent researcher, CSO or other party to contribute to the monitoring. It also gives examples of how TPM has contributed to strengthening projects.

Supporting stakeholders' own monitoring and reporting activities | Communities and CSOs often undertake their own monitoring of projects. In such cases, it is good practice to cooperate where feasible. In these situations, it is likely that social accountability and community analysis tools would be used to monitor the project's performance (see Annex 10: Social accountability tools). These tools can be useful in assessing the quality and targeting of services and project benefits, identifying delivery deficiencies (especially pertaining to women, marginalised and vulnerable groups and those living in more remote areas) and spotting irregularities in procurement processes and the use of project funds – whether as a result of inefficiency, leakage or planning deficiencies that could be corrected (such as expenditures at the wrong time of year). While such community investigations may at first appear critical in motivation, they may well yield information valuable to the promoter. Therefore, transparency and cooperation is the best response, for example by publishing all project-related invoices on the project's external website and enabling CSOs to monitor the procurement processes.

Annex 1: Legislative foundations for the EIB's approach to stakeholder engagement

The EIB implements the EU approach to environmental and social issues, and its sustainability policies and principles are defined as requirements in the EIB *Environmental and Social Standards*[24], which are applicable to all EIB financial products. The EU principles form the basis of EIB Standard 10 requirements for stakeholders to be accurately informed, to be consulted on decisions that affect them and to have access to remedy regarding the impacts of these decisions.

The principles of stakeholder engagement are laid down in the following key EU and international documents:

−   The EU *Treaty of Amsterdam* (1997) which requires transparency as the basis for consultation
−   The EU *Treaty of Lisbon* (2007) which calls for participatory democracy
−   *Environment Impact Assessment (EIA) Directive* (EU Directive No. 2014/52/EU amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment)
−   *Public Access to Environmental Information Directive* (Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC).
−   *Industrial Emissions Directive* (Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control))
−   *Strategic Environment Assessment (SEA) Directive* (EU Directive No. 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment)
−   *Aarhus Convention* (or 1998 UNECE Convention) requirements for Information Disclosure, Public Participation in Decision-Making and Access to Justice in International Environmental Matters; this extends the Rio Declaration to a European context
−   *Aarhus Regulation* (Regulation EC N° 1367/2006 of the European Parliament and Council) on the requirements regarding the above Convention on Access for Community institutions and bodies
−   *Rio Declaration* on Environment and Development (1992); Principle 10 of which sets out citizen rights to information about environmental issues, rights of participation in related decision-making processes and rights to redress and remedy
−   *Espoo Convention* (United Nations Economic Commission for Europe (UNECE) Convention on Environmental Impact Assessment in a Transboundary Context) (1991)
−   *Council Conclusions on Indigenous Peoples*, Council of the European Union, 15 May, 2017 (http://data.consilium.europa.eu/doc/document/ST-8814-2017-INIT/en/pdf)
−   *General Data Protection Regulation (GDPR)*, (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC)

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[24]   See the *EIB Environmental and Social Standards,* http://www.eib.org/attachments/strategies/environmental_and_social_practices_handbook_en.pdf

Furthermore, the following international documents include stakeholder engagement issues:

− European Convention on Human Rights (1953)
− International Covenant on Civil and Political Rights (1966)
− International Covenant on Economic, Social and Cultural Rights (1966)
− International Labour Organisation's Indigenous and Tribal Peoples Convention, No. 169 (1989)
− United Nations Convention on the Rights of the Child (1989) that includes children's participation in accordance with their evolving capacities
− United Nations Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) (1981) which includes gender-based violence protections and a provision on the participation of women in rural development
− United Nations Convention on the Rights of Persons with Disabilities (CRPD) (2006), outlining their rights of access to information, of participation in decision-making and access to justice
− United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) (2007)
− United Nations Guiding Principles on Business and Human Rights (2011)
− European Commission Guidance for Economic Reform Programmes (2016), requiring stakeholder involvement
− European Accessibility Pact (scheduled for adoption by the European Parliament in April 2019)

Annex 2: Sample tables of stakeholder identification

1. **Directly and indirectly project-affected persons, including their legitimate representatives**

	Number	Geographical coverage (e.g. dense or scattered)	Socioeconomic situation (e.g. income-level, household composition according to age and gender, dependence on natural resources, levels of literacy and health care)	Land ownership/ land use (e.g. official land title holder, traditional landowner, communal landowner, tenant, squatter)
Project-affected persons				
Local inhabitants				
Indigenous people				
Vulnerable and marginalised groups				
…				
Legitimate representatives				
Community-based organisation xyz				
Non-governmental organisation xyz				
Elected representatives				
Community and traditional leaders				
Regional or national councils or associations (e.g. for indigenous people, agricultural workers, umbrellas of parent associations)				

