



Meaningful Stakeholder Consultation

This publication on meaningful stakeholder consultation was prepared under the leadership of Janine Ferretti, Chief of the Environmental and Social Safeguards Unit (ESG) at the Inter-American Development Bank. The publication was written by Reidar Kvam. The annex on Grievance Redress Mechanisms was written by Isabel Lavadenz. The core team consisted of Caroline Giffon Wee, Joaquin Espinoza and Claudio Guglielmelli. Reviews and valuable comments on drafts were made by ESG environmental and social specialists. Valuable comments and suggestions were received from the IDB's Vice Presidency for Sectors, Sector Managers, Independent Consultation and Independent Mechanism (MCI), and the Environmental and Social Safeguards Unit of the Inter-American Investment Corporation (IIC). All photos courtesy Reidar Kvam.

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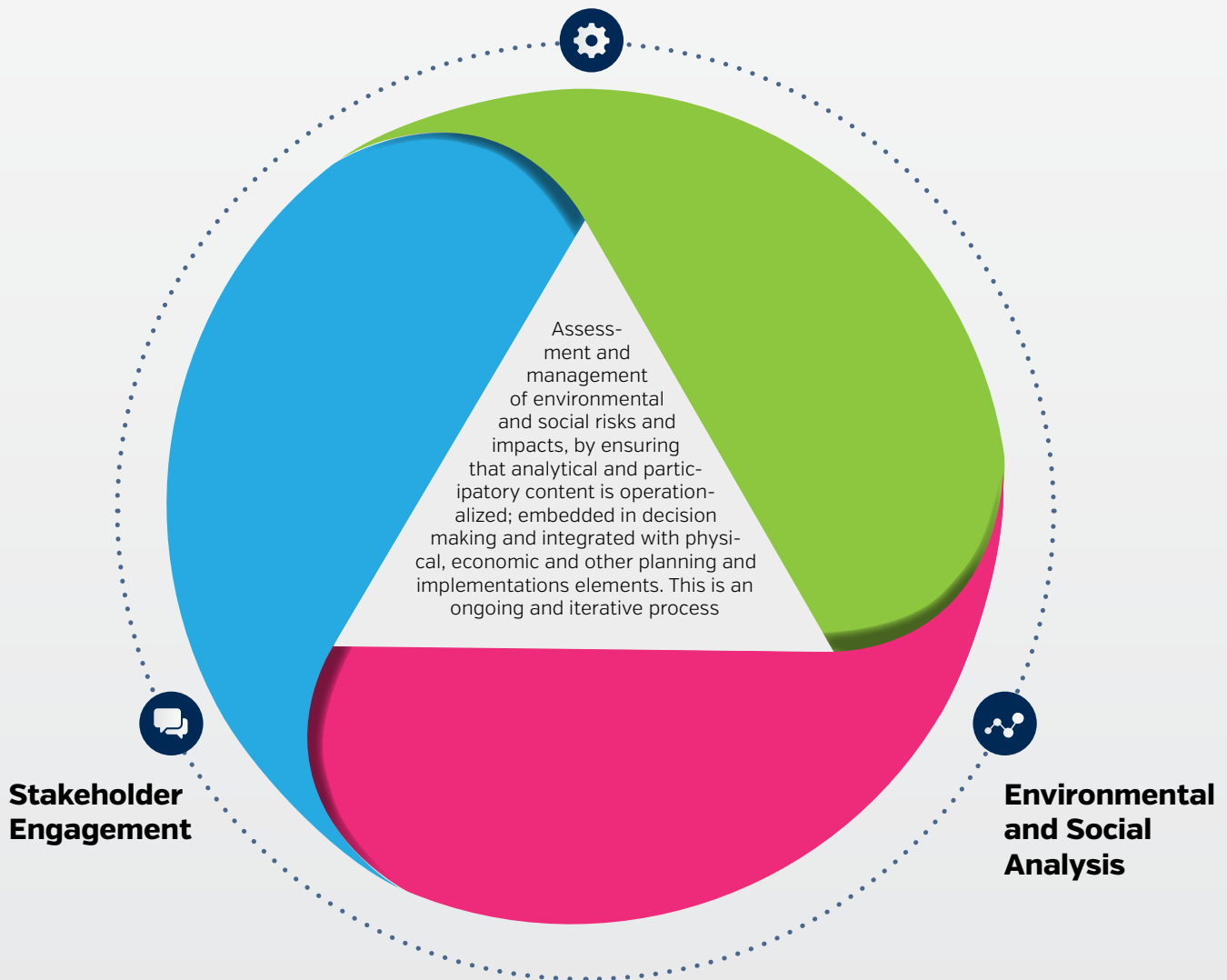


Meaningful Stakeholder Consultation

About this series

This publication has been produced by the Environmental and Social Safeguards Unit (ESG) of the Inter-American Development Bank (IDB), as one in a series of good practices on assessment and management of environmental and social risks and opportunities. The series aims to provide guidance to practitioners and policy makers on policy requirements and international good practice, and to encourage more consistent and better coordinated application of environmental and social sustainability principles.

Environmental and Social Management Systems



About ESG

The Environmental and Social Safeguards Unit (ESG) of the IDB identifies and manages environmental and social impacts and risks in Bank operations in order to achieve long-term environmental and social viability and foster sustainable development in the region.

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PART ONE:
OVERVIEW



Introduction and Background

Transparent and meaningful consultation with key stakeholders is a cornerstone of informed decision-making and good governance. Some form of public consultation in relation to project planning, approval and implementation is required by law in most countries, and all International Finance Institutions (IFIs) have adopted policies and procedures to incorporate stakeholder consultation into the projects and programs they support. IFIs such as the Inter-American Development Bank (IDB), the World Bank, the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and the Asian Infrastructure Investment Bank (AIIB) have all strengthened and developed guidance on stakeholder engagement in recent years. The World Bank and EBRD have adopted stand-alone policy standards with requirements for consultation and stakeholder engagement.

This increased attention to consultation and broader stakeholder engagement reflects experience which shows that there is a need to strengthen the practice in this area. Real or perceived poor quality of consultation is a recurring theme in complaints to IFI accountability mechanisms such as the Inter-American Development Bank (IDB)'s Independent Consultation and Investigation Mechanism (MICI), or the World Bank's Inspection Panel.

This publication has been prepared by the IDB's ESG (Environmental and Social Safeguards Unit). It is one of a series of publications¹ the IDB plans to issue in 2017, addressing the need for better guidance on social issues in projects financed by the IDB. The publication is primarily intended for staff planning and implementing development projects, in particular environmental and social specialists on project teams. More broadly, it should be of relevance to policy makers and practitioners generally.

The publication describes principles and content that should be present for a consultation process to be considered "meaningful". It is consistent with existing IDB environmental and social safeguards policies,² and reflects both explicit and implicit requirements in these policies and accompanying procedures and requirements. It is also broadly consistent with policy requirements of other IFIs, and with national legislation in many countries. The content of the publication has also been informed by international good practice developed not only by IFIs, but also by UN agencies such as UNDP; academia; civil society; and others, both through formal policy language or guidance, and more informally through evolving case practice experience. Such case practice may with time become formalized or made more explicit as policies and procedures get updated.

While the publication focuses on consultation and stakeholder engagement at the level of investment projects such as a transport or infrastructure project or an education project, the same principles of meaningful stakeholder engagement also apply at other levels, such as in strategic environmental and social assessment processes, or country level analysis. At all levels, a consultation process should be based on the principles described in this note: It should be transparent and inclusive; it should be considered as an input into decision-making; and involved stakeholders should be provided with feedback about how their inputs have been addressed.

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- 1 Other planned publications in this series include publications on Social Impact Assessment, Indigenous Peoples, and Involuntary Resettlement.
 - 2 IDB policies relevant to stakeholder consultation and environmental and social risk management include in chronological order of approval by IDB's Board:
 - Involuntary Resettlement Operational Policy [OP-710], 1998
 - Environment and Safeguards Compliance Policy [OP-703], 2006
 - Operational Policy on Indigenous Peoples [OP-765], 2006
 - Disaster Risk Management Policy [OP-704], 2007
 - Access to Information Policy [OP-102], 2010
 - Operational Policy on Gender Equality in Development [OP-761], 2010

Finally, the note should not be read as a standard blueprint or “one size fits all” approach, since it is not feasible to discuss every possible circumstance in detail. While the note suggests key principles and gives overall guidance, it is not intended to be a substitute for applying judgment and experience, and for referring to relevant legal, policy, and procedural requirements in specific contexts.³

Overview of Content

Section I [this section] summarizes the objectives and responsibilities related to stakeholder consultation. It provides a brief overview of some of the terminology related to the topic, and outlines key principles of how we understand “meaningful stakeholder consultation”: It is a **two-way dialogue and engagement**, rather than a one-way dissemination of information; it is a **process** rather than one or a few single events; and it **involves people in affected communities and other relevant stakeholders**. The section also introduces the principle of proportionality, where the consultation process in each project context depends on project risk, scale, and complexity.

Section II contains a description of ten stakeholder consultation elements that should be included throughout a standard project cycle. These elements are not necessarily sequential; many aspects of good stakeholder consultation overlap, are iterative, and may require different actions at different times.

Annexes provide more technical detail and guidance on various aspects, and some examples of templates that may be used by practitioners.

Objectives of Stakeholder Consultation

Meaningful consultation with project stakeholders adds value to projects in different ways:

- It captures the **views and perceptions** of people who may be affected or have an interest in a development project, and provides a means to take their views into account as inputs to improved project design and implementation, thereby avoiding or reducing adverse impacts, and enhancing benefits;
- It provides an important source of **validation and verification** of data obtained elsewhere, and improves the quality of environmental and social impact assessments;
- It enables people to understand their **rights and responsibilities** in relation to a project;
- Greater transparency and involvement of stakeholders enhances **trust, project acceptance, and local ownership**, which are key to project sustainability and development outcomes;
- It is **required** by IDB and other financing institutions⁴ in complying with environmental and social policies, in projects that have the potential to cause harm to people or the environment; and

³ IDB has developed internal protocols, templates and guidance related to consultation, linked with specific milestones and disclosure requirements during a project cycle.

⁴ This includes commercial banks who are members of the Equator Principles Association. Currently (June 2017) 90 Equator Principles Financial Institutions (EPFIs) in 37 countries have officially adopted the EP, covering over 70 percent of international Project Finance debt in emerging markets. Stakeholder consultation and engagement is a requirement in projects financed by these banks.

- It is essential to the **credibility and legitimacy** of implementing agencies and of International Finance Institutions such as the IDB.

Responsibilities

In projects financed by the IDB⁵, stakeholder consultation is the responsibility of the borrower through the implementing agency for the project. The finance institution supporting the project is responsible for ensuring that the project is compliant with relevant policies and requirements. In the case of the IDB, this responsibility applies throughout the project cycle. The IDB has a complementary role to the borrower; to explain, advise, provide support, and verify. IDB can contribute advice on Terms of Reference for studies and consultations, review and comment on the quality of the work done, and contribute training and capacity building to strengthen local institutions. This can be done at different levels: IDB can work with the relevant project authorities such as a Project Implementation Unit (PIU) and provide advice and training, as well as engaging at a more strategic or programmatic level, such as through initiatives aimed at strengthening country systems and implementation capacity.

Both the borrower and IDB have a responsibility to document the consultation process. The annexes provide some examples of templates, which may be of help in documenting the process.

In some situations, more direct involvement by the IDB in the actual consultation events may be appropriate. While the borrower should plan and undertake the consultations, it is recommended that staff from IDB observe selected consultation events as part of project preparation and due diligence, and to verify the information provided. This should be done as a matter of routine in all higher risk operations,⁶ at least on a sample basis in cases of multiple events.

In rare cases, it may be appropriate for IDB staff to undertake independent consultations with key stakeholders. Examples of this are when there are concerns about the borrower's ability to undertake systematic and comprehensive enough consultations, or when IDB staff have reason to believe that there is potential for retaliation, or when there are low levels of trust between project affected people and government or project authorities. In such cases, IDB could undertake confidential discussions to ensure a full understanding of relevant issues and concerns. If issues relevant to project design and implementation come up in such discussions, the IDB staff should convey the key recommendations to the borrower, while protecting the names of those that have requested anonymity. Such discussions and separate consultations may also provide a better basis for IDB'S own documentation and support to the project, and its advice and support to the borrower.

⁵ While the note references IDB requirements and practice, similar requirements apply in other IFIs.

⁶ IDB and most other development finance institutions categorize projects based on environmental and social risk: High risk projects are Category A; moderate risk projects are Category B; and low risk projects are Category C. The World Bank's new Environmental and Social Framework takes a somewhat different approach, categorizing projects on a four-tier scale to be updated throughout the lifetime of a project: High, Substantial, Moderate, and Low risk.

Timeliness, Clarity, and Proportionality

The importance of stakeholder consultation is understood and accepted by most. However, there are sometimes concerns that the consultation process may delay project planning and implementation, add cost, bring tensions and conflicts to the surface, or raise unreasonable expectations. These are valid concerns, but avoiding transparent engagement with stakeholders does not eliminate such problems. On the contrary, it may exacerbate them, for example by fomenting rumors and suspicion leading to local opposition to a project.

This note takes the view that good stakeholder consultation is not only a requirement, it also adds real value to projects. That value becomes more apparent if transaction costs and delays are kept to a minimum. This can be achieved in three ways:

First, by ensuring that preparing and undertaking the stakeholder consultation process **start as early as possible** in the project cycle. Stakeholder consultation requires a systematic approach. If it starts too late, there will not be enough time to undertake the consultations in a meaningful manner, and the lack of adequate consultation can turn into problems and local opposition which may delay or put other aspects of project planning and implementation at risk. Ideally, identification of key issues and stakeholders should start at the concept or identification stage, while actual consultation events may be held somewhat later depending on the project, coordinated with the project design process. The timing of consultation events and the entire process needs to be carefully mapped out, so delays or inadequate consultation do not turn into bottlenecks for the project as a whole. The timing needs to coincide with requirements for project disclosure, approval, and other milestones. If the consultation process is conducted systematically and well, it does not have to be a delaying factor. It can be done in parallel and in an iterative⁷ fashion with other aspects of project planning, such as engineering designs. A mistake that is often made is to see the consultation as separate from and unrelated to such other project planning elements, and to start it too late.

Second, delays and costs can be reduced by being clear about requirements and good practice, and by ensuring that individuals and institutions responsible for consultation have the necessary **skills and resources** to manage the process. Delays are often caused by poor planning or implementation of the stakeholder consultation process, where lack of skill or capacity, or insufficient integration of environmental or social considerations into overall decision making, can lead to costly mistakes. This is discussed in more detail in Part II.

Third, this note does not propose a “one size fits all” to consultation. The **principle of proportionality** should guide the degree of effort: In projects with low or no risk, the consultation process can normally be limited to simple disclosure and information dissemination. Projects with moderate risk should have a two-way dialogue with affected stakeholders, while complex, large scale or higher risk projects require more systematic and thorough engagement with stakeholders throughout. Even in such cases, the stakeholder consultation process is unlikely to become a bottleneck if it starts early, is well managed, and integrated with other aspects of project planning and implementation.

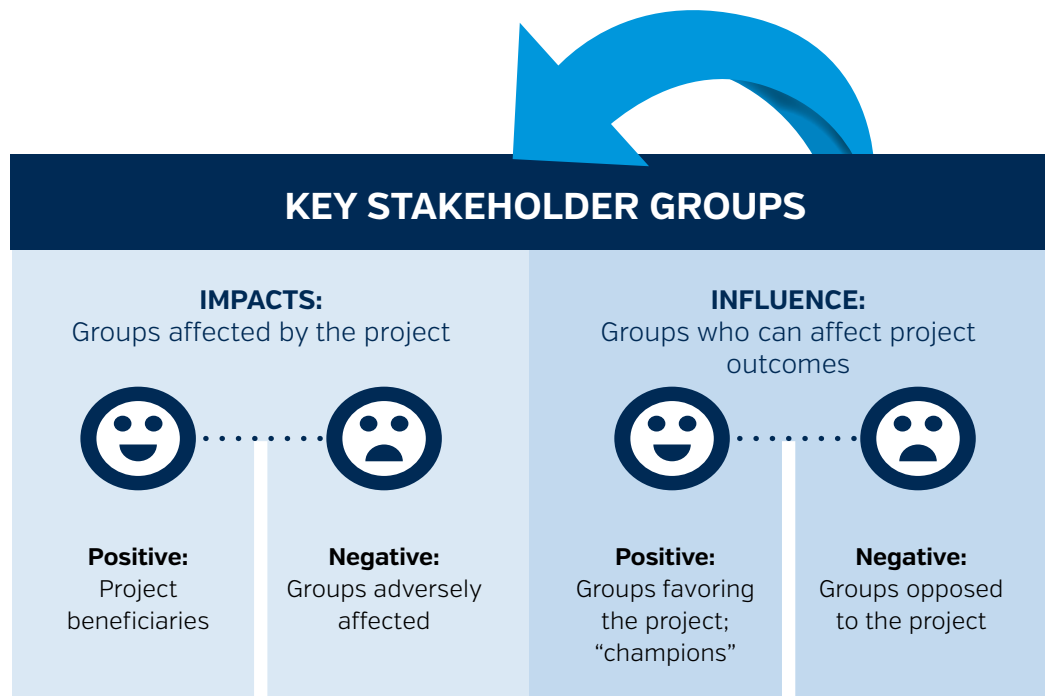
Good consultation and stakeholder engagement is an investment. It requires effort proportionate to project risk and complexity, and while this may be seen as a cost or delaying factor, inadequate community engagement and stakeholder consultations can

⁷ By iterative, we mean that the various project aspects should inform each other and adapt accordingly. Preliminary designs may guide how stakeholders are identified and how initial consultations are carried out; such consultations may in turn serve to modify and improve the designs.

lead to far higher costs than those of the initial effort.⁸ Once trust has been broken, or there is a crisis that needs to be dealt with, the cost in project delays or actions needed to retroactively address the problem can be very significant and involve significant amounts of management’s attention. It can damage an institution’s reputation for a long time, and lead to a loss of political support, reduced creditworthiness, or other costs. In some cases projects have had to be abandoned. It is therefore in everyone’s interest to undertake systematic and meaningful consultations, and to demonstrate that stakeholder views are reflected in how projects are designed and implemented.

Terminology

Different terms are frequently used interchangeably, and there is some confusion about the differences between participation, consultation, stakeholder engagement, and other terms used. In this paper, and consistent with IDB policy, the term “stakeholder consultation” is used as a broad term⁹ covering a continuum of engagement and intensity, proportionate to risk and complexity as discussed above. The term “stakeholder” itself refers to individuals, groups, or institutions that have a stake, or an interest, in the project: They may be affected by it [either positively or negatively], or they may have an interest in it and be in a position to influence its outcomes, as illustrated in the chart below.



The note discusses how the consultation process is made up of several aspects or elements, which should be addressed starting early in the project preparation phase.

8 One way to illustrate this is the “project management triangle”: A project can be fast, good, or cheap; pick any two. It is rarely possible to optimize all three. To get it done well and in a timely manner, it requires appropriate resources and management attention.

9 Other institutions, such as the World Bank (Environmental and Social Framework, 2016) and IFC (Performance Standards, 2012) use the term “stakeholder engagement” to describe the range of consultation and participation approaches in projects.

Levels of consultation and engagement may include:

- **Information sharing** as primarily a one-way communication. This may be appropriate as the main form of engagement with the public in low risk circumstances, where the project does not seek to actively engage communities or other stakeholders in a dialogue. The engagement consists largely of public information dissemination of project-related information in a transparent and accessible way, and provision of a way for members of the public to request additional information or to convey their concerns and recommendations.
- **Consultation as a two-way dialogue:** In projects of moderate risk and complexity¹⁰, and where there is potential for adverse impacts that would trigger safeguards policies, stakeholders are consulted through an active two-way process of engagement and dialogue. Information needs to be shared with relevant stakeholders, generally on a disaggregated basis reflecting local context, and stakeholder views should be captured, documented, and considered.
- **Participation and empowerment:** Projects of substantial or high risk and complexity require a more meaningful and informed process of involvement with stakeholders. This builds on the dialogue principles above, but entails more active participation by stakeholders in defining and implementing relevant aspects of a project. In certain high risk circumstances, policies and good practice require that stakeholders have a real say in project decision making, and that a degree of decision-making authority be transferred to local communities and stakeholder groups. An example of this is when a project requires formal agreement or consent from affected stakeholders.¹¹

What Makes Stakeholder Consultation Meaningful?