2. Stakeholders having an interest in or influence on the project

Name of the organisation	Representative	Contact details	Relationship to affected stakeholders
Research institute			
NGO			
Advocacy group			
Business association			
…			

3. Individuals and institutions that participate in the implementation of the project

Name of the institution	Contact details	Importance for the project
Institution		
National ministry		e.g. issuing permission
Local ministry branch		e.g. supervising the implementation
Local councils		e.g. voting on issues with local impacts
Firms and consultants		e.g. contracted for project design and implementation tasks
NGOs, community-based organisations		e.g. providing project-related services at local levels in decentralised or participatory projects
Project work force		
Vulnerable people (e.g. migrant or unskilled workers)		
Non-vulnerable people/regular workforce		

Annex 3: Sample stakeholder analysis and mapping

1 Categories of stakeholders	2 "Stakes" of the stakeholders: impacts/relation to the project	3 Interests of the stakeholders in the project: in favour, neutral, in opposition	4 Importance of the stakeholders for the engagement process: priority stakeholder, important stakeholder, etc.	5 Recommended type of stakeholder engagement: respond to requests and submissions, monitor, keep informed, inform and consult, manage relationship closely
Directly and indirectly project-affected persons, including their legitimate representatives				
Subgroup 1.1: indigenous people (if applicable)				
Subgroup 1.2: marginalised & vulnerable people (e.g. women, children, elderly)				
Subgroup 1.3: …				
Subgroup 2.1: elected representatives				
Subgroup 2.2: traditional representatives				
Other interested parties who may influence the manner and outcome of the project				
Subgroups of organised interest groups				
Stakeholders that participate in the implementation of the project				
Institutions				
Subgroup 1: national and regional government officials				
Subgroup 2: local government officials				
Project workforce				
Subgroup 1: project staff				
Subgroup 2: implementing agency				
Subgroup 3: …				

Mapping stakeholders' interests in and influence on the project

In planning the engagement, it is good practice to consider both the stakeholders' *interests* in the project, i.e. how they will be affected and to what degree, and their potential *influence* – due to their knowledge of the sector or the constituencies impacted, their public credibility and other factors. The resulting "interest and influence matrix" can help in the planning of the engagement process when it comes to budgeting personnel and consultants' time, management attention and resources.

Stakeholders with high interest and low influence

Inform, consult carefully and seek broad content

Stakeholders with high interest and high influence

Manage the engagement closely

Interest and Influence Matrix

Stakeholders with low influence and low interest

Monitor and respond to concerns

Stakeholders with low influence and high interest

Keep informed and respond to submissions
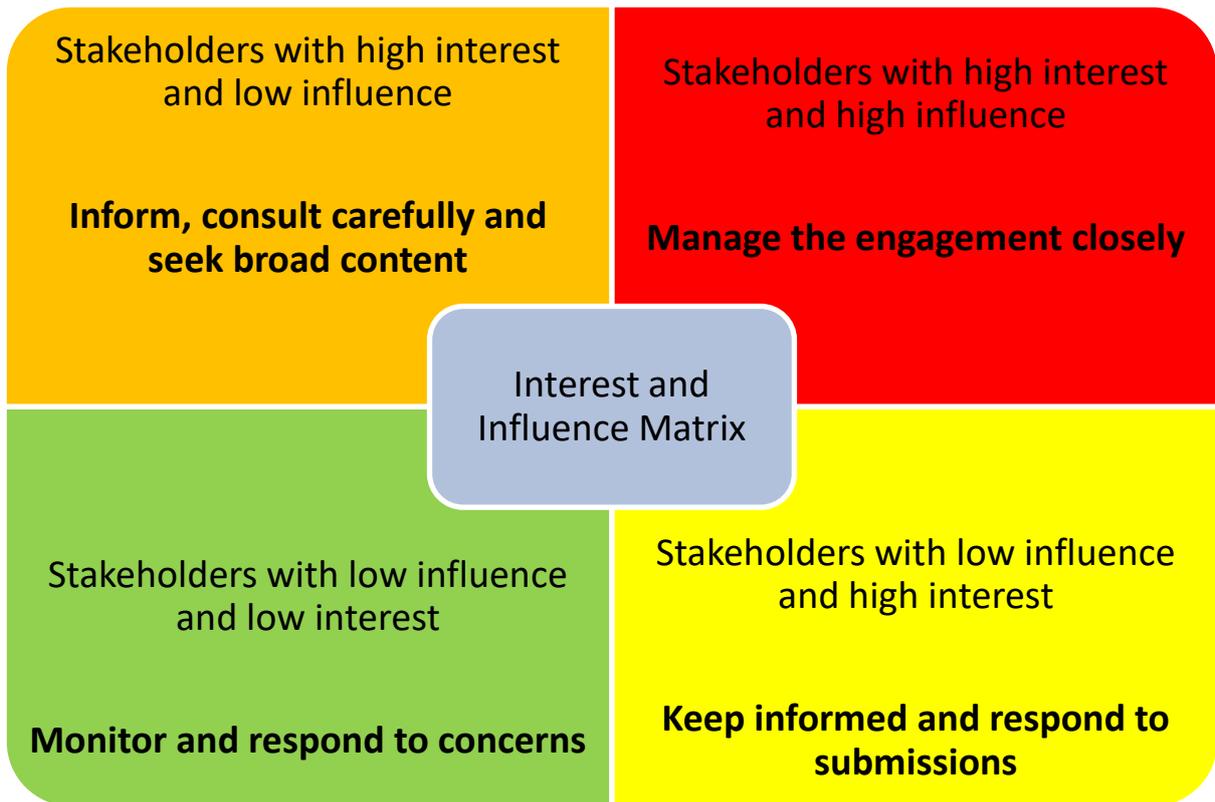
Annex 4: Sample outline of a Stakeholder Engagement Plan