There are several criteria that should be met for a stakeholder consultation process to be considered meaningful. Above all, it should not be thought of as one or more isolated events, organized in a pro forma manner to “check a box” or to meet a licensing requirement. It should be preceded by an analysis of the project, its context and potential impacts, and who the relevant stakeholders are; and it should be followed by genuine consideration of stakeholders' views and concerns in decisions related to project planning and implementation.

In addition to the need for prior analysis and subsequent follow-up, meaningful stakeholder consultation should reflect the following ten principles:

1. The stakeholder consultation process should be **ongoing and iterative** throughout the project cycle, starting as early as possible.
2. It should ensure that **different categories of stakeholders are represented and involved**. This may include individuals and groups, as well as formal and informal local institutions.
3. Sufficient **resources** should be allocated. This includes budgets as well as staffing and capacity, and the willingness of project authorities to take stakeholder views seriously, and to modify designs and implementation to reflect stakeholder concerns where possible.

¹⁰ See section on Identification of Priority Issues: The Assessment Process for a discussion on risk.

¹¹ For a discussion of this, see the section on Indigenous Peoples in Annex 1, Stakeholder Consultation in Different Circumstances.

This may include the need for capacity building for affected stakeholders, to establish a level playing field for different groups to engage.

4. It should be **transparent and based on factual information**, including about the scope of consultation and ability of stakeholders to influence project decisions.
5. It should be **equitable and non-discriminatory**, and ensure that poorer or more vulnerable parts of the affected stakeholders are given a voice.
6. Stakeholders should have **prior information** about relevant aspects of the project, in a language, format, and manner that is appropriate for them. Different approaches will be appropriate for different groups and in different contexts, but at a minimum this should be conveyed in such a way that it is understandable and accessible to all.
7. Consultation events and other forums or means of engaging with stakeholders should be **respectful and free of coercion**. Stakeholders who express concerns or criticism against the project or authorities should be protected from retaliation.
8. **Confidentiality of information and stakeholders** should be ensured where appropriate.
9. To be meaningful, a consultation process should also **avoid consultation for consultation's own sake**, or excessive discussions that do not lead to anything.¹²
10. The process should be **systematically documented, and relevant aspects of it should be disclosed publicly**.

These principles are discussed in more detail in Part II as they apply to different elements of the consultation process.

Consistency with Human Rights Principles

Meaningful stakeholder consultation is embedded in the international human rights architecture, and spelled out in various conventions, resolutions, and declarations. A milestone in relation to participation was ILO Convention 169 [1989], which is the only international treaty that deals exclusively with the rights of Indigenous Peoples. It states that *“they shall participate in the formulation, implementation and evaluation of plans and programs for national and regional development which may affect them directly.”* These principles were affirmed in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP 2007), which established that *“States shall consult and cooperate in good faith with the indigenous peoples”*. Similar principles apply to other groups: The 1989 Convention on the Rights of the Child asserts that *“The child shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds”*.

¹² In many cases stakeholders have contributed to a consultation process in good faith, without seeing results within a reasonable time. If there is a risk that there may be a long time delay before stakeholders see concrete projects benefits, they should be informed about that.

Of particular relevance to the work of IDB and other IFIs, the United Nations has stressed that the right to development must embody the human rights principles of **equality, non-discrimination, participation, transparency, and accountability**. The IDB safeguards policies are informed by these principles.

Applying a safeguards approach represents a rights-based approach to development. When affected communities are provided with compensation for adverse impacts the project is causing or contributing to, it should not be regarded as a project “benefit” given to local “beneficiaries”. Respecting human rights by avoiding, reducing, or compensating for adverse impacts are normative and mandatory requirements. People have a right to be consulted, and to not be subjected to adverse impacts without compensation or assistance. These are rights, and affected people are “rights-holders”, while the responsible project authorities are “duty-bearers”¹³ If these rights are not respected, people have a right to remedy, as discussed in the section on Grievance Redress. Successful application of safeguards policies from a rights perspective is a function of having the appropriate norms and frameworks; the effectiveness and responsiveness of the institutions involved; people’s understanding of their rights; and their ability to hold institutions accountable. From this perspective projects supported by IDB and other IFIs provide an important opportunity to help member countries comply with their obligations under international human rights law, and to demonstrate accountability and extraterritorial obligations of International Finance Institutions.

Scope of Stakeholder Consultation

The issues relevant to stakeholders and the consultation process in a specific project cannot be predetermined. Depending on the type of project and local setting, there could be a nearly infinite number of issues relevant to a project and stakeholders’ concerns. Different sectors pose different types of risks and opportunities. Local context such as dimensions of social vulnerability and exclusion; conflict and fragility; governance aspects; land tenure systems; presence of Indigenous Groups; risks of natural disasters; and stakeholders’ concerns about noise, pollution, or critical habitats may all be relevant.

Moreover, stakeholders are not homogeneous within one project setting. Different groups will have different concerns, and these concerns (and the stakeholders themselves) may change over time. Even when project authorities consider themselves familiar with local context and likely project impacts, stakeholders are likely to have knowledge and raise issues that project authorities had not thought of. A rule of stakeholder consultation is therefore to keep an open mind about determining scope and content of the consultation process.

Beyond expecting the unexpected, there are some key issues that are expected to be covered in the stakeholder consultation process. They include:

- **Identification of stakeholders.** A stakeholder analysis is a key element in a consultation process. An initial analysis of who the relevant categories of affected and interested stakeholders are, should be verified and corrected as necessary based on discussions with local communities and others familiar with the project context. Stakeholder analysis is discussed in more detail below, in Part II.

¹³ The terms “rights-holders” and “duty-bearers” are used in human rights discourse, but are less common in development projects, where it is not unusual that project benefits are presented as top-down patronage or charity, and where local stakeholders are sometimes treated as passive recipients rather than active participants with rights.

- **Identification of potential impacts, both positive and negative.** Local stakeholders who may be affected by the project play a key role in identifying project benefits and potential adverse impacts, and how this may affect individuals, households and communities. The consultation process should elicit this type of information, to supplement studies and assessments done.
- **Design alternatives.** Local stakeholders should be consulted about their views and suggestions related to alternatives for project design, for example where a change in alignment for a new road may reduce adverse impacts and provide the most benefits. Stakeholder inputs to design decisions are key to identifying ways to avoid and minimize adverse impacts.
- **Design of mitigation and compensation arrangements.** For residual adverse impacts that cannot be avoided or minimized through alternative project design, local stakeholders should provide inputs to action plans, and be involved in determining what the most appropriate mechanisms for mitigation, compensation, or offsets should be. Not only are they likely to provide valuable insight and suggestions, but involving them in such decisions through active participation is likely to create better acceptance and local ownership of the project.
- **Institutional arrangements.** Stakeholders should be consulted about project implementation arrangements. In many cases, existing local institutions can play an important role in the project, such as local conflict resolution mechanisms that can become part of the project's grievance redress mechanisms. Local communities may also contribute to project implementation through participatory monitoring or other means.



PART TWO:
**TEN ELEMENTS
OF MEANINGFUL
STAKEHOLDER
CONSULTATION**



Embedding Stakeholder Consultation in the Project Cycle

Preparation and implementation phases in development projects have several milestones. The stakeholder consultation process needs to be closely aligned with the various decision points throughout, ideally from the time of first scoping and feasibility discussions. The responsible project agency will need to define the issues to consult on, who should be consulted, what form the consultations should take, how the results of stakeholder discussions will be reflected in project design and implementation, and how stakeholders will be involved throughout the lifetime of the project.

It is important to designate who should be responsible for coordinating this process from the outset, and to ensure that they have the appropriate skills and resources. In some cases, where the responsible agency lacks the required expertise for the analysis and consultation process, it may be appropriate to add expertise through the use of consultants, or advisory panels of experts. However, one needs to be careful that such “outsourcing” does not become abrogation of responsibility. Since meaningful consultation requires that stakeholders’ views are considered and reflected in project planning and implementation decisions, those responsible for this process should have sufficient authority within the overall management structure to provide credible recommendations that will be considered on an equal footing with technical, financial, and other considerations. A mistake that is often made is to have the stakeholder consultations managed by relatively junior social workers or communications specialists who have little or no influence over “hard” project decisions related to budgets, engineering designs, or other aspects of project management. While such specialists can play an important role, it is essential that issues related to environmental and social impacts are decided on in an informed manner by project authorities. The people coordinating the project planning and implementation [often organized in a Project Implementation Unit, PIU]¹⁴ will need to fully understand and commit to consideration of stakeholder inputs in the project decision-making process.

The process is not to be taken lightly. In complex settings, it can be both complicated and controversial. Few organizations have developed the requisite capacity to engage with stakeholders in a meaningful way¹⁵. It is neither hard science nor art: It is more like a craft, requiring careful attention to key principles combined with experience. It requires the analytical understanding of a social scientist; the sensitivity of a community organizer; and the organizational skills of a project manager. It is rare to find these qualities combined in a single person; usually, a multidisciplinary team approach is needed.

14 It is not unusual that a PIU is not fully staffed until the project has been formally approved, and financing has been made available. This should not be used as an argument to delay deploying the requisite staff resources to undertake stakeholder consultation and reflect it in project planning; it is as essential as having the necessary engineering or budgeting capacity during the planning phase.

15 IDB and other IFIs generally provide guidance and capacity building to clients in individual project settings, but it should be acknowledged that this has often been done in an ad hoc manner. IDB is working to strengthen client capacity and align more closely with countries’ own systems. This note on stakeholder consultation will be published in Spanish as well as English, and an online training course will be launched by IDB in the second half of 2017.

Ten Elements of Stakeholder Consultation

This note discusses ten aspects and elements that should be present in the stakeholder consultation process, and embedded in the project preparation and execution. The ten elements are:



1. Identification of priority issues

What are the likely risks¹⁶ and opportunities arising from the project?



2. Stakeholder analysis and consultation plan

Who is affected by the project, and who has an interest that can influence outcomes? How will the project engage with them?



3. Prior information

How will information be provided to stakeholders prior to consultation and consultation events in a meaningful way?



4. Appropriate forums and methods for the consultation process

How should consultation events be organized?



5. Grievance redress mechanisms

How can stakeholders seek remedy when they feel the project is causing harm to them or the environment?



6. Design and implementation decisions considering stakeholder perspectives

How will stakeholder concerns and recommendations be addressed in project decision-making and the overall management system?

¹⁶ From a safeguards perspective, the emphasis is on risk to people and the environment, rather than to the project agency or the financing institution.



7. Feedback to stakeholders and transparency in decision-making

How will the stakeholders be informed about project decisions and how their views and inputs have been incorporated?



8. Baseline data, action plans, and management systems

What are the action plans that the project will implement to reduce risk and enhance benefits for project stakeholders? How will the project establish and maintain a suitable management system to address environmental and social issues?



9. Documentation and public disclosure

What are the mechanisms established to document and disclose relevant project information?



10. Ongoing stakeholder consultation during implementation

What are the mechanisms established to ensure that stakeholders are kept informed and involved throughout project implementation?

These elements are rarely sequential or discrete. They may be partly or fully overlapping; happen in stages; and be iterative. Professional judgment and experience are needed to determine what the right approach is for each project. Addressing these issues explicitly and systematically is key to designing and undertaking a meaningful stakeholder consultation process.

These ten elements are discussed in more detail in the following sections. For each section, some suggested questions are included in the form of a checklist.¹⁷

¹⁷ In documenting the process, it is recommended that project teams summarize how these questions have been addressed.



1. Identification of Priority Issues: The Assessment Process

The first step in a meaningful consultation process is to identify what the likely environmental and social opportunities and risks of concern to stakeholders are. Some of these are likely to be obvious and tangible: A project that requires land acquisition for the construction of infrastructure is likely to entail physical and economic displacement of people. Other impacts may not be as apparent, and may require in-depth studies and discussions before they are identified. A project may inadvertently favor local elites and contribute to increased social and economic inequality. A project may also have very different impacts in different areas, and on different issues. For example, a linear project like a gas pipeline may cover long distances and cut across different types of communities, ecological zones, and administrations. This should be kept in mind when analyzing issues affecting or of interest to stakeholders.

The analysis of likely project impacts is generally done through an assessment process. Most countries require an Environmental Impact Assessment (EIA), which is a good entry point. Compliance with national law is a requirement in all projects. However, while it is necessary, it is not always sufficient. Gaps between country systems, and requirements of IFIs such as the IDB, are common.¹⁸ Content and scope for EIAs vary, and in national legislation the EIA and public hearings are frequently treated as licensing requirements rather than as a tool for ongoing and adaptive management. National practice also tends to focus more on issues related to the physical environment, with social issues receiving less explicit attention. International good practice is increasingly based on a broader and more balanced approach to both social and environmental impacts, whether through separate EIAs and Social Impact Assessments (SIAs), or preferably through an integrated approach, Environmental and Social Impact Assessment (ESIA), where the analytical and participatory aspects are integrated into overall project management on an ongoing basis.

While environmental and social safeguards policies are primarily concerned with risk management, the assessment process should also identify potential benefits and development opportunities from an environmental and social perspective. Local stakeholders should be consulted to ensure that the benefits are culturally appropriate; that there is interest and ownership; and that opportunities for additional benefits are identified and can be incorporated into the project.¹⁹

As noted earlier, projects with different levels of risk and complexity will require different degrees of effort. Some aspects of this can be stipulated through procedural requirements,²⁰ but judgment on a case by case basis must also be applied.

¹⁸ Project officials may be concerned that complying with the broader requirements of an IFI may conflict with national law. However, this is very rarely the case. Rather than being contradictory to national law, the IFI requirements are more often additional to and complementary of national law. They have been approved by the member governments, who have signed on to an agreement that the IFI requirements have to be applied in projects financed by the IFI. While it is outside the scope of this note to produce an overview of gaps and similarities between individual countries and IDB (and other IFIs) requirements, for a given country and sector it is recommended that such a gap analysis be undertaken, to build on existing standards and capacities, and to avoid duplication of effort.

¹⁹ The principle of combining risk management with enhanced development opportunities is explicit in the IDB gender policy and the Indigenous Peoples policy, and should be a goal in all projects where safeguards policies apply.

²⁰ For example, IDB projects categorized as Category A must undertake two rounds of consultation with relevant stakeholder groups.

In looking at risk in a project, both risks of adverse impacts caused by the project to people or the environment, and risks to the project meeting its objectives should be considered. In identifying priority issues for consultation and engagement with stakeholders, it is useful to group risk in three categories, in terms of potential adverse impacts from or to the project:

- **Direct impacts:** Adverse impacts caused by, and directly attributable to, the project, such as displacement caused by land acquisition, or negative impacts on natural habitats.
- **Indirect and cumulative impacts:** Impacts where the project is one among several contributing factors. Examples include labor influx caused by increased economic opportunity that the project contributed to; child or forced labor in a supply chain; reduced income for local merchants if a road is rerouted; or increased pollution in a watershed where there are many other sources of pollution.
- **Contextual risk:** There are risk factors that the project neither causes nor contributes to, but which may exacerbate project-specific risks to people or the environment, or to the project's success. Risks in this category include conflict and violence, political instability, weak governance structures, ethnic and religious tension, vulnerability and low resilience to shock among affected populations, and risks from natural disaster or climate change.

In the case of contextual risk, such as weak governance in the broader operating environment, it is unlikely that a project can reduce such risks directly. But it will be important to build in transparent operating procedures, subject to independent oversight, to reduce the risk of corruption, elite capture, nepotism, or other governance related aspects. Similarly, a project operating in a situation of conflict and violence may not be able to address the root causes of such risks, but will need to take special measures to protect project workers, affected populations, and other key stakeholders. Where security forces –whether private or public – are deployed, international good practice standards such as The Voluntary Principles on Security and Human Rights should be applied.

These risk factors may be assessed through different means. The environmental and social impact assessment process is expected to identify most of the key issues. The consultation process itself will add information and understanding of risks. This does not all have to be studied through primary data collection: Where secondary data sources and existing studies exist, such as descriptions of contextual risks, they should be referred to. A consideration that should be kept in mind is that some impacts may not be apparent or easily predictable early in the project life-cycle. This is particularly the case for indirect and cumulative impacts. It is therefore important to see risk management as an ongoing process throughout the project-cycle.²¹

²¹ For more information on the identifying risk and opportunity, see separate IDB guidance on Social Impact Assessment (forthcoming), and the IDB ESG Risk Management Framework (forthcoming).

The three fundamental pillars of addressing environmental and social risk through analysis, participatory approaches, and appropriate management systems as an iterative process within the project cycle can be illustrated as in the figure below:



Checklist

- Have environmental and social benefits and risks been identified through an assessment process?
- Are the risks identified comprehensive, covering direct and indirect / cumulative risks from the project, as well as broader contextual risks?
- Have local stakeholders been consulted about how they perceive benefits and risks?



2. Stakeholder Analysis and Consultation Plan

Project risks and benefits are rarely if ever distributed uniformly across a population: There are generally winners and losers, and a project needs to address how different groups are affected. Once an early estimation of priority issues has been undertaken, the next step is therefore to determine how risks and benefits are likely to be distributed among stakeholders, and to develop a plan for how the project will engage with different groups and individuals. This is generally referred to as a stakeholder analysis. A key objective of the stakeholder analysis is to clearly identify those who may be adversely affected by project impacts, or unfairly excluded from project benefits. This should be done with a particular emphasis on poor and vulnerable groups to ensure that they are not disproportionately affected, and that any adverse impacts are avoided or mitigated.

All IFIs require that stakeholders who may be affected by a project must be consulted. Stakeholders also include people who may not be directly affected, and other groups who may possess information and resources that can benefit the project. This may include other government agencies, individuals and groups with particular expertise such as independent experts, and people who have an interest in a project and who may influence its outcomes.

There are two key steps to identifying stakeholders for consultation purposes:

- I. **Identify relevant stakeholder categories; and**
- II. **Within each stakeholder category, determine who to engage with and how.**

Identifying relevant stakeholders requires insight and understanding of the nature of the project as well as the local context, but undertaking the stakeholder analysis does not have to be complicated or time consuming. In many cases it can be done with inputs from existing data sources, and discussions with key informants. A good approach may be to organize a discussion or workshop early in the project cycle and invite a multi-disciplinary group of people with knowledge of the setting to draw up an initial list of stakeholder categories and key issues. In addition to project authorities, academics and representatives of local NGOs often have good insights and can help in the analysis. Experts and others who contribute to this can also be invited to form an advisory group that may be active throughout the project's lifetime; this is the recommended approach in projects of higher risk or complexity.

The stakeholder analysis should also be informed by the Environmental and Social Impact Assessment process, using both primary and secondary data sources, and verified or modified with additional information from the consultation process itself. The stakeholder analysis should not be limited to what may be considered “objective” impacts and interests; it should also assess stakeholders’ understanding and perceptions of the project. People act on the basis of what they believe and value, and do not always interpret a project and its impacts the same way project authorities and “experts” see things.

Depending on the project context, the consultation process may be fairly broad in the early stages of the assessment process discussed in the previous section, focused initially on identifying, avoiding and minimizing adverse impact through alternative designs. Residual risk would then need to be addressed through specific action plans to mitigate or compensate those affected. The specific consultations related to such implementation plans may involve a more limited number among those directly affected or involved.

The relevant stakeholder categories will vary from project to project, but the following main categories are typical of groups whose views should be taken into account:

- Adversely affected persons and groups
- Intended beneficiaries
- Project workers and their representatives
- Implementing agency staff and their consultants
- Other government agencies contributing to the project (e.g. land acquisition authority, extension services that can collaborate with the project, etc.)
- Government policymakers and local authorities
- Civil society (local and international NGOs, community based organizations, religious groups, media, etc.)
- Academia and research organizations
- Organized interest groups (business association, trade unions, others)
- Relevant private sector companies operating in the project area, or expected to play a role in the project
- Financing institutions, such as the IDB

These groups should generally be broken up into sub-categories. For example, adversely affected people may include people whose lands or resources are affected through land acquisition. This category should be grouped further into sub-categories by the type of impact (physical displacement, livelihood losses, loss of access to natural resources, etc.), along with the corresponding entitlements to compensation or other assistance and support. Socio-economic status, social diversity, and gender aspects should be assessed – a project may have different impacts on people depending on their land tenure situation, degree of poverty, ethnicity, disability, or occupation, among potentially relevant social identities.

Since gender is nearly always a key determinant in people's ability to access project benefits, as well as in determining vulnerability to adverse impacts, the stakeholder analysis should address gender relations explicitly. This should be done by considering men's and women's different control of assets, productive resources, employment opportunities, and decision-making. Baseline data and data used in monitoring and impact evaluation should be disaggregated by gender and other relevant stakeholder categories.

If there is formal representation where some are chosen to represent larger communities in the discussions, such individuals should have the trust of the people they are representing, and be selected according to a process decided on by their constituencies. They should also be required to regularly consult and report back to those they represent.



The stakeholder analysis and consultation plan should consider how the project may affect men and women differently, and how to ensure that women's concerns are taken into account during the consultation process. [Paraguay, 2007]



People organize themselves both in formal organizational structures, and in informal institutions and networks. Local rules and norms for behavior, power structures, and mechanisms such as patronage and *compadrazgo*²² relationships may all influence how people perceive and interact with a project. A good stakeholder analysis should consider whether and how such informal institutions are relevant in a project context. Informal leaders recognized in the local community may be good resource persons as key informants in the consultation process.

There is often a question about who is more legitimate or representative among stakeholder groups. Government officials or private sector partners may perceive some individuals or groups to be more important than others, and to have more authority to contribute to decisions related to project design and implementation. But it is important not to confuse formal decision-making authority with legitimacy to express views and concerns. The important point for meaningful stakeholder consultation is to ensure that different views, including from those who oppose the project, are heard and given serious consideration in decision-making. It is not unusual that project authorities are reluctant to consult with some groups who they see as irrelevant, or who may be opposed to the project. Efforts should be made to overcome such reluctance and to encourage a more open and inclusive consultation process, including with political opponents. Excluding some groups may cause more serious problems later, and

²² *Compadrazgo* refers to the ritual kinship; “co-parenthood”; common in Latin America. It generally entails complex ties and mutual obligations between the co-parents, often through patronage and expectations of support and loyalty.



useful insights are likely to come even from engaging with critics of a project. If their concerns are taken seriously, opposition may be reduced or neutralized.

Among project authorities, it would be important to keep in mind that the responsible people – both on the political and the administrative side – may well change during the lifetime of a project. National and local elections may bring about changes in political leadership and cause delays in project preparation and implementation; changes in administrative leadership may lead to different priorities or approaches; and time gaps between project preparation and implementation may lead to a lack of continuity. In many situations, the people responsible for implementing a project may not have been part of preparing it, and may have little knowledge or ownership of key issues related to environmental and social risk management. New conflicts may emerge as a result of political processes. It is important to keep these issues in mind, and for the project to be able to engage with changing and evolving issues and stakeholder groups.

The proposed methods and approaches to engaging with stakeholders should be consistent with policy requirements and timing for different types of projects. As noted in the previous section, projects identified as entailing higher risk generally have more stringent requirements. Similarly, complex circumstances such as situations involving resettlement or impacts on Indigenous Peoples require special attention and have particular requirements. For example, the IDB policy on involuntary resettlement affecting Indigenous Peoples requires that *“the people affected have given their informed consent to the resettlement and compensation measures.”*

A consultation plan with stakeholders should at a minimum contain the following elements:

- Main categories and sub-categories of stakeholders
- The nature of their stake in the project: Likely impacts or benefits, or interest; positive or negative
- Key characteristics (social situation, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion)
- How the project intends to engage with each of the different groups (how to provide meaningful prior information, what venues or formats to use, such as public meetings, focus groups, key informants, structured interviews, etc.)

Once the consultation process is underway, the stakeholder analysis and consultation plan should be updated based on information provided by the stakeholders, and the consultation plan can be added to and updated on an ongoing basis with the following additional information:

- Key concerns and recommendations expressed by the different categories and sub-categories of stakeholders
- How the project design and implementation will address the views of each of the stakeholder groups
- How the project will provide feedback to the stakeholders about how their views have been reflected in project decisions
- How the project intends to engage with the various stakeholder groups during the remainder of project preparation, and during implementation

In the consultation plan it is helpful to summarize these different elements, organized by stakeholder categories and sub-categories, in a matrix format.²³

Checklist

- Has a stakeholder analysis been undertaken?
- Does the analysis identify groups and sub-groups who may be adversely affected, who are potential beneficiaries, or who may influence project outcomes?
- Is the analysis disaggregated by gender and potentially vulnerable groups?
- Has a consultation plan been prepared, summarizing how the project intends to engage with different stakeholder groups?
- Do the analysis and consultation plan take local institutional mechanisms and decision-making processes into account?

²³ An example is given in the Annex 3, Sample Tools and Templates, containing two tables with (i) Stakeholder analysis and consultation plan, and (ii) Documentation of consultation events.



3. Prior Information

There are two types of information dissemination and disclosure required during project preparation and implementation:

First, the **formal disclosure of information to the public at large**. This is primarily a one-way information dissemination, or “push”. It should contain sufficient detail about the project and its likely impacts to allow interested members of the public to understand what is being planned, and to be able to engage with the project to seek more information or to comment on aspects of the project. This information is often provided on a project’s or government agency’s website, generally when plans and designs are at an advanced stage. At the IDB, general requirements related to public disclosure are described in the Access to Information Policy (2010). Specific requirements for borrower disclosure of safeguards information and instruments are specified in the various safeguards policies.

The second type of disclosure is less clearly specified in laws and policy requirements, but equally important. This is the **more detailed information provided to specific stakeholder groups as part of a two-way, direct consultation and engagement process** with them. This information should be provided well in advance of actual consultation events. Generally, it should be presented differently from the broader public disclosure. It should be tailored



Good practice example: In a private sector project in Colombia [2013], technical studies and data were presented to local communities using graphics and images that were easy to understand and discuss.

to different groups' interests, needs, and likely concerns. For this more systematic dialogue process, people should be provided clear information about how the project is likely to affect them. The information must be provided in a manner and format that is understandable and easily accessible; for that purpose, technical information on a website is rarely meaningful as background information. Instead, the information should be made available in appropriate locations, formats, and local languages, and verbal communications or the use of images may be needed if some of the stakeholders are illiterate.

In many cases, it will be appropriate to extend written or formal invitations to a consultation event, especially more structured public meetings. In other cases, more informal methods may be used, such as discussions with key informants or focal groups.

The information that is conveyed prior to consultation events should include, at a minimum:

- The nature of the project, and how it is likely to affect the various stakeholder groups at the local level. Since different groups are likely to be affected differently, the information provided should be tailored to the different stakeholder groups to the extent possible.
- If they are available, technical studies and reports should be provided, for example information from environmental and social impact assessments. In such cases, there may be a need to simplify or summarize technical reports, to avoid technical jargon and to make them more understandable to non-specialists.
- Stakeholders should be asked in which format and manner they find information most useful – this could be through illustrations, role play, videos, or through other means, in addition to more traditional written or verbal communications.
- A preliminary agenda for the events, summarizing the different topics that will be discussed.
- What people's rights and responsibilities are under the project, and how they can contribute to project design and implementation.

In order for the consultation process to be meaningful, a degree of modification of the project design or implementation has to exist as a possibility. If all decisions have been taken before meeting with stakeholders, and there is no scope for their inputs to be considered, any discussion with local stakeholders is not a consultation, but a simple information dissemination. Such a sham consultation is inconsistent with international good practice.



Participation in consultation events should be voluntary and free of coercion or intimidation. People should be fully aware of their rights, so they know what to expect, what they are entitled to, and how to hold institutions accountable. But in informing people of these rights, project authorities should also clarify what the scope of the project is, and what issues may be up for discussion. Not all demands or views of stakeholders can be accommodated. In some projects, such as demand-driven local community development projects, the project itself may be designed to allow people to choose among a set of options for local investments, allowing for a great deal of participation and joint decision-making. In other projects, options may be more restricted. Managing expectations means that the scope of change, design modifications, or additional benefits needs to be made fully transparent. Otherwise, people may ask for support to activities that are outside of the scope of the project – for example, an education program may be asked by community members to provide support for water and sanitation.

People's perceptions and concerns are important, and should be listened to, but attempts should be made to avoid having personal opinions and rumors dominate the discussion. Being factual and honest is important in order to build trust, since people frequently have unclear or unrealistic perceptions of how a project may affect them, both related to benefits and potential adverse impacts. Timelines should be communicated clearly, and reasons for delays



People should be made aware of their rights in relation to a project or program. [Honduras, 2007]

should be explained when they occur. If information is provided in clear and understandable ways, it can help avoid uncertainty and worries about the future. This is of critical importance in situations involving resettlement, which can be traumatic for those affected. It is also important to avoid misunderstandings in terms of how much weight will be given to stakeholders' inputs in the decision-making process: expectations that are not met are likely to lead to loss of trust and community support. People who participate in a consultation may have unrealistic expectations in some cases. Not all stakeholder groups realize the complexity of the process, and not all stakeholders accept that their views may not be the only legitimate inputs into decision-making. The best way to avoid such misunderstandings is to be transparent about the process, and to provide clear feedback to stakeholders. (See the section below on Feedback to Stakeholders and Transparency in Decision Making.)

Expected benefits to local communities should not be exaggerated. An example of this is the opportunity for local employment. People may be expecting permanent employment, whereas in reality the employment may be more temporary, generally for unskilled or semiskilled labor during a construction phase.²⁴

The timing of when prior information should be provided varies depending on the nature of the project and the local context. In many cases, national law will stipulate the time information should be made available prior to consultation events. As a general rule the process should have enough time built in for stakeholders to discuss the information among themselves and come to the consultation events with informed opinions. Many communities consider an internal process of consensus-building to be important, and project authorities should allow sufficient time for such internal discussions and decision-making processes. At a minimum, prior information should therefore be provided 3-4 days before a consultation event. In some situations, such as projects entailing higher risk affecting Indigenous Peoples, more time is needed; at least one or two weeks are recommended.

Checklist

- Has reliable information been provided to relevant stakeholder groups, available in appropriate locations, languages, and formats?
- Have stakeholders been given sufficient time to review and discuss the information among themselves before being asked to participate in consultation events?

²⁴ Development opportunities and benefits should not be confused with compensation amounts or mitigation measures to compensate for adverse impacts. Compensation for adverse impacts caused or contributed to by the project should be made on the principle of no net loss suffered by those affected. Thus, there is no fixed upper threshold for the compensation amount that needs to be paid. In extreme cases, such compensation may negatively affect the project's overall projected rate of return, but this should be resolved by weighing the overall viability of the project, not by reducing the compensation levels people are entitled to. More information related to this can be found in the section on Involuntary Resettlement, in Annex 1, Stakeholder Consultation in Different Circumstances.



4. Appropriate Forums and Methods for the Consultation Process

The form of consultation should be tailored to the nature of the project, and based on the stakeholder analysis and engagement plan. A combination of different types of engagement may be considered, such as:

- Public hearings or meetings
- Workshops and seminars
- Consultations with key informants
- Focus groups
- Round tables
- Discussions as part of conducting surveys or census studies
- Consultations using electronic media
- Awareness campaigns and outreach

The consultation process will often require several separate events and different formats, and it may require follow up and engagement at different times with the same stakeholders. Different methods and types of events will be appropriate for different groups. Examples may include:

- If a project is spread over a large geographical area, consultations and discussions should be held in different locations to ensure that as many people as possible can attend.
- There may also be temporal considerations to when consultations should be held: It may be better to reach people on a weekend or in the evening than during working days.
- Some people may be labor migrants and away from the local community.
- Some people may be seasonal users of land and resources, such as some nomadic or pastoralist groups.
- If discussions are held at some distance from people's homes, it may be necessary to arrange for transportation of some individuals and groups, such as elderly or disabled people.
- If people are invited to a consultation event but do not participate, additional outreach or targeted efforts may be needed to reach them.
- People who are informal or illegal occupants of a space, such as urban slum dwellers, or migrants from other countries who do not have residency permits, may need assurances of a "safe space" for the consultation process, and guarantees that they will not be evicted or harmed in any other way.

During the consultation process, organized interest groups may be vocal and influential, while poor and vulnerable groups may be prevented from making their voices heard. In order to ensure equal and fair access to the process, extra efforts should be made to ensure that marginal or vulnerable groups are not disadvantaged, and to recognize that adverse impacts may affect them more severely than others. Meaningful stakeholder consultation therefore requires not only that different groups are identified, but that an assessment is made of their interests and their degree of influence. Special efforts should be made to ensure that the views and concerns of those whose voices are not always listened to, are taken into account. Rather than trying to ensure overall representativeness, the consultation process should therefore capture and consider diverse groups' views in a disaggregated manner. With that in mind, the selection of participants or representatives from communities and other groups should not be done on the basis of random sampling of the overall population. For the purpose of consultation and stakeholder engagement, a combination of stratified and purposive sampling approach is generally more appropriate.²⁵ In large populations, a combination of face-to-face discussions and consultations with key groups should be combined with public information and dissemination campaigns that are accessible to larger numbers of people, where people have the opportunity to register questions and concerns.

There is no rule when it comes to absolute numbers who should participate, or percentage of a population. Rather than absolute numbers, the recommended approach is to ensure that each of the relevant stakeholder groups and sub-groups identified is well represented and has the opportunity to express their views.

The most common format for consultation events are public hearings or meetings, usually held at community level. Before organizing such events, it is worth considering orientation sessions or awareness and sensitivity training for participating project authorities, to ensure that they will listen and show respect to all, and that all involved understand that this is as much about soliciting people's views and concerns as it is about imparting information about the project.

Key points to cover during public consultation events include:

- Explain objectives of the discussion, how the event will be structured, and expected follow up.
- Agree on an agenda for the discussion. In some circumstances, particularly where there are low levels of trust, a formal protocol may need to be agreed on before real discussions can take place.
- Summarize the information about the project that people have been provided prior to the consultation event (see previous section).
- Manage expectations and be clear about what role the consultations play in decision making.

²⁵ Stratified sampling divides the population into separate groups, and purposive sampling is a non-probability sample that is selected based on the characteristics of a population and the objective of the study.

- Ensure that at a minimum, the discussion covers people's perceptions and expectations about project benefits and potential adverse impacts; how adverse impacts may be avoided or minimized; what the appropriate mitigation mechanisms may be; and what people consider to be appropriate institutional and organizational mechanisms [see the section in Part I on Scope of Stakeholder Consultation]
- Provide sufficient time for people to express their views. Consider holding follow up discussions if needed.
- Select facilitators on the basis of their ability to listen, explain, and be empathetic. When possible, have facilitators who are known and trusted locally. If translations are needed, use local bilingual resource persons whenever possible.
- Summarize points made and how follow up actions and feedback will take place.
- Explain how people can communicate with the project, and what their right to remedy is if the project fails to meet its obligations or is perceived to cause harm.

The advantage of public meetings as a consultation format is that the project can engage with large numbers of stakeholders, and that there is a degree of transparency in the process, since everyone receives the same information and hears the discussion. This is the common approach in Latin America and the Caribbean, where national law and practice often require such public events to be held and documented. Other forms of consultation may not be seen as equally legitimate from a legal or procedural perspective. But while one or more formal and public events should be considered a necessary requirement in the consultation process, it is rarely sufficient. From a good practice perspective, consideration must be given to supplementing public events with other methods for stakeholder engagement and consultation. There are a number of potential pitfalls with public consultation events, which the project should avoid: Such events often consist of public officials or project authorities informing local communities about a project rather than facilitating a two-way dialogue and a listening process. The events frequently bring people together with little or no prior information or advance notice, and even where there is a two-way dialogue rather than a one-way information dissemination, the format means that the events are generally dominated by a few, more outspoken or powerful individuals. The voices of some may go unheard. In some societies, women rarely talk while in the presence of men, and may have more limited mobility and authority. This means their views are unlikely to be captured adequately if the only consultation venue is a large public meeting. Similarly, if discussions are held in a dominant group's language such as Spanish, members of Indigenous communities who speak a different language are at a disadvantage.

An assessment should therefore be made about stakeholders' capacity to participate in the consultation process, and whether special measures are needed to facilitate their involvement. Some groups may lack the organizational capacity to participate in community consultations; they may lack an understanding of how projects function; they may be intimidated by external authorities and be shy about voicing their concerns; or the communities may lack the social cohesion needed to come to a shared understanding and opinion about the project.

Because of the "uneven playing field" common in larger, public meetings, the project should seek to understand whether local stakeholders are able to engage meaningfully, and consider additional support or training to strengthen local capacity as needed. Consideration should also be given to combining public meetings with focus group discussions, round tables, or key informant interviews, to ensure that there is direct consultation with each of the relevant categories and sub-categories of stakeholders identified, and that their views are captured. These discussions could involve women, youth, the disabled, or other relevant groups that



Discussions with stakeholders can be tense and confrontational, and project teams need to be prepared to listen to people's grievances without becoming defensive. [Photo from consultations with Nazo community in Panama, 2008]

may not be adequately represented in a larger setting. This is also an area where IDB staff can play a positive role in verifying that the consultation process is not dominated by the more powerful groups, and to reduce the likelihood of elite capture of project benefits.

The project should be respectful of people's time, and schedule discussions and events in locations and at times that make it possible for people to attend. While it is not recommended to pay people to attend consultation events, people should have their direct costs such as payment for transportation covered, in cases where events are held at some distance from people's homes. People should also be provided with food and drink, to ensure that they do not incur personal expenses.

The consultation process should be public and transparent, meaning that the specific events such as community meetings should be held in locations and ways in which people can participate freely. Separate conversations with individuals or small groups behind closed doors should be avoided to the extent possible, to reduce the likelihood of intimidation, collusion, or corruption. The project should however take measures to protect people's confidentiality if matters are particularly sensitive and in situations of tension and conflict, where there may be a risk of retaliation against individuals or groups.

To the extent possible, the principle of **good faith negotiation** should be followed in consulting with different stakeholder groups, particularly where there is a significant or high risk of adverse impacts, and where there is an objective to reach a formal agreement with communities. In addition to the principles of meaningful stakeholder consultation discussed



earlier, good faith negotiation should be characterized by willingness on all parties to engage in the process, agreement on the nature of the process, and willingness to change or modify initial positions.

Stakeholder views are unlikely to be homogeneous or unified. It is therefore not realistic to expect there to be absolute support to a project. Agreement or consent on the part of a community, for example of Indigenous Peoples, does not mean that there will not be divergent views among some. It is important to be aware of such scenarios: In some situations, the communities may arrive at a collective view that all or most members see as legitimate, while other communities may remain divided in their views about the project and their own role. In such situations attempts should be made to broker agreements and mediate between different factions. When that is the case, it is important that the mediation be done by a trusted third party, for example local clergy, local leaders, elders, or representatives of trusted and credible NGOs.

Some communities may try to reach a position that they can present to project authorities as representing a consensus view, since they wish to project a common front to outsiders. Such a position should be respected, but project authorities should be aware that what is communicated as project support may hide underlying tensions and disagreements. There may also be existing conflicts and rivalries within and between stakeholder groups. A collective decision may have been reached by ignoring the views of vulnerable segments or those with less voice within the community. In some cases, a degree of “collective coercion” may have taken place, where the majority or more powerful among community members pressure others to accept the majority view even if this may not be in the concerned individuals’ best interest. For example, provision of local infrastructure often involves use of community land without compensation, as the community’s contribution to the project. This may work well in many cases, but there have also been examples of local elites “volunteering” the land of poorer households. Those who are pressured in this way may be unable to resist this, since doing so may entail marginalization or other sanctions within the community. These dynamics are not always easy to capture, but the analysis and consultation process should seek to understand views and concerns of all relevant stakeholder categories, as discussed in earlier sections.

Activists advocating for social and environmental justice have in some instances been persecuted and even murdered. The project analysis and engagement process should be cognizant of such risks, particularly in areas where powerful economic or political interests threaten land, resources, or livelihoods of poor or vulnerable people. Staff from IDB or other IFIs should be particularly watchful for any indication that project opponents are being threatened or subjected to intimidation in any way. If this occurs, it should be escalated as a concern to senior management, and appropriate measures taken. These measures can include suspension or cancellation of the project.

Finally, it is important to establish and convey to stakeholders how they can provide additional inputs and suggestions to the project. There should be an open and accessible communication channel that stakeholders can access throughout the project cycle, both during preparation and implementation.

One issue that should be considered is the time lag between consultation events and actual project implementation. It is not unusual that there is a long delay between the planning phase and the actual project activities on the ground. Local communities are generally unfamiliar with the bureaucratic, legal, and technical steps that need to be taken before a project becomes effective. In consulting with local stakeholders, project staff should therefore convey to them the expected time frame before they can see local results of the projects, since a long delay can lead to disappointment and frustration, and reduced support to the project.

Checklist

- Has the consultation process been designed to be appropriate for different groups and sub-groups among stakeholders?
- Have vulnerable or marginal groups had an opportunity to express their views and concerns?
- Have measures been taken to protect people from retaliation where relevant?
- Have stakeholders been informed about how they may communicate with the project going forward?