The promoter will prepare a draft SEP including a grievance mechanism in compliance with EIB Standard 10. The scope, level of detail and format of the SEP will be selected based on the needs of the project and the stakeholders. Guidance for the contents of an SEP is provided below**:**

0. Introduction with a brief description of the project

Outline key project details (purpose and objectives, project design, total project costs and associated financiers and lenders) and potential social and environmental impacts. Where possible, include maps of the project site and surrounding area.

1. Regulatory and promoter requirements for consultation and disclosure

Provide an overview of any international, national, regulatory and promoter requirements for stakeholder engagement, especially in terms of public consultation and disclosure. Take into account international best practice.

2. Summary of any stakeholder engagement activities prior to the EIB's involvement

If the promoter has undertaken any activities before the EIB's involvement in the project, including information disclosure and/or consultation, provide the following details (preferably in table format):

− Type of information disclosed, in what form(s) (e.g. radio/ TV, brochures/flyers), and how it was disseminated
− Locations and dates of any consultations undertaken before the EIB's involvement
− Stakeholders consulted
− Key issues discussed, and key concerns raised
− Promoter's response to issues raised, including any commitments or follow-up actions
− Promoter's efforts to document activities and report back to stakeholders

3. Brief description of key stakeholder groups to engage with

List the key stakeholder groups who will be informed and consulted about the project. Take account of inter- and intra- social dynamics across all stakeholders, identifying under-represented and vulnerable groups. Provide background information, facts and figures about the identified stakeholders; this information could touch upon issues such as social situation, cultural issues, location, size, organisational capacity and degree of influence, vulnerability or social exclusion.

Stakeholders should include the following individuals, groups and/or communities:

− Directly project-affected persons, including their legitimate representatives
− Indirectly project-affected persons, including their legitimate representatives
− Stakeholders having an interest in or influence on the project
− Individuals and groups that participate in the implementation of the project, including the workforce of the promoter, and in construction phases, the workforces of the EPC contractor and subcontractors

4. Strategy for stakeholder engagement

Summarise how to conduct the stakeholder engagement process, outlining the following elements:

− Description of the overall approach: what is the overall goal, what are the groups to monitor, keep informed, consult and/or maintain close relations with – with a special emphasis on priority groups (i.e. affected groups as well as marginalised groups such as the elderly, women and youth) and at which project stage (design, preparation and/or implementation)
− Formats (oral, in printed form, through electronic media) of stakeholder engagement
− Languages used
− Methods of stakeholder engagement:

- o *information disclosure for each stakeholder group*: e.g. radio, television, social media, newspapers | information centres, exhibitions | brochures, leaflets, posters
  - o *consultation and decision-making*: e.g. interviews with stakeholder representatives and key informants | surveys, polls, and questionnaires | public meetings, workshops, focus groups with specific communities, traditional consultation and decision-making mechanisms)
  - o *monitoring, review and reporting*
- Description of how stakeholder engagement activities and outcomes will be incorporated into a promoter's management system
  - o Indicate budgets allocated to carrying out all activities set out in the Plan
  - o Indicate management and expert staff devoted to, and responsible for, the public consultation and disclosure programme

5. Schedule and timetable for stakeholder engagement

Provide a table indicating dates and locations of stakeholder engagement activities, the stakeholder groups to be involved and at which project stage, and the consultation format to be used. Also provide dates by which such activities will be concluded, and the results fed into the project design.