5. Grievance Redress Mechanisms

Establishing a Grievance Redress Mechanism (GRM) at the project level is an important part of preventing and managing environmental and social risk. Affected stakeholders, whether individuals or groups, should have access to a transparent, fair, and equitable mechanism that can act with a degree of independence from the project. GRMs are public or private mechanisms that receive and address concerns. Having an operational GRM at the project level is the responsibility of the borrower.²⁶ It is required when there is a risk of potential adverse impacts, such as impacts causing displacement, or negative impacts on Indigenous Peoples, but it is always a good practice. Project-affected population (PAP) may also communicate concerns and complaints about the nature of the consultation process itself, for example if some feel excluded.



In principle, the project level GRM should serve four purposes:

- I. Inform **decision making** related to project design and development, which means it needs to be part of a project management system;
- II. Serve as a mechanism for timely **resolution** of an issue and prevent escalation of problems into social conflict;
- III. Be an **accountability** mechanism, where people can seek remedy when needed; and
- IV. Be embedded in a project's monitoring and evaluation process, and contribute to institutional **learning**.

²⁶ IFIs such as the IDB and the World Bank have all established accountability mechanisms, where affected populations can submit grievances and complaints. It should be noted that in undertaking compliance investigations, these accountability mechanisms generally only have authority to review whether the IFI staff and management have complied with their own policies and requirements. Since project planning and implementation are borrower responsibilities, the IFI accountability mechanism should therefore be complemented by a robust, project level GRM.

As with other aspects of stakeholder consultation, the design of a GRM should be proportionate to project risk and complexity. It should be established based on the analysis of priority issues through the assessment process described above, and its structure and functioning should be discussed with concerned stakeholder groups. It should seek to resolve concerns promptly, at no cost to complainants or others using the mechanism, and it should guarantee that there is no retaliation against complainants. While the GRM is project-specific, it should not impede access to judicial or administrative remedies. Where possible, it should make use of established local institutional mechanisms, for example in mediating conflict. Since all affected stakeholders should have easy access to the GRM, consideration should be given to how to establish this mechanism in different types of projects. For example, in projects covering a large areas, such as a national program with various sub-components in different locations, it may be necessary to have several points of contact. When works are undertaken by contractors and sub-contractors, it may be best to have an overall GRM for the project, combined with more localized entry points at the contractor level.

In terms of timing, the preparation and consultation on the design and functions of a GRM should start early in the project preparation period. Ideally it should be functional before a fully designed project is designed and presented for approval, since many of the concerns stakeholders will have are likely to emerge during the preparation phase. It should continue to operate throughout the project implementation phase.

For additional information on GRM, see Part Three, Annex 2.

Checklist

- Has a GRM been established, and integrated into the project's Environmental and Social Management System?
- What role did consultation with stakeholders play in the design of the GRM?
- Is the GRM known to affected people, and is it easily accessible?
- Does the GRM have the mandate and authority to address and resolve concerns raised by stakeholders, and to influence project design and implementation decisions?



6. Design and Implementation Decisions Considering Stakeholder Perspective

In considering stakeholder inputs in project decisions, four different types of decisions should be made:

- I. How stakeholder inputs can be reflected in revised and improved designs and implementation of the core project;
- II. How stakeholder inputs can provide the basis for additional or targeted project benefits to local communities;
- III. How potential adverse impacts should be avoided, minimized, or compensated; and
- IV. What the most appropriate institutional and organizational mechanisms are for the project to be responsive to different stakeholders' needs and concerns.

People should have the opportunity to hear and comment on the proposed implementation arrangements related to matters affecting them, including how best to design a grievance redress mechanism, as discussed in the previous section.

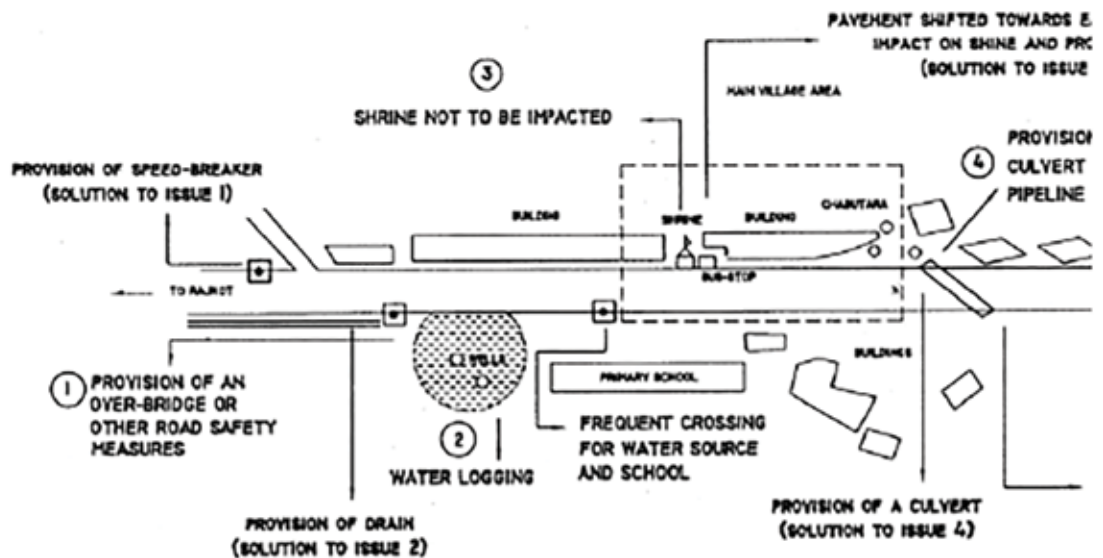
Follow-up discussions with the same stakeholders should be considered. For example, when project plans such as resettlement action plans are in advanced draft stage, people should have the opportunity to comment on what is being proposed and to express their views about different options available.

As noted earlier, stakeholders do not represent a homogeneous group. Their views are unlikely to be the same, and it is unrealistic to expect full consensus or agreement among all. One of the aspects of considering stakeholder inputs is therefore to reflect on different groups' views and concerns; seek broad support where possible; and to continue to engage with those who may be opposed to the project, and to consider ways of addressing their concerns where appropriate.

In some high-risk circumstances, for example in projects affecting Indigenous Peoples, formal agreement or consent is required.²⁷ Even in these situations, "agreement" does not necessarily mean unanimity of opinion. It may be achieved even when some individuals or groups within the community disagree. What matters most is that a decision has been taken by the recognized authorities in the community, and that this decision is respected as legitimate by community members. If such agreement cannot be demonstrated, alternatives to the project or the specific aspects of the project objected to need to be found.

Consideration of how stakeholder views should be reflected in project design and implementation should be seen as an ongoing process rather than as a single event or decision point. This is particularly the case in projects where project design is done in stages, for example in projects with multiple sub-projects, or linear projects like an oil or gas pipeline. There are many engineering design decisions that can be improved by considering stakeholder inputs, and that can avoid or reduce potential adverse environmental or social

²⁷ For a more detailed discussion on Indigenous Peoples and consent, see Annex 1, Stakeholder Consultation in Different Circumstances.



Good Practice Example: Revised design of a highway project following discussion with local community members about how to maximize benefits and minimize potential adverse impacts. [From Gujarat, India, 1998]

impacts. A road alignment can be changed to avoid damaging community assets; cultural and spiritual beliefs can influence the design of a health program; and understanding women's preferences for organizing their work can improve the design of water and sanitation projects.

An increasingly common type of project is a project with a programmatic approach: A larger program with multiple sub-components or activities, where many of the project details are decided on during implementation. Demand driven projects, community development projects, provision of local basic infrastructure, housing developments – these are often designed in general terms prior to the overall project's approval. While a sample of the sub-projects or parts of an overall program may have final designs prior to approval, most of the sub-components are not known before the project implementation phase. In such cases, it is not practical or realistic to consult with all relevant local stakeholders, since the impact areas are unknown or do not have sufficient detail for meaningful consultation. Disclosure of final studies or summaries of consultation is also not feasible in such situations. Instead, a two-tier approach is recommended:

The overall project design, and its procedures for selecting and implementing sub-projects, should be consulted on with groups representing likely stakeholder groups. Often, different groups can be represented by regional or national associations, unions, Indigenous Peoples' networks, local and national NGOs, etc.

As individual sub-projects or phases of the projects are decided on, the principles and elements of meaningful consultation discussed in this note should be applied in each setting.²⁸

Financial Intermediary (FI) lending represents a special case. With FI operations, the key issue to assess prior to approval of an operation is the executing agency's capacity for environmental and social management. At this stage, direct consultation with external stakeholders may not be practical. However, the FI's Environmental and Social Management System should have built in procedures and capacity for consulting with affected stakeholders and other interested parties in sub-projects and on-lending activities.

Checklist

- ☑ Does the project management structure provide for environmental and social issues to be taken into account in an integrated fashion along with engineering, financial, and other considerations?
- ☑ Is there evidence of how stakeholders' views have been considered in decisions related to project design and implementation?
- ☑ Can it be demonstrated that stakeholder inputs have contributed to application of a mitigation hierarchy, i.e. avoiding, minimizing, or compensating for adverse impacts?

²⁸ In a very large and decentralized program it may be difficult to ensure that this is done systematically, and the organizational capacity may be weak at a decentralized level. Efforts should nevertheless be made to support and verify that the process is transparent, systematic, and non-discriminatory, and that design and implementation at the sub-project level take stakeholder views into account.



7. Feedback to Stakeholders and Transparency in Decision-Making

All too often, stakeholders are asked to attend a public consultation event, only to never hear back from the project authorities afterwards. This is not only disrespectful of people's time and engagement, but it fosters cynicism and negative attitudes towards the project. It is therefore important to keep good records of all consultations and discussions, and to summarize and share this with the participants as soon as possible, and in a format accessible and understandable by all. People need to have it demonstrated to them that the project is willing to consider their views, and that the consultation process is real and not a pro forma approach or a public relations exercise.

The timely and relevant feedback to stakeholders about how their concerns are being addressed may include:

- A record of location, time, and who participated
- Key issues discussed
- Any agreements reached
- How recommendations have been or will be considered in project decision-making
- How decisions taken on the basis of stakeholder inputs are expected to enhance benefits and reduce or compensate for adverse impacts
- Areas of disagreement or diverging views, whether among stakeholders or between participants and project authorities, and the reasons why some recommendations cannot be accommodated
- Future communication channels and expected consultation process, including access to remedy through a grievance redress mechanism

Checklist

- Have stakeholders been told how their contributions will contribute to project decision-making
- Have systematic records of consultation events been kept and shared with stakeholders?



8. Baseline Data, Action Plans, and Management Systems

Good quality baseline data is important in a project for several reasons. The data helps inform project design and implementation; it is an essential input to action plans and management systems; and it is needed to make comparisons and evaluations about project results and impacts.

At its most fundamental level, any project should be able to answer some basic questions as part of a completion assessment: Are affected people better or worse off than before the project? Can the changes be attributed to the project, or are there other contributing factors? If there are adverse impacts from the project such as involuntary resettlement, have the mitigation mechanisms adequately compensated for such impacts, so that people at the end of the project have not experienced a net loss in their assets, livelihoods, or well-being?

While such comparisons can only be done during or even after project implementation, the baseline data and benchmarking should be established during project preparation.²⁹ Discussions and consultations with stakeholder groups should therefore be supplemented by more rigorous studies such as socio-economic surveys and a full census when it is clear that objective and quantifiable baseline information will be needed to identify entitlements and mitigation measures. Such studies should be done as part of the Environmental and Social Impact Assessment process, and they should be completed before specific plans such as Resettlement Action Plans or an overall Environmental and Social Management Plan are finalized.

The data should be disaggregated by relevant social groups, as noted in the section above on the stakeholder analysis. Both adversely affected people and project beneficiaries should be disaggregated by gender, and monitoring indicators should track prevention and mitigation measures by sex and gender-related results.

The unit of analysis and entitlement for support will vary depending on the context. For example, in a situation involving resettlement the unit of analysis and entitlement may be individuals when it comes to livelihood restoration; households when it comes to replacement of house and property; and community when it comes to replacing things like schools, temples, or other community assets.

The process of data collection for a census and / or socio-economic survey should be used as a supplementary method of stakeholder consultation, allowing for discussions with household and community members. Feedback and comments from the respondents should be documented and considered among other inputs from the stakeholder consultation process. If structured interviews or surveys are used, it is important that the design includes open-ended questions and the ability for project staff to probe, to better understand concerns and priorities at the local level.

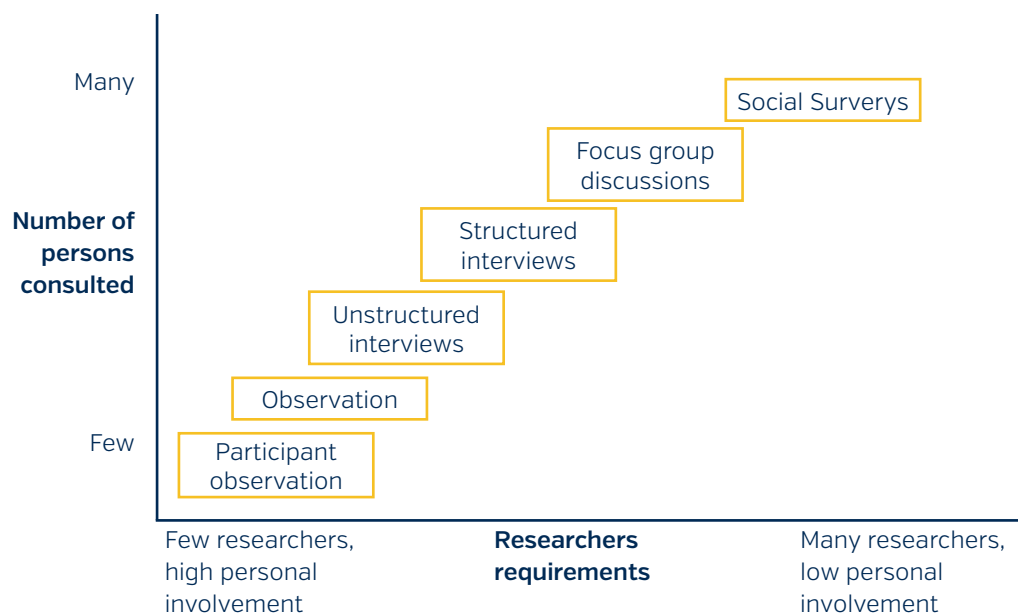
The validity and reliability of survey data can be greatly improved through verification with local stakeholders, who may also inform a survey design by helping to identify important issues that are not apparent to outsiders. As noted in the earlier section on Stakeholder

²⁹ The discussion about data and methodologies in this section relates to environmental and social issues and consultation aspects related to them; it is not a comprehensive discussion of data and methodologies for the project as a whole.

Analysis and Consultation, this also includes taking people's perceptions and not just "objective" impacts and interests into account. While many impacts – positive or negative – are physical and tangible, and can be quantified, many others are qualitative in nature, and can only be understood by engaging with the people affected. Such more intangible aspects of people's well-being may include:

- the perceived value to people of natural habitats and ecosystems
- the importance given to tangible and intangible cultural heritage, such as traditional knowledge
- ritual or spiritual ties to a location
- how social capital³⁰ provides systems of reciprocity and human security
- how patterns of inequality and social exclusion affect different groups, for example women's status in a society
- degrees of trust and confidence in local institutions

It is important to understand issues such as these, but they are difficult to capture by traditional survey methodologies. A combination of methods is recommended, where sensitive and respectful dialogue with affected people and local communities is an integral part of the process. The use of different methods, and some implication of the approaches, can be illustrated in the chart below:



³⁰ Social capital refers to people's relations and social networks. Positive social capital revolves around trust, reciprocity, and cooperation. Social capital can be within groups (bonding), and between groups (bridging).

The consultation process should be seen not only as a way to provide information about the project to stakeholders and to receive responses and reactions from them, but as an integral part of obtaining and verifying the data needed to plan, implement, and evaluate a project.

The consultation should specifically cover draft action plans, such as Resettlement Action Plans. Before these are finalized, key stakeholders, in particular groups who may be adversely affected, should have the opportunity to comment on how realistic and practical the plans are; whether they address concerns and recommendations of stakeholders; and how stakeholders may be involved at different stages. It is important to involve affected stakeholders actively in the design and implementation of remedial measures. In addition to strengthening the viability and likely success of compensation mechanisms, a participatory approach can also reduce dependency and a sense of being victimized, or being passive recipients of support mechanisms designed and provided by others.

Similarly, stakeholders should be consulted on relevant aspects of the project management system, as it affects them. This may include discussions on roles, competencies, timelines, clarity on who has authority, how issues are coordinated, and how stakeholders are expected to engage with the project throughout its life cycle.

Checklist

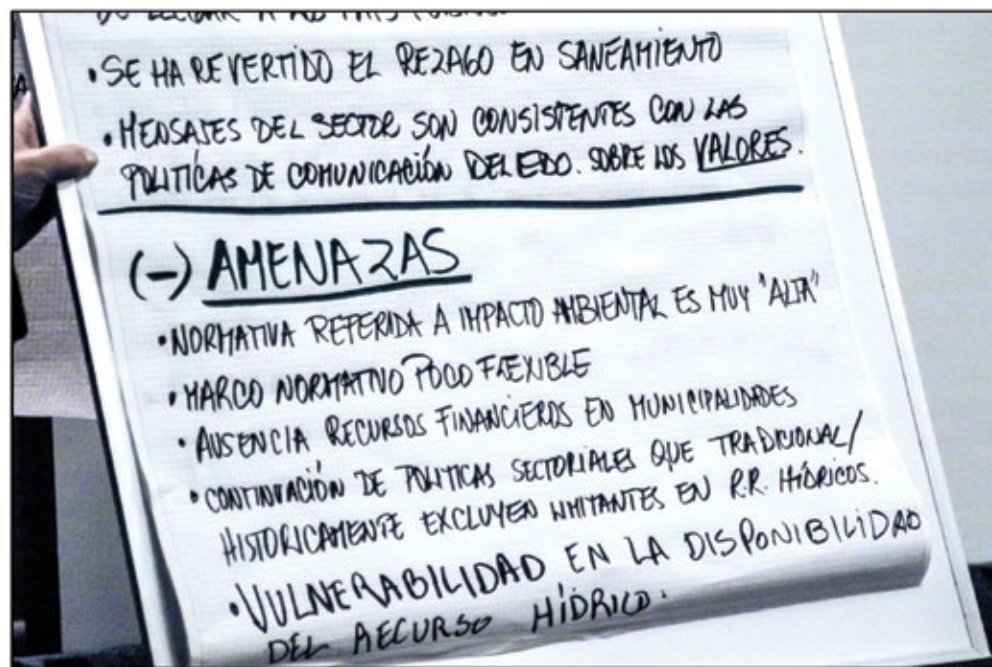
- ☑ Has baseline data been collected that will allow a meaningful comparison between “before and after” project intervention, related to quantitative and qualitative environmental and social issues?
- ☑ Have relevant stakeholder groups been consulted on relevance and validity of data, proposed action plans, management structures, and institutional arrangements?



9. Documentation and Public Disclosure

The stakeholder consultation should be systematically documented. This is not just to keep a record, but to preserve evidence and inputs to decisions taken throughout the project cycle. Without proper documentation, there is no way to verify whether a consultation process is meaningful or not. It is particularly important in situations where there may be challenges or opposition to a project: People frequently complain that they were not appropriately consulted, and the only way to respond to such claims is to document and demonstrate how the consultations were carried out, who was represented, and on what basis decisions were taken.

Information to the public, and formal disclosure of key project documents, is required for both the borrower and the IFI. In addition to requirements by national law, the borrower summarizes inputs and suggestions made by stakeholders during the consultation process; provides systematic feedback to them; and reflects stakeholder views in relevant studies and action plans, including in revised project design and implementation plans, as well as in the project's action or management plans. The IFI discloses the assessments carried out by the borrower, including the consultation results, and summarizes relevant aspects of the consultation process in documents that are disclosed on the IFI website.³¹



It is important to document the results of the consultation process, in a manner that is clear to all. [Mexico, 2006]

³¹ For the IDB, this (as of 2017) includes Environmental and Social Strategy (ESS), the Project Profile (PP), and the Environmental and Social Management Report (ESMR). Other IFIs have similar requirements, although the terminology and procedural requirements vary.

There are different ways of documenting the stakeholder consultation process. Whenever possible a written record and minutes of consultation events should be kept, and it is advisable to have these minutes signed by participants and representatives of project authorities. In cases where consent or agreement is required, such as in situations of significant potential adverse impacts on Indigenous Peoples, there should be clear evidence accessible to all that agreement has been reached.