6. Resources and responsibilities for implementing stakeholder engagement activities

Outline the resources and responsibilities allocated for the stakeholder engagement activities, specifying personnel or the subcontracted third party responsible for implementing the SEP and the budget and practical means allocated to implementing the various activities.

7. Operation's grievance mechanism

Describe the process by which affected stakeholders can bring their grievances to the promoter for consideration and redress, indicating who will receive public grievances, how and by whom they will be resolved, and how the response will be communicated back to the complainant.

8. Monitoring, review and reporting on stakeholder engagement

Identify where and when the results of public consultation and information disclosure will be reported. This should include as a minimum reporting on the results of consultations at the draft ESIA stage and annual monitoring reports.

Describe who from the promoter's side and who from the stakeholders' side is involved in the monitoring of the project impacts (mandatory) and mitigation programmes (good practice).

Outline when and how the results of the stakeholder engagement process are to be reported back to the stakeholders (especially the project-affected stakeholders) (e.g. by publishing on the promoter's webpage, on a designated webpage, in newsletters or the project's monitoring reports).

9. Management functions

Describe how stakeholder engagement activities will be integrated in the promoter's Environmental and Social Management System, outlining:

- Who will have management oversight for the SEP?
- What are the plans for hiring and training staff to undertake stakeholder engagement activities?
- What will be the reporting lines between staff designated for the implementation of the SEP and senior management?
- How will the promoter communicate the stakeholder engagement strategy internally?
- What management tools will be used to document, track and manage the process (e.g. stakeholder database, commitments register)?

10. Contractor management

- For projects involving contractors, how does the promoter intend to ensure good relations between the contractors and local stakeholders?
- How will the promoter communicate the stakeholder engagement strategy to contractors and subcontractors?
- Will the contractor (and subcontractors) be trained on stakeholder engagement?
- What stakeholder engagement will the contractor (and subcontractors) be required to undertake?
- How will the promoter require the contractors (and subcontractors) to document, track and manage the process? (e.g. stakeholder database, commitments register)

Annex 5: Sample information disclosure plan

Stakeholder group	Objective of information		Key messages	Means of communication	% of stakeholders reached	Responsible	timelines		Cost estimate
	Disclosure of information	Information about engagement		Channels, languages, activities			Start date	End date	
Project affected persons and their representatives									
Stakeholders having interest in or influence on the project									
Participants in the project									

Annex 6: Methods of consulting

To assess stakeholders' views during project preparation

Soliciting written submissions (either online or by mail) using a dedicated webpage, mobile phone short message service (SMS) approach or social media (in keeping with the European Union's data protection requirements[25] while also bearing in mind that not all stakeholders may have internet access or the confidence to use it).

Multi-stakeholder meetings where all key stakeholders are comfortable with this style; these depend on geography – a series of meetings in different locations will accommodate widely spread stakeholders.

Key stakeholder interviews since identifying and consulting key individuals in communities, such as traditional leadership, religious or spiritual leaders, well connected/informed elders (as they hold historical knowledge), women or youth leadership, etc. may yield invaluable information that can be used for triangulation with other data.

Series of workshops with meetings addressing specific issues (particularly relevant for specialist organisations and multi-sector projects) or where different stakeholder groups are expected to have varying interests and concerns.

Focus group discussions are smaller and more specialised again; discussions with typically 8-15 people; useful where vulnerable groups are concerned since they may not feel comfortable speaking up in larger events. These need to be well facilitated, ideally by someone in the cohort in question.

Interviews in the form of one-on-one interviews and private meetings, when this enables vulnerable and traditionally marginalised stakeholders to contribute more readily or feel safer doing so.

Surveys can be conducted either as questionnaire-based surveys or in-depth interviews (in person or by phone) with identified key informants (many professional survey or polling companies have relevant expertise). Respondents should be given the option of remaining anonymous.

Virtual meetings are useful for soliciting inputs from stakeholders scattered over a wide area, where internet access is widespread and where stakeholders are familiar with such online processes.

To assess stakeholders' experience during project implementation

The same mix of meetings and other modes of engagement can be used during the implementation stage, especially if and when changes in the project are considered or unforeseen circumstances and concerns about the project arise.

In addition, to assess how the project is going, whether the project benefits are reaching those intended and whether concerns are being adequately addressed etc., the following tried-and-tested "social accountability" tools can be used:

- Citizen report card
- Citizen satisfaction surveys
- Community scorecard
- Social audit
- Community oversight
- Procurement monitoring

Annex 10 provides more information about the use of these social accountability tools.

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[25] See more information on the EU General Data Protection Regulation (GDPR) here: https://eugdpr.org/

Annex 7: Sample outline for a consultation consultant

If the promoter needs to hire a consultant to plan, coordinate and/or carry out the stakeholder consultations (typically for a project with significant E&S impacts and risks), some or all of the following items may be worth including in the assignment's description:

- The timetable for the assignment including strategically important points;
- The objectives of the assignment, including the broad outline of the consultation expected;
- National laws and EIB standards that the consultant must observe;
- Priority issues and constituencies to focus on, such as engaging with indigenous people affected by the project, ensuring women and vulnerable or disadvantaged groups are included, or the design of the project's grievance mechanism;
- The desired programme and mix of consultation events/processes, including public meetings, workshops, focus group discussions, surveys (online or otherwise), maintaining an online forum or other comment mechanism (especially where the internet is not widely available) for interaction with stakeholders;
- The protocol to be followed, such as the notice that must be given to stakeholders for meetings, how meetings are to be run, and the records to be kept and disclosed;
- Any particular processes to be followed with specific stakeholder groups (especially indigenous peoples, women and less-literate communities);
- Any special communication issues such as translations into local languages or oral approaches;
- Internet communication technology – including designing/maintaining a website, use of online surveys and social media;
- List of deliverables and the timetable for these;
- Any prior consultation processes in the country that should be studied for the lessons they teach;
- What action to take if the consultant identifies any risks of reprisals or if any stakeholder alleges reprisals or the receipt of any threats.

The successful candidate would have:

- Experience in community-level research, such as with rural and/or participatory appraisal;
- Experience working with one or more key project stakeholders (particularly important for projects impacting indigenous people);
- A proven track record in organising and facilitating successful meetings of various kinds;
- Patience, keen listening as well as conflict management skills, respect for diverse constituencies;
- Accuracy and neutrality in recording and facilitating meetings.

Annex 8: Suggested content of grievance form

[PROJECT NAME] Grievance Form   Reference No: (to be added by GM)

Full Name
(assurance that the grievance will be completely anonymous, if requested)
❏ I wish to raise my grievance anonymously
❏ I request that my identity not be disclosed without my consent

Statement of the need to have some mode of communication with complainant, without which the GM cannot process a complaint

How do you wish to be contacted (post, telephone, or e-mail)?
❏ By post: please provide mailing address: _____
❏ By telephone: _____
❏ By e-mail _____

Preferred language for communication (if applicable) _____

Details of complaint or grievance: (please attach further information on separate sheets)

Are there any specific offices or personnel involved in your complaint?

Please be informed that only the full disclosure of details can help an investigation.

How would you like the problem you are reporting to be resolved?
_____
_____
_____

Signature: _____ Date: _____

Please return this form to: [name], Position, [name of GM or PIU],

Address: _____ Tel.: _____ or E-mail: _____

Annex 9: Possible approaches and examples of third-party monitoring

The following is a set of suggestions intended to help structure the engagement of third parties in the monitoring of projects. Third-party monitoring (TPM) may either relate to a specific element of a project (such as the grievance mechanism or compensation scheme) or its overall implementation. The approach will depend on many factors, not least whether the promoter has taken the initiative to *recruit* a third party or whether it has *agreed to cooperate* with an initiative from the third party – typically a CSO. It is important that all parties agree beforehand on the intentions and scope of the procedure to ensure they all share the same starting point. The following steps are therefore advised:

– Provide a **description of the project**, including how the promoter intends to monitor it and the contributions that third parties could make.

– Explain the **specific elements** for which TPM is most relevant, such as the implementation of the Stakeholder Engagement Plan, Resettlement Action Plan, grievance mechanism, etc.

– Make a point of sharing the **relevant documents** (such as ESIA, RAP, procurement scheme, project timetable) so that the third party is well informed.

– Set out or agree on the proposed **schedule** for conducting the TPM, including the preferred timing, duration and frequency of visits, site locations, logistical help that the promoter could provide, such as introductions to key onsite contacts for the monitoring visits.

– Describe or agree the expected **scope of monitoring,** including: issues to be monitored and with which constituencies (and whether different focus groups according to gender or some other characteristic are expected); specific project impacts to focus on; validity of mitigation schemes; and alternatives preferred by stakeholders (NB it is important that expectations are not inflated; third parties must make clear their limited remit).

– Describe or agree on the **methodologies and technologies** that are expected to be used.

– Explain the **style of reports** that are required (if this is the promoter's initiative), including how findings and conclusions should be presented.

– Describe or agree on **how the reports will be used,** including by the promoter, in updating the SEP, ESMP or other project document and in contributing to specific decision-making processes in the project. Agree (if this is the third party's initiative) on the proposed dissemination of the reports, especially if the monitors have been given privileged access to project information, and how to protect stakeholders' rights to confidentiality.