Consultation events can also be recorded through photography, and video or audio recordings. Stakeholders who participate should be informed about the proposed documentation methods. If some people object to photography, videography, or sound recordings, it may be useful to discuss this and explain that the purpose of recording proceedings is to make sure that people's views are not misrepresented, and that there is a proper record of points agreed on. If people still object, their views should be respected, and this should be noted in the written documentation. The project should also make it clear to people whether particular views will be attributed to specific individuals. Consideration should be given to applying the so-called "Chatham House Rules", where participants can use and repeat the information they have received, without revealing the identity or affiliation of the individuals providing the information or comments. If some stakeholders indicate that they want full confidentiality, this should be respected, especially if there is a risk of retaliation.

Public disclosure of key project documents is required by the IFIs' access to information or disclosure policies. The emphasis is on maximum access to information, accessible to as many as possible. In many cases, individual environmental and social policies and standards also have disclosure requirements.

The purpose of public disclosure is not just to provide transparent access to information, but to enable stakeholders to convey their views and concerns, and for those views to be given serious consideration prior to finalizing project designs and implementation decisions. It is therefore not meaningful to simply publish completed project plans and documents; stakeholders should have the time and opportunity to react to draft versions of documents.

Checklist

- Has the stakeholder consultation process been systematically documented?
- Has relevant information from the consultation process been made easily available to affected and concerned stakeholders?
- Have relevant project document such as ESIA been updated to reflect outcomes of the consultation process prior to project approval?
- Have key project documents been disclosed publicly prior to milestones established by policy and procedures?



Ongoing Stakeholder Consultation During Implementation

Before a project is approved, explicit provisions related to ongoing stakeholder consultation should be included in relevant action plans and documents such as an Environmental Management Plan, or a Resettlement Action Plan, and reference to such documents should be made in the project legal agreement. Budget allocations should be made to ensure that ongoing stakeholder consultation takes place: Part of the documentation that should be available prior to a decision to approve a project should be an assessment of whether the project has the appropriate capacity and commitment to actually implement what has been described in various studies and documents. As noted earlier, this is particularly important when studies and plans have been prepared by external consultants. Such documents may be of good technical quality, but there may not be sufficient understanding or ownership of the plans among those responsible for project implementation.

It is important that sufficient flexibility be built into the project for the appropriate sequencing of the consultation process, also during project implementation. Since it is common that project designs are not finalized for all parts of a project before it is approved, local stakeholders should be consulted and be able to provide inputs to final designs and project implementation, even when this happens during project execution.



Continued engagement with stakeholders during project implementation. [Brazil, 2007]



The principles discussed in earlier sections also apply for consultation during implementation: The stakeholder consultation should be based on an analysis of issues and relevant stakeholders, keeping in mind that new stakeholders may have emerged during the course of implementation. There should be prior information and disclosure, and stakeholder views should be given consideration before finalizing design or implementation decisions. Throughout, stakeholders should have access to the project's Grievance Redress Mechanism.

An important element of stakeholder consultation during project implementation is to manage unforeseen circumstances. No plans are ever perfect; unforeseen circumstances happen; and implementation challenges are common. The measure of a robust management system for environmental and social risk is not that it guarantees that there will be no adverse impacts – which is impossible – but that it has the capacity to minimize the probability of risks occurring; to identify issues and challenges quickly when they arise; and to respond effectively and appropriately. Ongoing and meaningful stakeholder consultation is key to such adaptive management. Relevant stakeholder groups should be informed of, and consulted on, any significant project changes. At a minimum, affected people should be informed on a regular basis about progress with implementation plans that concern them, and they should have the opportunity to engage with project authorities without fear of intimidation or retaliation.

The consultation process should be carefully monitored during implementation,³² and seen as an ongoing dialogue with stakeholders. Meaningful engagement can identify problems and

³² Budget and other resources need to be allocated to this as part of an overall project proposal. In the case of IDB and other IFIs, this amount can be included in the loan proposal.

help resolve them before they turn into major conflicts. Consideration should also be given to establishing a structured process of participatory monitoring. This means empowering local stakeholders to be part of designing a monitoring system, for example by identifying indicators that are meaningful to them, and by participating in recording and analyzing data. This can be a valuable means of providing information relevant to project management. It will also provide a more transparent means for affected stakeholders to verify that the project is delivering what has been agreed on, and what the progress towards the overall objectives is. A well designed system of participatory monitoring can provide more objective data and a shared understanding of what the project is achieving, thereby strengthening local ownership and commitment, and overall project sustainability.

Checklist

- ☑ Do project plans and legal agreements reflect a commitment to ongoing consultation with stakeholders during implementation?
- ☑ Have provisions been made to update the stakeholder analysis and engagement process during project implementation, to reflect changes in stakeholder composition or risks?
- ☑ Are there mechanisms for stakeholder consultations before finalizing designs made during the implementation phase?
- ☑ Are there provisions for involving stakeholders in adaptive management, for example through participatory monitoring?



PART THREE: **ANNEXES**

- I. Stakeholder Consultation in Different Circumstances
 - Gender Aspects
 - Involuntary Resettlement
 - Indigenous Peoples
- II. Project-Level Grievance Redress Mechanisms
- III. Sample Tools and Templates
 - Sample Terms of Reference
 - Planning Outline for Consultation Process
 - Stakeholder Analysis Matrix
 - GRM Assessment Tool
 - GRM Indicators
 - Report Summarizing the Consultation Process
- IV. Bibliography and Resources

I. STAKEHOLDER CONSULTATION IN DIFFERENT CIRCUMSTANCES³³

Gender Aspects

The IDB is unusual among Development Finance Institutions in that it has a specific policy related not only to promoting greater gender equality and development opportunities, but also to safeguards related issues that may affect men and women differently.³⁴

Although not addressed explicitly in the IDB's gender policy, the principles in the policy discussing differences between men and women should also apply to other sexual identities [e.g. lesbian, gay, bisexual, transgender] where relevant in a project context. Gender and sexual identity may affect project impacts (positive and negative) in several ways, and the assessment and consultation process should consider these and reflect them in project design and implementation decisions. Examples are:

- 1. Enhancing benefits.** IDB's gender policy states that the project should seek to strengthen how "*gender equality and the needs of women and men [may] be heard and addressed in the design, implementation, monitoring, and evaluation*" of the project. This may be done in different ways, for example by having specific project components targeted at benefiting women, or by ensuring that the project overall is responsive to women's needs.
- 2. Avoiding inequality or violence.** A project that is designed to provide benefits to the public at large, such as a health or education project, may inadvertently cause or exacerbate gender inequalities, or contribute to gender based violence. For example, health clinics may be located in towns, and there may be more restrictions on women's mobility than on men. In practice this can lead to men's health improving while women's health may remain stagnant, and the project may thereby inadvertently increase inequality between men and women. Even projects that are targeted to strengthen women's position, for example through income-earning opportunities, may lead to resentment and a sense of powerlessness among men, and cause increased domestic violence.
- 3. Avoiding adverse impacts falling disproportionately on women.** A project may cause negative impacts, such as a road cutting off access to a local water source. If women are the ones primarily responsible for collecting water, the project impact may lead to longer time and more drudgery for women in getting water. Another example of adverse impacts is if displacement causes loss of livelihood opportunities for both men and women, but only men are offered employment as compensation.
- 4. Ensuring that the consultation process reflects women's and men's concerns.** There may be differences in women's and men's voice and decision-making ability, that may

³³ As of 2017, the IDB has three policies specifically addressing social risks and opportunities. They cover gender; involuntary resettlement; and indigenous peoples. These three topics are covered in the following sections. Most other IFIs also have specific policies covering resettlement and indigenous peoples, and while gender issues are not always addressed in a separate policy, addressing gender related safeguard risks is generally required.

³⁴ In principle, a gender responsive approach to project planning and implementation considers both men's and women's needs, and the relationship – including power dynamics – between the sexes. In practice, given existing inequalities and women's more limited access to resources and authority, a gender responsive approach means that the focus should be on enhancing women's opportunities and access, and to ensure that any adverse impacts the project may cause or contribute to do not fall disproportionately on women.

disadvantage women in the consultation process. Women may be less able to speak in public settings, or mobility constraints may prevent them from attending consultation events held in locations that are some distance away from their homes. Women may also have different perceptions than men when it comes to how benefits or risks should be assessed, or how different things are valued.

The identification of priority issues in a project should consider the potential for any of the scenarios described above, and take appropriate and gender-responsive actions to promote benefits and opportunities, as well as to avoid or mitigate any potential adverse impacts. The project should analyze relevant gender-specific roles and responsibilities, social norms, time use, or other aspects that may affect men and women differently. Particular emphasis should be placed on understanding vulnerability and social exclusion, for example in situations where female-headed households, widows, or divorced women have less access to land or other resources than other groups.

Issues of vulnerability and differentiated impacts are likely to vary from sector to sector. Transportation needs are frequently very different for men and women; water priorities are different; collection and use of natural resources may vary between men and women; and health risks also vary: Women may be more susceptible to contracting STDs or to be more dependent on commercial sex work for survival. Migration patterns may also vary considerably between men and women. Migration may increase women's participation in the labor market in positive ways, but male out-migration can also lead to increased drudgery among women remaining in the local community.

Gender-equitable consultation requires that both men and women are active participants in identifying project benefits and risks, and contribute actively to design and implementation. A combination of consultation methods may be required: If joint public consultation meetings are unlikely to capture men's and women's views equally, consideration should be given to holding separate focus group discussions or other methods to engage with women. Other methods may include awareness campaigns, and targeted capacity building. Depending on where and how consultation events are organized, it may be necessary to provide food, childcare, and transportation. Women may traditionally interact in more informal settings than men, for example through doing laundry together or collecting water, and such informal settings may be socially more acceptable to them as an opportunity to discuss the project.

Project related design and implementation decisions should take account of gender differentiated needs and opportunities, and document and disclose how the project is expected to benefit men and women in an equitable manner. In designing the project Grievance Redress Mechanism (Part II, Section 2.5) it is important that women as well as men can participate, and be part of holding the project accountable when needed.

Involuntary Resettlement

The need for land acquisition or changes in land use is common, particularly in infrastructure projects. This may result in physical or economic displacement of affected populations, potentially leading to impoverishment or other significant adverse impacts. It can also lead to environmental damage. Policy objectives of IDB and other IFIs stress that such displacement should be avoided and minimized to the extent possible. People affected should be compensated and assisted to ensure that they do not suffer a reduction in the value of their assets or in their livelihoods and well-being.

Involuntary resettlement is nearly always a traumatic experience to those affected. It is therefore particularly important to engage with potentially affected individuals, households, and groups as early as possible, in a sensitive and transparent manner. Some of the topics to pay particular attention to in the consultation process include:

Some key aspects that should be covered in a consultation process related to resettlement include:

- **Design alternatives.** Stakeholders should be consulted about feasible alternative project designs to avoid or minimize displacement.
- Stakeholders should be consulted on **timing** of relocation, compensation and assistance mechanisms. As a general rule, people should not be made to relocate before they (a) have received full compensation for the value of lost land and other assets, and (b) a resettlement site is ready for occupancy.
- **Options and choices** when it comes to compensation and assistance. It is good practice to offer people the choice of different types of compensation and assistance. This may include training, seed capital for new investments, temporary or longer-term employment, replacement land where possible, and cash compensation. Involving people in first defining, and then choosing the appropriate mechanisms of support and compensation will contribute to a greater sense of involvement and ownership, and reduce the problem of perceived victimhood among those affected.
- In discussing options and choices, including for livelihood opportunities, it is important to consider **intra-household dynamics**. Men and women may have different livelihood practices, and they may have different preferences when it comes to the most appropriate support mechanisms. For example, it is not unusual that men state they would like a cash settlement, while women may have a better understanding of the risks associated with cash compensation, and may prefer support in kind.
- When discussing different options for assistance and compensation, the consultation process should include an assessment of **risks and benefits** associated with different approaches, and this should be discussed with stakeholders. In general, vulnerable groups should be warned against choosing higher risk options, such as cash compensation, and be provided with opportunities for longer term security.
- As discussed in Part II of this note, many projects are done in stages or using a **programmatic approach**, where the overall or preliminary design may be completed before project approval, but where detailed designs or even choice of project components or areas are only determined during project implementation. In such cases, the consultation process should reflect this, and be done in stages. An initial resettlement plan can take the form of a framework or master plan, to be updated or supplemented as project designs advance. For example, minor changes in the alignment of a road can mean the difference between having to demolish a family's home, or not. The consultation about options and approaches with the individual groups would be very different in those two circumstances.
- When relocating families or communities, it is essential to have a structured consultation process also with **host communities**; i.e. people who are currently living in the area where project affected people are being relocated. An influx of new people can lead to strains on local resources and infrastructure, and can cause tensions and conflict. Addressing such issues in a systematic and transparent manner is critical.

- In cases where the land transfer is **voluntary** (willing buyer, willing seller) rather than involuntary, the consultation process should discuss with people selling or contributing their land to ensure that this is in fact done voluntarily; that they have the option to say no, and that they have not been put under pressure or coercion. Otherwise the change in land ownership and usage should be considered involuntary, and safeguards policy requirements apply.
- Resettlement affecting **Indigenous Peoples requires documented agreement** with the affected communities. See separate section below for detail on engaging with Indigenous Peoples.
- Specific issues related to resettlement should be discussed in relation to the establishment of a **Grievance Redress Mechanism** for the project, to ensure that all aspects of the resettlement process can be discussed and addressed through the Grievance Redress Mechanism in cases of concerns or complaints. It may be necessary to make special arrangements to ensure that poorer or marginal groups have full access to the mechanism. For more detail on establishing and managing a Grievance Redress Mechanism, see Annex 2.

Resettlement is particularly difficult because the policies of the IDB and other IFIs generally exceed what national law and practice in most countries require. IFIs have adopted these more stringent requirements based on many years of working in countries all over the world, and have benefitted from being able to draw on global experience. There are three key areas where gaps between IFI policies and national standards are particularly apparent, and which constitute challenges to successful resettlement of displaced populations:

- I. **Loss of land and other assets:** Compensation levels are frequently insufficient to replace the lost assets. The valuation of assets such as land and houses may be based on outdated records, under-reporting of value, or be insufficient for other reasons. In the consultation process, stakeholders' inputs to a more accurate accounting of value should be taken into account, to reach what is generally referred to as "replacement cost".
- II. **Livelihood losses:** Loss of land and land-related resources may lead to loss of livelihood and earning opportunity, particularly for agriculturalists and peasants. The consultation process should include a discussion about current livelihood strategies, how those may be affected by the project, and what alternatives may be viable. Vulnerable groups are likely to have far less resilience to shocks than people who have resources, and may need targeted, additional support to ensure that they can recover from displacement.
- III. **Tenure and eligibility:** Most national legislation recognizes the right to compensation in cases of expropriation for individual property owners who have formal title to property. However, there are many affected people who do not fall into this category, and who should still have a right to compensation or support. This may include people who have recognized but not formal rights to land, for example through traditional or customary claims; people who have collective ownership of the land, as in the case of many Indigenous communities; tenants; migrants; and people who are informal occupants of land, for example in urban slums. The safeguards policies of IDB and other IFIs require appropriate levels of support to different categories of people, which should be discussed as part of the consultation process. Some examples are summarized in the matrix in Annex 3, under Sample Tools and Templates.

Indigenous Peoples

Requirements

The rights of Indigenous Peoples and their unique political, economic, social and cultural structures have been recognized at the global level, and confirmed through international and national laws. Key international frameworks and guidance include ILO Convention 169 on Indigenous and Tribal Peoples (1989); the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP, 2007).

Consistent with core principles of these international frameworks, IDB and other IFIs have specific policies related to Indigenous Peoples. Among Development Finance Institutions, IDB is unusual in that the institution places emphasis not only on risk management and potential adverse impacts, but also in promoting opportunities for Indigenous Peoples through development with identity. Meaningful engagement with Indigenous Groups is required: In the section on Promoting Development with Identity, the Policy requires that *“The Bank will conduct participatory diagnostic studies and promote the inclusion of the corresponding conclusions and recommendations into the design of projects, programs, and technical cooperation programs”*. In projects with potential adverse impacts, the Policy states that *“For cases of particularly significant potential adverse impacts that carry a high risk to the physical, territorial or cultural integrity of the affected indigenous peoples or groups, the Bank will further require and verify that the project proponent demonstrate that it has, through a good faith negotiation process, obtained agreements regarding the operation and measures to address the adverse impacts as necessary to support, in the Bank’s judgment, the sociocultural viability of the operation”*. The IDB requires a minimum of two rounds of consultation with Indigenous Communities regardless of whether the operation is a Category A or B project.

Identity and Eligibility

Engaging with Indigenous Peoples may involve several dilemmas and challenges. The first of these is the question of eligibility: Who is considered indigenous in a specific project context? While this may be obvious in some settings, other situations require professional judgment to determine who is indigenous and not, and how to apply policies and good practice. The UN Declaration of 2007 stresses self-identification as the key criterion for who should be considered indigenous. This approach is simple, but carries dilemmas: In some cases, discrimination has led to either forced or self-applied assimilation, where people identify with a different group, usually the majority culture, to avoid stigma and discrimination.³⁵

The IDB policy uses three criteria:

- (i) They are descendants from populations inhabiting Latin America and the Caribbean at the time of the conquest or colonization;
- (ii) irrespective of their legal status or current residence, they retain some or all of their own social, economic, political, linguistic and cultural institutions and practices; and
- (iii) they recognize themselves as belonging to indigenous or pre-colonial cultures or peoples.

³⁵ In India, the opposite is not uncommon: Non-indigenous groups lobby to be reclassified as indigenous (“Scheduled Tribes”) to receive greater public benefits and avoid some of the discrimination in the caste hierarchy.

Other institutions, such as the World Bank Group (which works in developing countries in all regions of the world) stress that there is no universally accepted definition of “Indigenous Peoples”, but that some or all of the following criteria should be applied, to varying degree:

- Self-identification
- Collective attachment to territory and resources
- Customary institutions, separate from mainstream society or culture
- A distinct language or dialect

In Latin America and the Caribbean, it has generally been more straight-forward and less controversial to identify groups of Indigenous Peoples than in regions such as Africa or parts of Asia. However, approaches vary from country to country. In some countries, Afro-Descendants are accorded the same status as Indigenous Peoples, while in other countries this is not the case. The approach to Indigenous Peoples has also changed over time: While many countries had explicit or implicit assimilation policies until fairly recently, it has become more and more common that countries recognize cultural and ethnic diversity. Perhaps the clearest example of this is Bolivia, where the official name of the country as established in the 2009 constitution is “the Plurinational State of Bolivia”, recognizing the multiethnic nature of the country.

Engaging with Customary and Local Institutions

During project preparation and project implementation, the IDB policy on Indigenous Peoples requires projects “to identify the indigenous peoples affected and their legitimate representatives and internal decision-making procedures.” Such internal decision-making procedures may take many different forms. The assessment process identifying issues and stakeholders should contain an analysis of formal and informal institutional mechanisms for decision-making among Indigenous Groups potentially affected by a project. The process should involve Indigenous Peoples’ representative bodies and organizations where they exist; these may include village assemblies, local representation through a chief or council of elders, or other organizational structures. Generally, decisions are not made in workshops the way project planners often prefer, but through less formal settings that frequently are ceremonial in nature.

Internal decision-making processes are generally but not always collective in nature. Communities of Indigenous Peoples are not necessarily homogeneous; there are often divergent views and opinions within communities, and governance systems vary. Traditional leadership may be challenged by some: Young community members may see the dominance by elders as undemocratic, and there may be disagreements between different factions within the community. Traditional decision-making processes may also be dominated by men, with women having less voice and authority. New migrants to a community may have fewer rights than more established members, and the landless may be at a disadvantage compared with those who have security of land tenure. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision-making processes to engage with different groups and reach conclusions that are considered legitimate by the majority of the concerned participants, and that can be validated by the traditional systems. To the extent possible, the needs of less powerful members of the community should be considered and documented.

The IDB Indigenous Peoples policy requires that where appropriate, project activities will include “training and measures to eliminate barriers to benefits and resources”. While building on existing customary institutions and decision-making processes, the consultation process should therefore take into account institutional capacity and consider whether there is a need or demand for capacity building as part of the project. Unless there is adequate capacity and understanding of what the project entails, and the proposed design and implementation arrangements, any agreement reached may be contested later. As part of capacity building, consideration should be given to providing Indigenous Peoples access to legal advice or independent experts, who can help them identify rights and entitlements to compensation and due process under the project. Local people may not always have full understanding of technical language, and may need help with this.

Culturally Appropriate Consultations

Information should be provided in formats and languages that are meaningful to Indigenous Peoples affected by a project. This may mean translating key documents into a local language, or making more use of visual information. Various forms of information sharing and outreach may be considered, such as use of local radio. Members of the community should be consulted not only about the project, but about relevant issues in the local context such as how traditional beliefs and systems of knowledge may be considered.