– List the **required qualifications and capacities** of third parties (if they are to be recruited by the promoter), including expertise, the numbers of monitors to be involved and the speciality areas to be covered.

– Set out or agree on any **capacity-building needs**, such as training of community members for local monitoring activities, and providing all parties with a thorough briefing about the project.

– Provide or agree on a required **code of conduct** to which the third parties are expected to adhere including behaving respectfully towards all stakeholders and other interviewees, avoiding generating inflated expectations and being fully objective in monitoring and report-writing.

– Set out the **budgeting and cost parameters**, including how payments and reimbursements would be handled between the promoter and the third parties and how specific costs would be shared (if the promoter initiates the TPM).

Contributions to monitoring from third parties – some examples

Third-party monitoring is particularly suited to projects where: (1) success depends on resources going to carefully-targeted communities, population groups or social purposes (in which case the communities in question can help track progress); (2) there is potential for inefficiencies, leakage or hiccups in the allocation of resources to achieve agreed project objectives; (3) the project sites may be inaccessible; (4) the promoter's capacity for supervision may be low; or (5) the project entails contentious social issues.

A pioneer in the field in India is the Indian NGO, Mazdoor Kisan Shakti Sangathan (MKSS), which conducted *social audits* on a range of government projects and then expanded its approach to monitor an entire government programme: the Mahatma Gandhi National Rural Employment Guarantee Scheme. Similarly, the Social Justice Coalition of South Africa used *community monitoring* to identify problems with Cape Town's sanitation. This led to major improvements, in particular regarding access to basic sanitation in the city's informal settlements.

In the Philippines, the NGO G-Watch joined forces with the Boy Scouts and Girl Guides of the country to monitor the government's provision of textbooks to schools. At the outset, they found that 40% of the textbooks paid for never reached the schools. Their *textbook walk* – literally walking the trail leading from the Education Department to the designers, on to the printers, the distribution centres and then to the schools – identified where the blockages and leaks were. Within 18 months the problems were largely solved and procurement was cleaned up, the cost of the books fell 55%, the delivery time was reduced from 24 to 9 months and the Department of Education saved $3.6 million per year.

Observing how citizens' initiatives can catalyse major improvements and savings in large undertakings has prompted many development finance institutions to try to tap into this potential. For example, German agency GIZ contracted IUCN, an international environmental NGO, to monitor two major projects in Pakistan (one for rural development, the other for water and sanitation). The World Bank has supported such contributions in various countries and its Independent Evaluation Group recently conducted an analysis of the Bank's experience of this form of citizen engagement (2018). The conclusion was that citizen monitoring and oversight, while still an uncommon practice, has made valuable contributions and "demonstrated the high value of their input."

One of the most intensive examples of third-party monitoring supported by the World Bank was the *Citizen Action for Results, Transparency and Accountability* (CARTA) programme. With the agreement of the governments of Bangladesh and Nepal, the programme had CSOs monitor and contribute to the oversight of 11 World Bank-financed projects in these countries from 2011 to 2015 with the objective of enhancing the impact, sustainability and client ownership of the projects.

CARTA included forums for constructive engagement between CSOs and communities on the one hand and the government and project authorities on the other. It also included **capacity-building** and technical advice (provided by the Partnership for Transparency Fund (PTF)) to ensure professional standards of monitoring and analysis. CARTA's results showed that: (i) community awareness of project objectives, services and benefits increased significantly; (ii) beneficiaries became activists in improving services, achieving better resource use and grievance resolution; and (iii) service providers became more responsive to citizens' requests and services improved as a result. Amongst other specific benefits, CARTA led to an improvement in the satisfactory resolution of grievances in Nepal's Rural Roads Project from 23% to 88%, and a fall in households experiencing problems under the Bangladesh Rural Electrification Project from 28% to 5%. An unexpected benefit, probably attributable to the improved services and enhanced citizen awareness, was that the rate of Local Government Tax collection rose from 77% to 83% over the programme's period.

Citizen monitoring has been particularly effective in **improving efficiency and service quality** and curbing bad and inefficient practices in the health sector. In Uganda (*Citizen Action Platform)* and India (*Health Transparency Initiative)*, CSOs have monitored drug stocks, staff presence, the procurement

and distribution of drugs and medical equipment, and have conducted social audits of basic health service delivery. In both countries, the information generated, together with forums for constructive engagement with service providers, has helped to monitor health sector performance, identify and correct service deficiencies, and provide feedback to citizens on the results. Unicef widely uses social media – in particular text-messaging – to identify problems and complaints about health and educational services.