Project impacts may have different meanings to local people than to project planners. These may include social, cultural, and spiritual impacts. While a new road may be perceived by project authorities and the government to bring benefits in terms of growth and access to services and markets, local communities may be worried that it may also bring labor influx, disease, or other threats to the community.

It is recommended that a first, written output of the consultation process should be a structured protocol for how the consultation process should proceed. This protocol should include agreement on how impacts are to be defined, as discussed above, and how benefits and resource sharing, where appropriate, are to be defined. Establishing such a protocol can be a valuable means of strengthening trust in in the project and the engagement process, since it is not unusual that local communities fear or distrust people coming from the outside. Often, they have had bad experiences in the past, and expect manipulation, intimidation, or deceit. Unless there is confidence and trust, people will not give candid information or participate fully in the consultation process.

An important aspect of consulting with Indigenous Peoples is the time dimension. Sufficient time must be given to allow communities to discuss the issues internally; to resolve differences of opinion; and to reach conclusions about the projects that are endorsed by the majority. The project authorities need to be flexible about this: Leaders may need time to consult internally to reach an agreement. There may also be a need to have several consultation events, and to build support and agreement on solutions incrementally through negotiations. While the immediate transactional aspects of project discussions are important, Indigenous communities frequently place a high value on longer term relationships based on trust and mutual respect.

Language is another consideration. Translations between the dominant language such as Spanish and local languages may miss nuances. If interpreters are to be used, they should be people who know the local context and are trusted by the community. To the extent possible they should be recruited from among local bilingual community members.

Reaching Agreement through Good Faith Negotiations: Free, Prior and Informed Consent

The IDB policy requires that agreement be reached with Indigenous Peoples in “cases of particularly significant potential adverse impacts that carry a high degree of risk to the physical, territorial or cultural integrity of the affected indigenous peoples or groups”. Similar requirements are part of other IFIs’ policies; the IFC [2012] and the World Bank [2016] have adopted the principle of Free, Prior, Informed Consent, FPIC. It is worth stressing here that the types of impacts requiring agreement are impacts which, if they occur, would threaten key defining elements of the viability of the community as a whole. As discussed earlier, the emphasis is on collective impacts and rights, rather than impacts on individual households or people.

Reaching a collective agreement is to be done through a process of good faith negotiation, as discussed in Section 2.4, Part II. In practice, this is equivalent to the principle of FPIC as established in the 2007 UN Declaration on the Rights of Indigenous Peoples. FPIC is required in projects involving involuntary resettlement of Indigenous Peoples; projects that have significant impacts on land and natural resources traditionally used by the community; and significant impacts on critical cultural heritage, both tangible and intangible.

It is unrealistic to expect unanimous support from all community members for a project proposal. The FPIC process should be viewed as a process that is embedded into customary decision making processes, laws and institutions. It should facilitate a process whereby affected communities of Indigenous Peoples build and agree upon a collective position regarding the process. Agreement, or consent, is a collective expression of support, and may be achieved even if some individuals or sub-groups disagree. It captures and reflects broad agreement not only on the outcome and decisions reached, but also on the legitimacy of the engagement process itself.

As with other aspects of project planning and implementation, engaging in a process of securing the Free, Prior, and Informed Consent of Indigenous Peoples is the responsibility of the borrower through the project implementing agency³⁶ or other responsible agencies.

It is important to document the agreement reached, and to make sure that all parties understand it and consider it legitimate. While such agreement can be recorded in different ways, it is recommended to do so in writing, to avoid future misunderstandings.

36. In some countries, such as in Colombia with its Ley de Consulta Previa, there are dedicated government agencies responsible for engaging with communities and securing project agreement through an appropriate process.

II. PROJECT-LEVEL GRIEVANCE REDRESS MECHANISMS

Objectives of GRM

Establishing a Grievance Redress Mechanism (GRM) at the project level is an important element of meaningful stakeholder consultation as it can serve as a preventing and management tool to address environment and social risks. GRMs, are important tools for good project implementation since: (i) inherent risk and complexity are not eliminated by good project design; and (ii) even operations that are designed and implemented under the most rigorous standards cannot rule out the possibility that affected people may raise concerns and complaints that require effective management to reduce, avoid or remedy negative impacts, and potential disruption in project construction and operations. Affected stakeholders should be able to seek remedy if they feel the project is causing harm to them or the environment

Establishing a project-level GRM is the responsibility of the borrower, serving four clear purposes:

1. It should inform decision making related to project design and development, which means it needs to be part of a project management system;
2. It should serve as a mechanism for timely resolution of an issue and prevent escalation of problems into social conflict;
3. It should be an accountability mechanism, where people can seek remedy when needed; GRM serve as citizen-feedback platforms and could complement, but never replace existing judicial or other pertinent administrative systems. GRMs also complement and are complemented by stakeholder public consultation processes, community relations and corporate social responsibility initiatives, but they are not interchangeable.
4. It should be embedded in a project's monitoring and evaluation process, and contribute to institutional learning.

Definition and Scope of Grievance Redress Mechanisms

For purposes of this note, grievance redress mechanisms are defined as public or private review structures and processes - and accountability-enhancing systems- formalized and established by non-judicial entities (national, regional, municipal, or private) to receive and address complaints³⁷ raised by communities and individuals about actions, impacts, and/or results related to projects activities or programs, fully or partially financed by an IFI such as the IDB.

37. Complaints and grievances are used in this note interchangeably.

These mechanisms serve as citizen-feedback platforms and could complement, but never replace existing judicial or other pertinent administrative systems. GRMs also complement and are complemented by stakeholder public consultation processes, community relations and corporate social responsibility initiatives.

Broadly, GRMs cover different types of complaints and redress processes. From environmental and social issues to fiduciary aspects of an operation (i.e. procurement and/or financial management), as well as goods and service delivery and labor³⁸. GRMs could be as comprehensive as determined by the needs of the project.

In this annex, we focus on private and public GRMs at the project level, relevant to development operations financed with IDB resources with emphasis on environmental and social safeguard issues.

Principles of an Effective GRM

Affected stakeholders, whether individuals or groups, should have access to a transparent, fair, and effective mechanism that can act with a degree of independence from the project.

Effective GRMs share a common set of characteristics with respect to scope, quality and effectiveness of the redress process. Principles to be applied for an effective GRM typically include the following:

- ✓ **Accessibility.** Stakeholder groups must know about the GRM and enjoy easy access to the mechanism. Making the GRM accessible entails [a] establishing multiple access points close to program beneficiaries and key stakeholders; [b] providing disadvantaged groups, where relevant, with the means to effectively access the GRM; [c] building in flexibility regarding language and format; [d] including multiple methods [face-to-face, website, phone, etc.], and [e] disseminating information about the GRM to help complainants understand how the system works and what they should expect from it.
- ✓ **Transparency.** The entire GRM system and the progress of the procedure need to be open to public scrutiny. Relevant information about claims filed, remedies and redress processes including responsibilities, potential outcomes, and scope for intervention should be public, as should the nature and outcome of specific cases unless a complainant requests confidentiality or confidentiality is needed while the process of looking at the complaint is underway to ensure a fair outcome.
- ✓ **Fairness and independence.** GRMs and their operators need to be trustworthy, independent from all interested parties, and bound by a clear set of rules and standards geared to warrant that GRM activities are subject to the highest canons of impartiality, integrity and fairness. Although project executing agencies tend to be in charge of the GRM for the particular operation, their ability to gather and verify evidence and to engage with complainants should not be undermined or affected in any way.

38. Labor issues although social, tend to be treated separately in especially dedicated outfits. Workers' grievances typically follow the company's policies and procedures. They must comply with domestic laws and regulations, and tend to be specific for employee's claims management.

- ✓ **Predictability.** Clearly defined procedures and timelines are key to building trust and confidence in the system. Predictability allows users to understand what to expect from the process and when, and how agreed solutions will be followed up and monitored. This element [or characteristic] helps setting realistic expectations on all sides, and minimizing the risk of further compounding grievances through frustrating processes.
- ✓ **Equity.** Complainants have reasonable access to similar sources of information and adequate advice to engage in a grievance process on informed and solid grounds. In cases of unbalanced power relations or access to resources this may require that the stronger party bear some of the cost of providing independent technical advice. It is also good practice that the mechanism has the means to support the weaker party by providing independent advice at no cost.
- ✓ **Rights-compatibility.** The GRM process, responses and agreements are within a given policy and legal framework with due respect for complainants and their rights, offering the necessary protection and embedding human rights principles such as non-discrimination. The GRM protects the parties' confidentiality and guards against potential retaliation.
- ✓ **Legitimacy.** Potential affected populations perceive the mechanism as neutral and trustable. They have been enabled to raise complaints and the system imposes few conditions to engage with them. This element also means that the GRM does not preclude complainants from pursuing other avenues to seek remedy to their concerns, and that GRM operators can be held accountable for their conduct during grievance process.

GRM Approaches

As with other aspects of risk management, the GRMs should reflect the project's level of risk and complexity. A higher risk operation will require a more comprehensive GRM.

There is significant variation across a wide gamut of public or private GRM mechanisms according to the scope and location in which the mechanism operates, the kind of complaint to be processed; according to who adjudicates the merits of the complaint and provides redress, and with regards to who submits the complaint. A typical GRM is the one integrated in service delivery systems (water and energy companies, for example), but there are also GRMs set up specifically as a part of more formal accountability arrangements for citizens and communities at the national and local levels (e.g. domestic ombudsman and administrative justice offices). Private company-sponsored and community-based GRMs are also common in the context of international development operations.

Given the wide range of GRM systems and the ample universe of project necessities, there is neither a blue print nor a "best" project-level GRM model, but rather good practices and principles of general application. The key then is to build a fit-for-purpose, trusted, predictable and effective redress procedure. It should be established based on the analysis of priority issues through the assessment process described in Part II of this publication, and its structure and functioning should be discussed with concerned stakeholder groups. As shown in the table below, the basic design of a GRM process will typically entail the following:

- Multiple access points and methods
- Screening process
- Assessment and eligibility
- Investigation and solution-seeking

- Remedy/resolution
- Monitoring and evaluation, and
- Learning



The decision as to which design to follow is especially relevant in instances where a new project-level GRM will be established and similar alternatives are not available. In those cases, the GRM design must take into account the complexity of the context, and be based on the project risks and its expected outcomes, on further analysis of the potential demand for redress, and on the overall client capacity to respond and resolve complaints.

Where possible, the design of the GRM should make use of established GRMs. If a suitable mechanism already exists, and can be used for a particular project, the priority should be to build on what already exists rather than creating a new mechanism. The existing one may need to be strengthened for the purpose of the project.

A GRM is effective only if the people it is intended to serve know about it, trust it, and are able to access it. These conditions provide a benchmark for designing, revising or assessing its effectiveness. To assess the effectiveness of the existing mechanism, concerned stakeholder groups should be consulted on its structure and functioning, and their recommendations be taken into account to tailor the existing mechanism to the project needs. Engaging with affected stakeholder groups about its design and performance can help to ensure that it meets their needs, that they will use it in practice, and that there is a shared interest in ensuring the project's success.

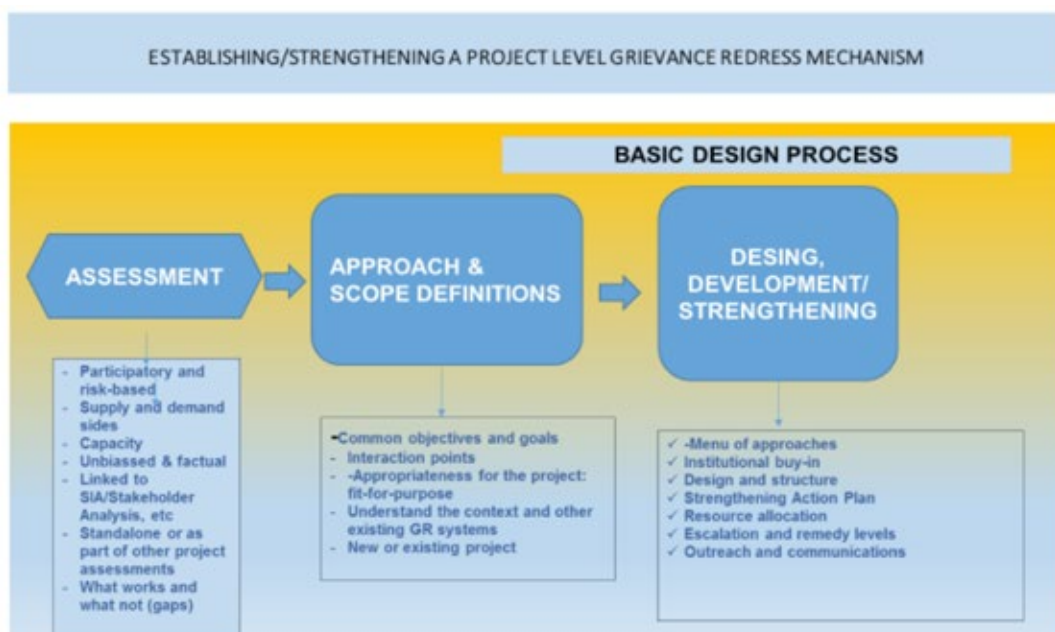
How to Develop and Operate Effective GRMs

Establishing or strengthening a GRM – and to make it work in practice- is not a matter of improvisation, but rather of a well-planned five-phase process where stakeholders should be engaged throughout:

1. Assessment
2. Design, development and funding
3. Implementation and operations (includes outreach and communications)
4. Monitoring and evaluation
5. Learning and retrofitting

Because GRMs do not exist in isolation from other systems (project-related or not), and they are affected by many circumstantial elements and specific institutional performance, for an effective grievance redress the borrower, the executor, the regulator and the financier need to commit and partner with each other, and with relevant stakeholders to make the redress process possible, meaningful and successful.

Each of these phases entails several steps tailored to the project goals and adapted to the relevant operational, technical, institutional and legal contexts. The design, development (or strengthening) of a GRM typically follows the process below:



Assessment

In addition to the context and political economy elements surrounding the operation and the sector in which the GRM is being developed or implemented, the landscape needs to be surveyed and assessed to understand the supply and demand sides of grievance redress (e.g. potential issues for complaints and the response and resolve capacity of project executing agencies). It is common that lack of information and requests for clarifications about project activities form the bulk of complaints. Meaningful stakeholder consultations help reduce the number of grievances significantly as well as buy-in.

Key elements of the GRM Assessment include: [a] types of grievances that are likely to arise as a result of the project, and the potential for redress; [b] the constituency likely to use the system and to which the system should be accountable (based in part on the stakeholder engagement analysis); [c] existing institutional capacity to receive, respond to and resolve grievances, including escalation (appeal) options; [d] gaps between existing redress systems- formal or informal- at the community level and the project level [e] improvement measures for any existing GRM; and [f] preventive measures to address project risks, opportunities and trigger points.³⁹

For new operations, the GRM Assessment should ideally happen at project identification, but it could also be carried out as part of the project due diligence process. For operations under implementation, assess the potential for conflict and the effectiveness of an existing GRM (operational capacity commensurate to project expected activities). The GRM Assessment should end with a proposed GRM plan of action for the borrower and teams, and be communicated to stakeholders.

The GRM Assessment could be a stand-alone product or be carried out as part of other project assessments (Including EIA, ESSA, SIA, Gap Analysis, etc.). The GRM may be included as part of the Project's Stakeholder Engagement Plan.

Design and Development

Based on the results of the GRM Assessment, the case for GRM needs to be made to ensure institutional buy-in and resource allocation from the start. Most effective GRMs are built-in features of the project management system, and this is only possible through an early participatory design and institutional decision. If the assessment is run on an existing GRM, the plan of action may require the steps to strengthen, correct or expand the GRM to meet the needs of affected people and stakeholder groups, and achieve project goals.

As discussed above, designing a GRM is a unique process pertaining and proportional to the complexity of a specific project, but one that builds on what already exists and, although it aims at simplicity, GRMs in development operations need to be able to address multi-party and multi-issue concerns. To apply the GRM assessment tool, it is recommended that the project executing agency, the borrower's environmental and social teams and a GRM expert need to work together.

39. For more details see the Assessment Tool in Annex III Sample Tools and Templates

Key GRM development steps include:

- a. Confirm project objectives and potential impacts and associated potential complaint issues
- b. State and agree on GRM goals
- c. Define the scope of both, grievances to be received, the redress process and expected outcomes
- d. Design (and customize) the redress process (with specific times and milestones), and its institutional and management infrastructure, based on the GRM elements (or characteristics) outlined above and contextual factors.
- e. Define grievance redress approaches taking into account stakeholders' views, needs, capacities and cultural norms). Consult this process as part of any other social or environmental consultation process
- f. Propose a preliminary redress process flow (from reception of complaint to resolution, and lessons learning), device the associated standard operating procedures and seek stakeholders' inputs
- g. Insert an escalation (appeal) step and associated provisions, if possible including a neutral decision-making body and/or independent oversight for matters not resolved by the mechanism (for instance, with the project director, the line ministry, the regulator, etc.)
- h. Devise the GRM tracking, monitoring and reporting systems, commensurate to project needs and stakeholder's needs.
- i. Develop a retrofitting system to learn and improve from case handling and resolution (e.g. distilling lessons and then applying them to new activities or operations),
- j. Develop a communications and outreach strategy for internal and external users and for the Project Executing Agency including complaint classification
- k. Develop a training and capacity program for project staff, and an outreach and communication strategy to ensure affected stakeholders are familiar with the GRM
- l. Cost the GRM design and its operations, including accompanying IT solutions

Once the preliminary design is ready and has been discussed with and influenced by key stakeholders and decision-making actors, it is recommended to test and refine the proposal to make necessary adjustments. The GRM should be operational before a project is fully designed and approved, since many of the concerns stakeholders will have are likely to emerge during the preparation phase. Based on lessons learned, the GRM design can then be modified for continued operation throughout the project implementation phase.

Implementing the communication strategy to disseminate the existence of the GRM, its goals, features and processes among all parties, particularly Project Affected People, is critical. No GRM is either effective or fully operational if the very people that it aims to serve do not know of its existence or finds it unreachable, inaccessible or too complicated.

GRM Operations

Translating a GRM design to an operational, trusted and effective mechanism can be a real challenge.

It is important to designate who is responsible for coordinating the process from the outset, and to ensure they have the appropriate skills and resources. In some cases, where the responsible agency lacks the required expertise for the design and implementation of the GRM, it may be appropriate to add expertise through the use of consultants and experts. However, as indicated previously, fundamental GRM components are trust and institutional credibility from potential users of the system. This requires ongoing communications and outreach- and open access policies. Communicating outcomes from the resolution of complaints will strengthen the credibility in stakeholders' view about the transparency and effectiveness of redress process.

Operationally speaking, key features of such an operational system would include:

- ✓ System responsiveness and GRM institutionalization
- ✓ Registration and reporting systems
- ✓ Third party involvement
- ✓ Monitoring and evaluation, including by establishing and customizing best performance indicators
- ✓ Continuous training and capacity development
- ✓ Financial allocation
- ✓ Learning loops

Institutionalizing the GRM could mean different things depending on the context and the program. It is important to ensure that GRMs should not be add-ons, but rather an important part of the program structure. Institutionalizing a GRM system requires, among others, providing a predictable how-to process, and lines of escalation to adequate decision-making and appeals levels.

What makes a GRM truly responsive?

- ✓ Access by complainants is simple
- ✓ There is a screening system for quick distinction between complaints and project-related queries
- ✓ Quick initial response in all cases
- ✓ Efficient referral system [when the complaint is not under the GRM scope of work].
- ✓ Complaints are tractable at all times
- ✓ Roles and responsibilities are clear
- ✓ Complaints are dealt with through a predictable process, and a varied set of tools is applied [mediation, on-the- spot resolution, etc.]

Complaints need to be acknowledged, tracked and responded to. Adequate registration enables both, the complainant and the GRM to establish an initial contact and a proper method to call or refer the case. On the other end, and as the complaint navigates the institutional waters, the complainant need to receive status reports as well as responses. These illustrate that reporting and communicating with the complainants is a continuous process.

User-friendly systems are key for the adequate and efficient implementation of the GRM, but they need to be accompanied by simple procedures and clear roles and responsibilities fully understood by all operators and by complainants. A key factor for successful operations of the GRM is institutional support. The GRM must check-in periodically with project decision-making levels, regulators and other key stakeholders and confirm and renew the commitment towards its work.