Sources of further information

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Annex 10: Social accountability tools

There are many effective ways in which communities and civil society have improved the performance of projects and services while strengthening their responsiveness and accountability to stakeholders. These "social accountability" tools are highly context-specific (see Fox, 2015). In general, for them to be effective, there needs to be an enabling environment for civil society.

On the whole, social accountability is at its most powerful when supplementing formal oversight mechanisms and where there is a willingness of governments (local or national) and service providers to engage with and listen to the communities they serve, a preparedness to respond to messages conveyed from the grassroots, and a high degree of transparency regarding the project or service in question.

The **main tools** of social accountability include:

– **Budget analysis**: civil society stakeholders research, explain, monitor and disseminate information about public expenditures and investments to influence future allocations of public funds.

– **Citizen report card**: a feedback tool for users to assess and report on the quality of the public services or goods provided by the project. It also helps strengthen the accountability of service providers to their clients. It can provide data by citizen category.

– **Community oversight**: the monitoring of publicly funded construction projects by citizens, in particular procurement processes. Governments may involve citizen representatives in official bodies that oversee or make decisions about projects or utility boards.

– **Community scorecard**: a community-based tool that assesses services or projects by analysing data from focus group discussions within the community. It provides a framework for dialogue with project authorities about perceived shortfalls and how these could be addressed.

– **Citizen satisfaction surveys:** these provide a quantitative assessment of project performance based on citizens' experience on a range of topics, from specific project issues to their overall impression of the project.

– **Focus group discussions**: where a small number of stakeholders discuss a project or service amongst themselves and (often) subsequently with a representative of that project/service. This can help identify the different concerns of various constituencies (such as women, children, people with disabilities etc.).

– **Integrity pacts**: CSOs agree with a government agency and/or a corporation on a set of rules and mode of transparency relating to public procurement; rules include pledges not to offer or demand bribes, and not to permit or engage in collusion.

– **Participatory budgeting**: a mechanism that permits citizens to participate directly in budget decision-making (especially to influence allocation priorities) and monitoring of budget execution.

– **Procurement monitoring**: here, citizens monitor the procurement processes for specific projects or public services. This can include inviting citizen witnesses to observe Bids and Award Committees and the monitoring of publicly disclosed documents relating to procurement.

– **Public expenditure tracking surveys**: these involve citizen groups tracing the flow of public resources for the provision of public goods or services from origin to destination. They can help to detect bottlenecks, inefficiencies or corruption.

– **Social audits**: a participatory monitoring process whereby community members, researchers or CSOs investigate and analyse citizens' experience with the project, and then discuss their findings publicly. Their reports are often timed to coincide with the service providers' annual reports.

Annex 11: Key terms

The entries below are based on the definitions included in the EIB's *Environmental and Social Standards*. (2018), particularly Standard 10.

Broad community support	see Section 5 on Stakeholder consultation
Consultation	see Section 5 on Stakeholder consultation
Civil society organisations (CSOs)	any association of citizens that serves, supports or represents those citizens outside the public or for-profit sector, such as community-based organisations (CBOs), non-governmental organisations (NGOs), faith-based organisations, foundations, advocacy groups, think tanks, trade unions and social movements. They may or may not be registered with national authorities.
Environmental Impact Assessment (EIA)	the process of identifying, predicting, evaluating and mitigating the biophysical, social and other relevant effects of projects prior to major decisions being taken and commitments made.
Environmental and Social Impact Assessment (ESIA)	the process of identifying, predicting and evaluating a project's positive and negative environmental and social impacts on the biophysical and human environment as well as identifying ways of avoiding, minimising, mitigating and compensating, including offsetting in the case of the environment and remedying in the case of social impacts, by applying the mitigation hierarchy. This process includes consultation with impacted stakeholders and other interested parties and drawing up an environmental and social management plan detailing the implementation of the mitigation measures.
Free, prior and informed consent (FPIC)	see Section 6 on Free, prior and informed consent
Grievance Mechanism	see Section 7 on Grievance Mechanism
Indigenous Peoples	see Section 6 on Engaging with indigenous people
Meaningful consultation	see Section 5 on Stakeholder consultation
Monitoring	see Section 9 on Monitoring and reporting
Non-governmental organisations (NGOs)	a category of CSOs that is established to provide a service or other form of public benefit to a constituency or to the general public. They are registered with national authorities (if there is a national registration system) and are not-for-profit.
Non-Technical Summary	a summary document of the Environmental and Social Impact Assessment, written in non-technical language so that the public can easily understand it.
Participation	grounded in the first article of both the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), which states that all peoples have the right to self-determination and that "by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development." Participation is then further emphasised in the right to participation in public affairs articulated in ICCPR Article 25. Thus, rights to freedom of expression and information, freedom of association and assembly, and the right to participate in cultural life are key rights not just in and of themselves, but for ensuring meaningful participation.
Promoter	the EIB's counterparty in an operation/project, as defined in the finance contract.