Common barriers for stakeholders include:

- Unclear information about how to file a complaint
- Fear of lack of confidentiality or feeling that anonymous complaints will not be heard
- Fear of negative consequences or retaliation
- Complainants view participation in the grievance mechanism as limiting their recourse beyond the grievance mechanism
- Project staff bypass system and resolve issues informally, because they want to keep issues quiet or cover up poor staff performance.
- Lack of follow-through on commitments
- Delay(s) in implementation of resolution
- No champion at the institutional level to drive accountability
- Limited buy-in from the responsible authority

Monitoring and Evaluation

Good practice calls for monitoring and evaluating the functionality and performance of the GRM throughout the life of the project. There are fundamental aspects of a GRM that need continuous monitoring, evaluation and adjustment. They include the application of the effectiveness elements or characteristics, the capacity to respond and resolve issues, and the perceived benefits for users of the system. This is important not only to identify implementation or design issues, and adjust and improve them accordingly, but also to identify trends and systemic issues that could help advance and correct the project performance and improve its development results.

Setting appropriate baselines and clear qualitative and quantitative indicators is an important component of monitoring. GRMs by default need to also ensure data collection through feedback from the system's actual and potential users. Key performance and functionality indicators include average response time, repeat complaints, user satisfaction, and percentage of cases resolved, etc. Indicators of project performance can also be used as proxies for the effectiveness of the GRM, and as early warning alerts for prioritization of improvements.

Indicators related to the application of principles are also important⁴⁰. They should serve to answer basic questions such as: Are the processes predictable? Are complainant's rights protected at all times? Do stakeholder individuals and groups have full access to the mechanism? Are they informed about their complaints?

Closing Learning Loops

It is important to identify, compile and understand GRM-produced lessons to improve project outcomes and impact management. Lessons are not so obvious in all processes, but they can be distilled from the solution-seeking or dialogue processes more than from the GRM data alone. Areas of interest include project design and implementation aspects, as well as level and quality of communication and engagement with stakeholders. Lessons are useful for all actors involved and not just for the GRM. Importantly, lessons of this sort are preventative of future similar cases and help manage potential recurrence more adequately

To close the redress cycle, lessons are to be integrated both, into day-to-day operations of the mechanism and into project activities, and communicated to internal and external stakeholders. Continuous learning and process improvements go hand-in-hand, and these cumulative inputs are fundamental tools to identify systemic issues and to translate grievance data into knowledge and information that can be used to improve project and development outcomes, to minimize negative impacts on people and to improve overall stakeholder relations.

⁴⁰ For an example of GRM indicators see Annex 3, Sample Tools and Templates.

III. SAMPLE TOOLS AND TEMPLATES

Example of Terms of Reference (TOR) for Planning and Facilitation of Stakeholder Consultation in a Development Project

Note: These TOR are comprehensive and detailed. In many project contexts a simplified version may suffice

Introduction and Summary

Purpose: These Terms of Reference (TOR) provide guidance for planning and facilitating a stakeholder consultation in a development project, such as those financed by an International Finance Institution (IFI). The primary objective of the development project is to enhance the lives of identified beneficiaries of the project. However, projects can have adverse impacts on people. In looking at risk in a project, both risks of adverse impacts caused by the project to people or the environment, and risks to the project meeting its objectives should be considered. These risk factors may be assessed through different means. The environmental and social impact assessment process will identify most of the key issues. The consultation process itself will add information and understanding, avoiding and mitigating of risks.

Objective of the assignment: The planning and facilitation of a meaningful consultation process shall provide information and recommendations to avoid and mitigate potential adverse impacts through alternative designs of the project. The consultation team or consultant will enable stakeholders to convey their views and concerns, and for those views to be given serious consideration prior to finalizing project designs and implementation decisions.

Scope of work: the consultation team will be responsible for the following elements:

- Undertake an *identification of priority issues*
- Develop a *stakeholder analysis and consultation plan*
- Provide *prior information* provided to stakeholders
- Chose *appropriate forums and methods* for the consultation process
- Design a *grievance redress mechanism*
- Ensure that stakeholder perspectives are reflected in project *design and implementation decisions*

- Provide *feedback to stakeholders and transparency* in decision-making
- Collect *baseline data*, input to *action plans* and *management systems*
- *Document disclosure publicly* the consultation process
- Ensure the stakeholder consultation is *ongoing* during implementation

1 - Identification of Priority Issues: The Assessment Process

The analysis of likely project impacts is generally done through an assessment process often required in national laws. Potential adverse impacts from or to the project should be grouped in three categories:

- **Direct impacts:** Adverse impacts caused by, and directly attributable to, the project
- **Indirect and cumulative impacts:** Impacts where the project is one among several
 - contributing factors
- **Contextual risk:** risks that may exacerbate project-specific risks to people or the environment, or to the project's success but risks that the project neither causes nor contribute to.

The consultant will study this through existing data sources and studies, and advise on gaps in existing information that may require additional study. Attention should be given to document how local stakeholders have been consulted about how they perceive benefits and risks of the project.

2 - Stakeholder Analysis and Consultation Plan

Coordinated with the social analysis identifying key risks and opportunities, and how they may affect different groups, a specific stakeholder analysis shall be undertaken. The main objective of the stakeholder analysis is to clearly identify all stakeholders in the project or program. Those will include people adversely affected by project impacts, or unfairly excluded from project benefits, with an emphasis on poor and vulnerable groups.

Key stakeholder groups shall be broken up into relevant sub-categories, grouped further by the type of impacts and disaggregated by gender, e.g., adversely affected persons and groups including: local populations, workers, their representatives, government policymakers and local authorities, civil society etc., organized interest groups and other groups who have a stake, or interest, in the outcomes of the project. For each of these categories, a three-step process shall be followed:

- Assess **defining characteristics**. This will include social dimensions, organizational strength, formal or informal power and authority, organizational capacity, etc.
- Assess **stake or interest in the project**, and the stakeholders' potential support or opposition to the project. This may include degree of commitment to the status quo; openness to change; and an assessment of whether the proposed project is aligned with the interests of the concerned stakeholders.
- Finally, assess the degree of **influence** each stakeholder group has, and whether potential opposition from each of them – and the groups collectively – constitutes a high, substantial, medium, or low risk to the project outcomes.

The stakeholder analysis as described above shall provide the basis for a consultation plan. For an example of different categories of stakeholders, see the Annex containing examples of a stakeholder analysis matrix, in the publication on IDB Meaningful Stakeholder Consultation.

The consultation plan with stakeholders will at a minimum contain the following elements:

- Main categories and sub-categories of stakeholders
- The nature of their stake in the project: Likely impacts or benefits, or interest; positive or negative
- Key characteristics (social situation, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion)
- How the project intends to engage with each of the different groups (how to provide meaningful prior information, what venues or formats to use, such as public meetings, focus groups, key informants, structured interviews, etc.)

The consultation plan will be updated on an ongoing basis with the following additional information:

- Key concerns and recommendations expressed by the different categories and subcategories of stakeholders
- How the project design and implementation will address the views of each of the stakeholder groups
- How the project will provide feedback to the stakeholders about how their views have been reflected in project decisions
- How the project intends to engage with the various stakeholder groups during the remainder of project preparation, and during implementation

These different elements should be organized by stakeholder categories and sub-categories, in a matrix format.

Prior Information

The consultant will document the detailed information conveyed and tailored to specific stakeholder groups prior to consultation events. Recording the time given to stakeholders to review and discuss the information among themselves before the consultation event is important to document. The information should be organized by the following items:

- The nature of the project, and how it is likely to affect the various stakeholder groups at the local level

- Simplified or summarized technical reports, their readability and format
- Format and manner stakeholders find information most useful (illustrations, videos, role play and other means)
- Preliminary agenda for events, summarizing the different topics for discussion
- People's rights and responsibilities under the project or program
- Ways in which stakeholders can contribute to project design and implementation

Appropriate Forums and Methods for Consultation Process

The consultant will ensure that each of the relevant stakeholder groups and sub-groups identified in the stakeholder analysis is represented and has an opportunity to express their views. Extra efforts shall be made to ensure that marginal or vulnerable groups are not prevented from making their voices heard. An approach combining stratified and purposive sampling is preferred, to identify relevant stakeholders within the various groups and categories.

Before organizing consultation events, the consultant will consider whether orientation sessions or awareness and sensitivity training for participating project authorities should be organized, to ensure that they will listen and show respect to all, and that all involved understand that this is as much about soliciting people's views and concerns as it is about imparting information about the project. Similarly, the consultant will assess the stakeholders' capacity to participate in an event and consider whether additional support is needed.

Key points to cover during public consultation events should include:

- Explain objectives of the discussion, how the event will be structured, and expected follow-up
- Agree on an agenda for the discussion. In some circumstances, particularly where there are low levels of trust, a formal protocol may need to be agreed on before real discussions can take place.
- Summarize the information about the project that people have been provided prior to the consultation event
- Ensure that at a minimum, the discussion covers people's perceptions and expectations about project benefits and potential adverse impacts; how adverse impacts may be avoided or minimized; what the appropriate mitigation mechanisms may be; and what people consider to be appropriate institutional and organizational mechanisms
- Provide sufficient time for people to express their views. Consider holding follow up discussions if needed.
- When possible, have facilitators who are known and trusted locally.
- If translations are needed, use local bilingual resource persons whenever possible.

- Summarize points made and how follow up actions and feedback will take place
- Manage expectations and be clear about what role the consultations play in decision making.
- Explain how people can communicate with the project, and what their right to remedy is if the project fails to meet its obligations or is perceived to cause harm.
- where there is a significant or high risk of adverse impacts, and where there is an objective to reach a formal agreement with communities, the principle of good faith negotiation should be followed.

Meetings and events should be held in locations and ways in which a maximum of people can attend freely. People who attend consultation events should have their direct costs such as payment for transportation covered, in cases where events are held at some distance from people's homes. People should also be provided with food and drink, to ensure that they do not incur personal expenses. However, people should not be paid to attend consultation events.

The consultant will be particularly watchful for any indication that project opponents are being threatened or subjected to intimidation in any way. Any such misconduct shall be reported to the project authorities or the IFI supporting the project, as appropriate.

The consultant will ensure that there is an open and accessible communication channel that stakeholders can access throughout the project cycle. All stakeholders should be informed about how they may communicate with the project as it goes forward.

Grievance Redress Mechanisms

The GRM should be established based on the analysis of priority issues through the assessment process described above, and its structure and functioning should be discussed with concerned stakeholder groups.

The consultant will ensure that the design of a GRM is proportionate to project risk and complexity served the following objectives to:

- Inform decision making related to project design and development,
- Serve as a mechanism for timely resolution of an issue and prevent escalation of problems into social conflict;
- Be an accountability mechanism, where project implementing agencies continuously account for project actions and people can seek and obtain remedy when needed.

The consultant will make sure the established GRM:

- Is integrated into the project's Environmental and Social Management System
- Is designed based in part on stakeholders' recommendations
- Is known to affected people, and is easily accessible
- Has the mandate and authority to address and resolve concerns raised by stakeholders, and to influence project design and implementation decisions

Design and Implementation Decisions Considering Stakeholder Perspectives

Stakeholder views are unlikely to be the same, and it is unrealistic to expect full consensus or agreement among all. The consultant will be responsible for considering different groups' views and concerns; seek broad support where possible; and to continue to engage with those who may be opposed to the project, and to consider ways of addressing their concerns where appropriate.

In high risk circumstances where formal agreement or consent is required, the consultant shall support a process that arrives at a decision respected as legitimate by community members, and that has been taken by the recognized authorities in the community. If such agreement cannot be demonstrated, alternatives to the project or the specific aspects of the project objected to need to be found.

The consultant will document evidence of how stakeholders' views have been considered in decisions related to project design and implementation as well as how their inputs have contributed to application of a mitigation hierarchy, i.e. avoiding, minimizing, or compensating for adverse impacts.

Feedback to Stakeholders and Transparency in Decision Making

The consultant will keep systematic records of all consultation events and discussions and will summarize and share these with participants as soon as possible, in a format accessible and understandable by all. In addition, the consultant will explain how stakeholders' contributions will contribute to project decision-making.

The timely and relevant feedback to stakeholders about how their concerns are being addressed will include:

- A record of location, time, and who participated
- Key issues discussed
- Any agreements reached
- How recommendations have been or will be considered in project decision-making
- How decisions taken on the basis of stakeholder inputs are expected to enhance benefits and reduce or compensate for adverse impacts
- Areas of disagreement or diverging views, whether among stakeholders or between participants and project authorities, and the reasons why some recommendations cannot be accommodated
- Future communication channels and expected consultation process, including access to remedy through a grievance redress mechanism

Baseline Data, Action Plans, and Management Systems

The consultant will collect data to provide a meaningful comparison between “before and after” project intervention. This data will inform Environment and Social Impact Assessments rigorous studies such as socio-economic surveys and a full census.

The baseline data will be a smart mix of quantitative and qualitative data on environmental and social issues. Both adversely affected people and project beneficiaries should be disaggregated by relevant social groups and gender, as noted in the stakeholder analysis section.

Monitoring indicators should track prevention and mitigation measures by sex and gender-related results. The unit of analysis and entitlement for support will vary depending on the context.

The consultant should document feedback and comments from the respondents and consider among other inputs from the stakeholder consultation process. If structured interviews or surveys are used, it is important that the design includes open-ended questions and the ability for project staff to probe, to better understand concerns and priorities at the local level.

The consultant will engage in a sensitive and respectful dialogue with the subgroups to verify the validity and reliability of survey data with local stakeholders, This will include intangible aspects of people’s well-being, such as:

- The perceived value to people of natural habitats
- The importance given to tangible and intangible cultural heritage, such as traditional knowledge
- Ritual or spiritual ties to a location
- How social capital⁷ provides systems of reciprocity and human security
- How patterns of inequality and social exclusion affect different groups, for example women’s status in a society
- Degrees of trust and confidence in local institutions

The consultant will consult stakeholders on relevant aspects of the project management system, as it affects them. This may include discussions on roles, competencies, timelines, clarity on who has authority, how issues are coordinated, and how stakeholders are expected to engage with the project throughout its life cycle.

Documentation and Public Disclosure

To verify whether a consultation process is meaningful or not, the consultant will preserve evidence and inputs to decisions taken throughout the project cycle. It is especially important in situations where there may be challenges or opposition to a project

The documentation of the stakeholder consultation process will include:

- A written record and minutes of consultation events signed by participants and representatives of project authorities

- Photography, video or audio recording when appropriate after a proper explanation of the purpose of the recording and agreement of participants
- “Chatham House rules” may be applied when appropriate, and full confidentiality should be respected if requested
- Clear evidence accessible to all that agreement has been reached in cases where consent or agreement is required

Ongoing Stakeholder Consultation During Implementation

The consultant should inform affected people on a regular basis about progress with implementation plans that concern them. He should ensure that stakeholders have an opportunity to engage with project authorities without fear of intimidation or retaliation and have access to the GRM. When project designs are not finalized for all parts of the project before it is approved, the consultant will consult stakeholders during implementation, before final decisions are made.

In case of any significant project changes, relevant stakeholder groups should be informed and consulted. The consultant is responsible to identify new stakeholders that may emerge during the course of project implementation.

Outputs and schedule of Deliveries

These ten elements are rarely sequential or discrete. They may be partly or fully overlapping; happen in stages; and be iterative. Professional judgment and experience are needed to determine what the right approach is. Stakeholders should have the time and opportunity to react to draft versions of documents.

The consultation team is expected to submit to [client] a set of deliverables as described below:

- A draft consultation plan with an outline of all ten elements
- A final consultation plan with a detailed documentation of the ten elements and consultation results by [date].

Each document deliverable must be prepared in [language(s)]. Each deliverable will be submitted to [client] for review and approval.

The [client] will only accept deliverables that are:

- Clearly written and presented, and properly referenced
- Delivered within the agreed timeline and apposite level of detail
- Tailored to the target audience, i.e. IFI procedural requirements
- Actionable in providing the necessary inputs to the finalization of project design and ongoing implementation and supervision

An electronic copy [in both PDF and Word format] of each deliverable must be addressed to [client]:

Management Arrangements

The estimated level of effort required for this assignment is xx working days (starting immediately upon signature of the contract to xxx). This estimate is only indicative and additional follow-up work may be required up to xxx.

Expected Composition and Qualification of the Consultation Team

Key team members' qualifications should add up to include at least the following:

- Graduate degree in relevant social sciences: anthropology, sociology, human rights or related fields.
- At least five years of demonstrated experience conducting engagement and consultation process, social impact assessments, community participation and consultation processes.
- Good analytical skills
- Some experience working in high risk environment
- Sensitivity to cultural differences and ability to generate trust
- Good organizational skills
- Knowledge of the local languages would be an asset.
- Fluency in [language] required. Working knowledge in English, especially written, preferred.
- Strong written and oral communication skills.
- Willingness and ability to travel to the areas covered by the project in order to complete the activities outlined above
- Immediate availability.

Planning Outline for Consultation Process

This outline may be used by the agency responsible for integrating a stakeholder consultation and engagement process in project planning and implementation. It provides questions that may guide practitioners in undertaking and the engagement process, and to demonstrate that the process is meaningful as defined in this note.

1. How will the process be respectful of people's views and able to create a space for them to raise their concerns openly?
2. How much resources (budget, staff capacity, other) will be allocated to the consultation process?? Which additional institutional capacity could make design and/or implementation of stakeholder engagement more effective?
3. What is your experience in planning and/or conducting stakeholder consultation?
4- Which stakeholder groups have you identified during the initial analysis? Who are the beneficiaries and who are the groups adversely affected and?

5. Which type of baseline data will be used for monitoring and evaluation? Is it disaggregated by gender and other vulnerable groups?

6. Have you identified any potential vulnerable groups? Please, describe possible to ensure their participation

7. Which forums and methods will be applied for the consultation process? How many participants are expected to attend? What will be different in the events with subgroups such as vulnerable and marginal groups?

8. Which type of Grievance Redress Mechanism will be established for the project? How are people involved in its design? How will they be informed about it?

9. What are the key issues and concerns raised by stakeholders so far? Which stakeholder group[s] expressed the concerns? Are there different views among stakeholders?

10. How will stakeholder views be reflected in project design, implementation, institutional mechanisms, or in other ways? Please give specific examples where possible.

11. Which type of feedback will stakeholders be provided with regarding how their contributions will be addressed in project decision-making?

12. If the consultation has started with affected people, what are the inputs provided by stakeholders to action plans addressing environmental and social issues?

Stakeholder Analysis and Consultation Plan

Example: Rural Road Project involving Involuntary Resettlement, and Indigenous Peoples

Note: This is an indicative and partial summary for illustrative purposes only. More detailed information should be provided in an actual project.

Stakeholder category	Expected or potential project impact / interest	Characteristics	Engagement plan / events (Update post events, with details)
A. EXPECTED PROJECT BENEFICIARIES			
Travelers and passengers	Faster, more reliable transport. Better access to services such as health, education and medical facilities	For each group and relevant sub-groups: Brief description of socio-economic status, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion – e.g. gender-differentiated access to project benefits (also applies to all categories, below)	Sample interviews of travelers, combined with public meetings
Transport owners, drivers and operators	Greater freight volumes and earnings		Meetings with transport owners' associations; sample interviews with drivers and operators
Traders and roadside vendors	Expanded market opportunities		Consider focus group meetings, sample interviews
People obtaining work in construction and maintenance	Increased income locally, reduced need for labor migration		Consider focus group meetings in addition to interviews during data collection for socio-economic survey
Local land and property owners	Increases in property values, expanded market opportunities		Individual meetings with a sample of property owners; data collected during survey
General public	TBD	General socio-economic characteristics; overall interest or concern about the project	Information dissemination and disclosure; e.g. through web pages, local postings of information, newspapers and radio. The project should maintain an open communication channel to receive and respond to queries and concerns, both during project preparation and implementation.
Contractors and sub-contractors	Contracts during construction and road operations, incl. for maintenance	Track record including on managing environmental and social impacts; capacity and available resources; connections if any to project decision makers.	Discussions with firms; bidding procedures; inclusion of environmental and social requirements
Lead project executing agency	Additional resources, capacity building	Track record with managing similar projects, including environmental and social risk management and consultation processes	Lead agency in engaging with all other stakeholders. From financing institution (e.g. IDB): regular discussions, technical assistance as required.