Project	the execution of construction works or of other installations or schemes, and other interventions in the natural surroundings and landscape including those involving the extraction of mineral resources.
Public	one or more natural or legal persons, and, in accordance with national legislation or practice, their associations, organisations or groups
Resettlement Action Plan (RAP)	the document in which the promoter of a project or other responsible competent authority describes the impacts of the involuntary resettlement, specifies the procedures that will be followed to identify, evaluate and compensate the impacts and defines the actions to be undertaken during all phases of the resettlement.
Resettlement Policy Framework (RPF)	a document similar to an RAP that is drafted when the exact physical and/or economic displacement is unknown due to the nature (existence of multiple components or sub-projects) and/or stage of development of the project. This is typically the case for linear infrastructures. The document should include a commitment for the later implementation of an RAP, outline the general principles of resettlement that applies to the project/sub-project(s) and establish the criteria that make it necessary to develop an RAP for the underlying project/sub-project(s).
Reprisals	action taken against those who voice their opinion regarding the promoter's activities or projects, including threats and intimidation of any kind towards complainants or their families, harassment, violence and actual or threatened criminalisation or incarceration against those speaking out against the impacts of projects.
Social Impact Assessment (SIA)	the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (programmes, plans and projects) and any social change processes invoked by these interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.
Stakeholders	see Section 2 on Stakeholder identification and analysis
Stakeholder engagement	see Section 1 Introduction
Stakeholder Engagement Plan	see Section 3 on Engagement planning
Strategic Environmental Assessment (SEA)	the formal process of ensuring that environmental consequences of certain public sector plans and programmes are identified and assessed during their preparation and before their adoption. In the European Union, the SEA procedure is governed by the SEA Directive 2001/42/EC.
Vulnerable groups	see EIB Standard 7 and Section 2 of this Guidance on Stakeholder Identification and Analysis

Annex 12: Further sources of information

Key EIB documents

EIB, 2009, *Statement on Environmental and Social Principles and Standards* (EIB Statement)

EIB Group, 2018, *Operating Framework and Operational Plan*

EIB, 2013, *Environmental and Social Handbook*

EIB, 2018, *Environmental and Social Standards*

EIB Group, 2015, *Transparency Policy*

Key EU Documents

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Treaty of Amsterdam, 1997

Treaty of Lisbon, 2007

Directive 2014/52/EU amending Directive 2011/92/EU on the *assessment of the effects of certain public and private projects on the environment*, 2014

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European Commission, 2017 *Environmental Impact Assessment of Projects. Guidance on the preparation of the Environmental Impact Assessment Report* (Directive 2011/92/EU as amended by 2014/52/EU)

Other international regulations

International Labour Organisation, 1989, *Convention concerning Indigenous and Tribal Peoples in Independent Countries* (Convention 169)

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Master Class on EIB E&S Sustainability Management, Frankfurt School of Finance & Management gemeinnützige GmbH, www.frankfurt-school.de

Multilateral Finance Institutions' Working Group on Environmental and Social Standards, 2018, *Meaningful Stakeholder Engagement. Draft Technical Note*

World Bank, 2018, *Guidance Note for Borrowers. ESS10: Stakeholder Engagement and Information Disclosure*

World Bank, 2014, *Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations*

3. Information disclosure

Asian Development Bank, 2012, *Strengthening Participation for Development Results. An Asian Development Bank Guide to Participation*

EIB, 2002, *Public Access to Information, Public Policy Statement*

EIB, 2015, *The EIB Group Transparency Policy*

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International Finance Cooperation (IFC), 2007, *A Good Practice Handbook for Companies Doing Business in Emerging Markets*

World Bank, 2018, *Guidance Note for Borrowers. ESS10: Stakeholder Engagement and Information Disclosure*

4. Stakeholder consultation

Asian Development Bank, 2012, *Strengthening Participation for Development Results. An Asian Development Bank Guide to Participation*

European Commission, 2017, Directive 2011/92/EU (as amended by 2014/52/EU*), Environmental Impact Assessment of Projects Guidance on the preparation of the Environmental Impact Assessment Report*

European Disability Forum, 2018, *Guide for Accessible Meetings for All*, accessed at www.edf-feph.org/sites/default/files/edf_guide_for_accessible_meetings.pdf

Gender Action for Peace and Security network, 2019, *Beyond Consultations: A tool for meaningfully engaging with women in fragile and conflict-affected states.* Accessed at: https://www.beyondconsultations.org/images/Beyond_Consultations_Tool.pdf

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