Stakeholder category	Expected or potential project impact / interest	Characteristics	Engagement plan / events (Update post events, with details)
Other collaborating agencies (government, NGOs, other)	Provision of services, land acquisition, implementation support	May have other incentives than supporting project implementation	Early engagement, agreement on collaboration; e.g. through MOU, contracts

B. GROUPS AND INDIVIDUALS WHO MAY BE ADVERSELY AFFECTED BY PROJECT

B.1. INVOLUNTARY RESETTLEMENT: LOSS OF ASSETS AND / OR LIVELIHOODS

B.1.1. GROUPS AND INDIVIDUALS WITH TITLE OR FORMALLY RECOGNIZED OWNERSHIP / OCCUPANCY OF LAND AND OTHER ASSETS

<p>1. Rural land owners with title whose property will be acquired.</p> <p>2. Owners of businesses or houses who will lose their assets.</p>	Loss of value of land, houses, and other assets; possible relocation to new area required; potential loss of income and livelihood.	Small and medium sized agriculturalists. Socio-economic status varies; some may be at risk of becoming destitute if losing agricultural land.	Prior information in accessible formats during project preparation; time to consider; public meetings combined with focus groups and individual interviews as part of census and socio-economic surveys; disaggregated by gender and other relevant social identities. Provision of options for different support / compensation mechanisms, support and advice. Information on rights, access to remedy.
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B.1.2. GROUPS AND INDIVIDUALS WITHOUT LEGAL OR FORMALLY RECOGNIZED RIGHTS TO LAND AND OTHER ASSETS

Communal or collective use of land and resources, without formal title, but traditionally recognized.	Loss of access to land and resources; possible relocation to new area required; potential loss of income and livelihood.	Usage rights and occupancy should be studied, as well as organizational structure, e.g. individual vs. collective use of land and resources; Indigenous Peoples' traditional usage and attachment to land; cultural values; etc.	As in B.1.1. above.
Encroachers on public land, e.g. cultivation within the road Right of Way	Land required for upgrading of road; loss of income from cultivation.	Small and medium sized agriculturalists. Socio-economic status varies; some may be at risk of becoming destitute if losing agricultural land, while others may be better off farmers.	Principles of prior information, appropriate forums as in B.1.1. above.
Squatters with houses, small shops, etc. on public property; e.g. urban and peri-urban slum dwellers	Houses and buildings may need to be relocated for upgrading of road; loss of income from small businesses.	Generally poor and marginal groups, but may in some cases be wealthier, e.g. slum lords.	Principles of prior information, appropriate forums as in B.1.1. above.
People losing livelihoods as a result of changes in land use, regardless of legal status or tenure situation. Sub-groups with special needs may include tenants; seasonal land users; etc.	Potential loss of income from agricultural land or business.	Brief description of socio-economic status, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion – e.g. gender-differentiated access to project benefits	Principles of prior information, appropriate forums as in B.1.1. above. Note that this may require intra-household analysis to document different livelihood situations of men and women.

B.2. IMPACTS ON INDIGENOUS GROUPS

<p>Indigenous communities affected by the project</p>	<p>In addition to potential positive or negative impacts described for other categories above, displacement, disruption, labor influx, increased traffic, etc. may pose threats to social cohesion, cultural norms, lead to increased inequality, etc.</p>	<p>Brief description of socio-economic status, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion – e.g. gender-differentiated access to project benefits. Of particular importance is understanding institutional structures, authority and decision-making, capacity to engage in negotiations; cultural values ascribed to land or resources, both tangible and intangible.</p>	<p>Prior information in accessible and culturally appropriate formats during project preparation. Consider language issues; time to consider; engagement through legitimate institutional mechanisms, which may vary – councils of elders, public meetings, with focus groups and individual interviews as part of census and socio-economic surveys; disaggregated by gender and other relevant social identities within communities. Information on rights, access to remedy.</p>	<p>Similar concerns to other groups related to displacement, loss of livelihood, security, etc. Additional issues may emerge in consultations, such as spiritual values of trees, cemeteries, etc.</p>	<p>Provision of options for different support / compensation mechanisms, support and advice. Consider capacity building and institutional strengthening as needed. Where potential adverse impacts are significant, formal agreement or consent may be required.</p>	<p>Written and verbal feedback to groups, summarizing project initiatives related to concerns. Where relevant, tailor feedback separately or differently to groups and sub-groups.</p>	<p>Regular public meetings, publication of written updates on project progress. Where relevant, consider focus groups or individual meetings on particular topics, or with specific groups. In addition to progress updates, any change in project structure or mitigation should be communicated and consulted.</p>
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Grievance Assessment Tool

GRM ASSESSMENT TOOL	
Project Cycle	
Preparation and Eligibility Stage	
GRM Assessment Action-Steps	Guiding Questions
<ul style="list-style-type: none"> ✓ Survey the landscape <u>at the most relevant level</u> for the project (sector, subsector, local level, executing agencies, regulators, traditional, formal or informal settings)⁴¹ and identify where the project potential PAPs would go to voice their concerns. ✓ Assess the <u>potential for grievances</u> (complaints and complainants), access points, and adequacy of existing GRM's operations (if the GRM already operates). ✓ Characterize the local conflict management culture (e.g. adversarial, judicialized, traditional, etc.) ✓ Assess current grievance/<u>complaints handling and response capacity</u> at the relevant level [i.e. closest to potential PAP]. ✓ <u>Identify most risky areas</u> [from both, project and safeguards perspectives]. ✓ Map key stakeholders and stakeholder organizations (or rely on SIA, Consultation or previous stakeholder mapping, if credible) to <u>identify actors, issues and triggers</u>⁴². ✓ Assess <u>gaps, linkages and the GRM system's capacity</u> to respond timely and effectively to added challenges by the project. ✓ Discuss with Borrower and key stakeholders to <u>identify options for establishing or strengthening the project GRM</u> [e.g. options and pros and cons], and determine the roadmap towards the GRM for the project. ✓ Document Borrower's decision re which GRM will be used for project-related complaints 	<ul style="list-style-type: none"> • What GRMs exist in the sector [s] supported by the project or previous operations? Have they been evaluated? • Which ones are most likely to be used by PAPs? • What are the most likely complaints, by whom? At which point? What does the Stakeholder Analysis say? • What is the level of risk for the overall operation, and from the safeguards perspective? • What is the nature of impacts on affected population [e.g. health, security, environmental, livelihoods, cultural?] • What are the informal or traditional systems related or in conjunction with the activities/actions and expected results in the project/sector? • If a multi-sectoral or multi-works operation, is there a "priority" sector/component? In which sector/component GRMs are a "must have"? If all equally important, look into all sectors and identify project components that are more prone to direct interactions with beneficiaries. • Which specific project activities are of higher environmental or social risk? • Is the operation prone to cumulative impacts attributable to multiple different projects or multiple operators? Is there an opportunity for coordination and communication? • Is the existing GRM fully operational? What is missing? If it is not working, identify key reasons.

41 As part of the Stakeholder Analysis, consultations, SIA, EIA or other.

42 For instance, assess if the operation is located in an area where there is a history of conflicts or difficult relationships between community-based organizations and the project executing agency.

Analysis and Approval Stage

GRM Assessment Action-Steps	Guiding Questions
<ul style="list-style-type: none"> ✓ Review and assess goals, purpose, funding and readiness of the GRM for the project⁴³ ✓ Identify further improvements, location, scope, responsible body (ies), and escalation options⁴⁴. ✓ Take a closer look at the GRM's (a) policy, procedures and normative framework; (b) ease of access, (c) principles and performance indicators, and (d) capacity to redress and take timely corrective action. ✓ Discuss options and limitations with Borrower and stakeholders. ✓ Confirm Borrower's decision to supporting new GRM, customizing or strengthening existing ones (s). ✓ Agree on a Plan of Action, including steps to building up/or strengthening the GRM; setting performance indicators, and ensuring relevant linkages with other traditional or informal complaints handling systems. 	<ul style="list-style-type: none"> • Do people know that they can use the GRM already identified? Have outreach activities been carried out? • Is the existing normative framework (local laws, regulations, policies, project rules, etc.) an enabler or a constraint? • Is there adequate and sufficient institutional commitment towards the project GRM? • What is the level of accessibility of the GRM (actual or planned) insofar project needs? • Where could people go if the project-level GRM does not respond to them? • What is the actual leverage of the GRM? Is the project executing unit in charge of the GRM? Does it have the necessary technical and institutional capacity? • Has necessary project funding consider funding for GRM activities? • Does the Plan of Action have all the elements to (a) ensure operability of the GRM as soon as project activities begin or earlier; (b) make incremental but measurable progress and (c) establish clear responsibilities and timelines? • What is the status of implementation- and degree of progress- of the GRM Plan of Action? • What is the level of complaints expected in the first year? • What are the most likely types of complaints to be received according to the project implementation stage (e.g. construction and implementation)

43 A first order step once the operation has been approved and starts implementation would be to evaluate the completeness of the Plan of Action agreed for establishing or strengthening the project GRM.

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Approval and Implementation stage		
Action-steps		Guiding Questions
Strengthening and/or establishing GRMs	<ul style="list-style-type: none"> ✓ Evaluate Plan of Action's completion⁴⁵ ✓ Review and further support functionality/operability of the GRM ✓ Confirm steps taken to strengthen and customize existing GRM to project added challenges ✓ Confirm essential principles embedded in day-to-day operations [see principle test below] ✓ Test adequacy of arrangements and predictability of system⁴⁶ ✓ Gather public perception and credibility ✓ Enhance system's responsiveness where needed 	<ul style="list-style-type: none"> • Has project funding been allocated to GRM activities? • Is the GRM registering complaints? • Where evident, identify causes for low levels of complaints received/registered. • Is the GRM reporting periodically? • Do current arrangements respond to desired reputation and credibility? • What is the percentage of complaints logged vis a vis those closed? • Are gaps being filled? How? • Are there enough linkages from the beneficiary to the institutional level? • Is grievance redress an informed option for project-level beneficiaries? • How potential complainants learn about the project-level GRM? • Do they find it credible, impartial and legitim? • Do they understand how the project-level GRM works?
Institutional commitment	<ul style="list-style-type: none"> ✓ Foster institutional commitment and institutionalized the GRM ✓ Resource the GRM (tools and money) ✓ Build capacity, trust and credibility ✓ Confirm staffing actions and proposed training programs 	<ul style="list-style-type: none"> • Do the project's management and staff recognize and value the GRM process as a means of improving project performance, and enhancing accountability and transparency? • Is grievance redress integrated into staff job descriptions and responsibilities? Are staff training programs in place? • Is it appropriately resourced and monitored? • Is the policy/regulatory framework clear for all involved? • Is grievance redress/complaints handling a priority for the sector/institution? • Are GRM related legal covenants necessary? If so, are they in place?

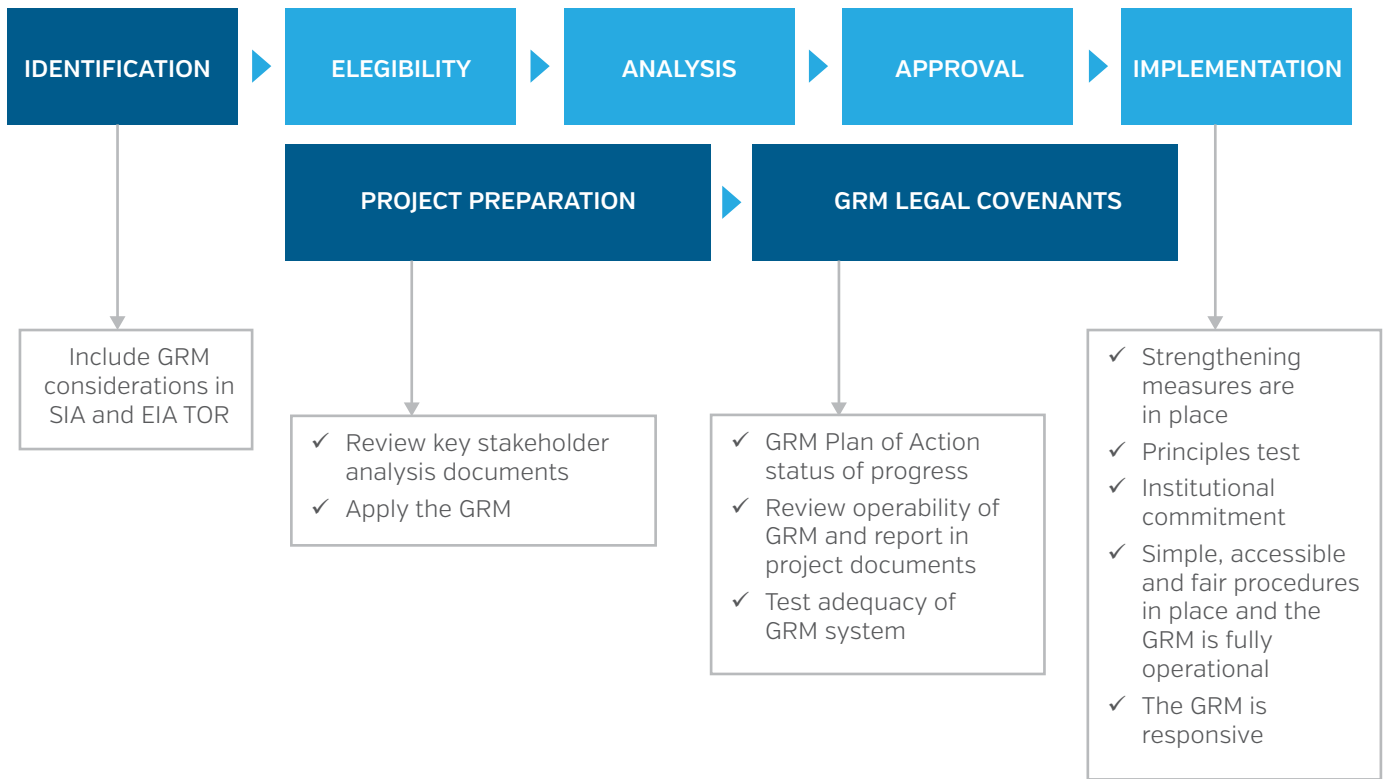
45 A first order step once the operation has been approved and starts implementation would be to evaluate the completeness of the Plan of Action agreed for establishing or strengthening the project GRM.

46 This can be done by following a hypothetical case through the system, if real complaints have not been received yet.

<p>Effectiveness of the project-level GRM</p>	<ul style="list-style-type: none"> ✓ Clear roles and responsibilities are established ✓ Simple, accessible and fair procedures in place and the GRM is fully operational ✓ Pre-determined, fixed criteria but flexible understanding of each issue and contextual circumstances ✓ Adequate levels of accountability are part of the GRM ✓ Linkages to formal decision-making structures and second tier options ✓ Ability to manage eligibility, investigate and to provide remedy ✓ The GRM is equipped to monitor, collect and process data ✓ GRM has a commensurate response capacity to potential/ actual complaints filing 	<ul style="list-style-type: none"> • Is the project-level GRM truly accessible for potential users? • Is the GRM responsive to the needs of all complainants? • Is the backstage of sorting and referrals well organized? • Is the project-level GRM able to resolve and provide remedy? • Does the project-level GRM have the necessary means to operate efficiently? • Does the project-level GRM coordinate and collaborate across boundaries? • Is it sufficiently decentralized? • Does it use available technology to ease access, enhance coverage and improve performance? • Is there an internal mechanism to distinguish between collective feedback and individual complaints? • Does it have the capacity to respond to multiple demands?
<p>Principles test</p>		
<p>Accessibility</p>	<ul style="list-style-type: none"> ✓ Multiple pathways exist for project beneficiaries to effectively submit complaints ✓ Disadvantaged groups are provided with the means to effectively understand and access the project's GRM ✓ Fear for reprisal is timely identified and properly managed 	<ul style="list-style-type: none"> • Is the GRM accessible to all stakeholders, irrespective of their remoteness, language, education or income level? • Do multiple uptake channels exist? • Are they close to potential complainants? • Is the project-level GRM appropriately advertised and communicated to project-affected people? • How are retaliation and reprisal managed if and when occurred?
<p>Predictability</p>	<ul style="list-style-type: none"> ✓ The GRM processes and procedures are well spelled out, communicated and publically available 	<ul style="list-style-type: none"> • Does the GRM offer a clear procedure with time frames for each stage and clarity on the types of results it can (and cannot) deliver? • Are procedures to file grievances and seek action easily understood by project beneficiaries?

<p>Transparency</p>	<ul style="list-style-type: none"> ✓ Presence of a public log registry ✓ GRM reports are accessible and publically available ✓ Results of investigations and/ or remedy provided are publicly available ✓ Systemic issues are timely and adequately disclosed ✓ Access to information is guaranteed 	<ul style="list-style-type: none"> • Are the GRM's procedures and outcomes transparent enough to meet the PAP's interest and concerns? • Are specific action-steps taken within a transparency framework? • Is there a tracking system available and open to the public?
<p>Fairness and Independence</p>	<ul style="list-style-type: none"> ✓ The GRM process is free from discrimination ✓ Concerned parties and in particular vulnerable and disadvantaged groups have equal access to resources and information to engage in the GRM process. ✓ The GRM process is conducted independently from third party influences 	<ul style="list-style-type: none"> • Does the GRM operates independently from all interested parties • Are efforts to leveling the playing field being made as part of the GRM process? • What is the risk of external interference?
<p>Integrity</p>	<ul style="list-style-type: none"> ✓ Ethical principles are embedded in the work of the project-level GRM operators ✓ The project-level GRM is reliable, and operators are bound by clear principles and standards previously established 	<ul style="list-style-type: none"> • Are these principles followed? • Are communities and individuals enabled to voice their concerns freely? • Is the GRM positioned and trusted as an impartial body?
<p>Responsiveness</p>	<ul style="list-style-type: none"> ✓ Procedures and actions taken by the project-level GRM include – at minimum- acknowledgement, communication and information, fact-finding and resolution. ✓ Timeframes within the process are complied with ✓ Complainants are continuously informed (including by accessing a tracking system) 	<ul style="list-style-type: none"> • Does the GRM provide timely acknowledgement? • Is the project-level GRM equipped to address the issues raised by complainants? • Is communication with complainants and decision-makers a center piece of the project GRM process? • Is the GRM well equipped to provide responses/ remedy, and contribute to the resolutions of complaints?

ASSESSMENT FLOW CHART



GRIEVANCE REDRESS MECHANISM

M&E Example Indicators

APPENDIX 2

GRM PRINCIPLE APPLICATION	KEY INDICATORS	GUIDING QUESTIONS
Accessibility	<ul style="list-style-type: none"> ✓ Number of claims ✓ Survey results as to awareness of the mechanism and ease to reach it by PAPs ✓ Costs for complainants. 	<ul style="list-style-type: none"> • Is access to the GRM unobstructed for PAP to submit complaints? • Are disadvantaged groups provided with the means to effectively understand and access the project-level GRM? • Does the project-level GRM reach out -and adequately communicate to- project-affected people? • How are retaliation and reprisal managed if and when occur?
Transparency	<ul style="list-style-type: none"> ✓ Public availability of claim data and case reports. ✓ Survey results indicating that users understand how the mechanism works and what kind of redress is available. 	<ul style="list-style-type: none"> • Is the grievance process' data accessible by complainants? • Does the GRM release detailed reports, useful for interested parties? • Is there are case tracking system accessible by the public?
Independence	<ul style="list-style-type: none"> ✓ Criteria for selection and process to appoint GRM staff ✓ Mechanism's operating procedure permits impartiality and independent judgement ✓ Oversight in place, free of political interference. 	<ul style="list-style-type: none"> • Is the GRM free of interference, political or otherwise? • Are the operating costs of the GRM inserted in the institutional/project budget? • Is the resolution of claims within the GRM's purview, and in which case not? • Do GRM staff enjoy job stability?
Rights-compatibility	<ul style="list-style-type: none"> ✓ Data showing willingness by all parties to use the mechanism ✓ Number of complaints about the mechanism itself ✓ Human rights compatibility from assessment results ✓ Independent expert opinions. 	<ul style="list-style-type: none"> • Are some complainants afraid to use the system? • Is the GRM' process prone to discrimination? • Is every complaint treated equally? • Are there complainants about denied access? • Are vulnerable and marginalized populations treated fairly • Is this operation in an area where human rights violations are frequent?

Legitimacy	<ul style="list-style-type: none"> ✓ Data showing that beneficiaries have access to other remedies if needed ✓ Absence of complaints about misconduct and/or evidence of corrective action ✓ Number of cases and other evidence of willingness to use the mechanism 	<ul style="list-style-type: none"> • Is the choice of accessing the GRM by PAP free and informed? • Have satisfaction surveys been applied and acted upon? • Does the GRM use trust building measures [such as expert opinion, mediation, joint fact finding, etc.]
Predictability	<ul style="list-style-type: none"> ✓ Data on completion of grievance processes on time ✓ Evidence of effective communications with system users ✓ Surveys indicating that users know the rules and time frames of the processes ✓ Data showing that complainants are kept informed of progress in ongoing cases [e.g. tracking system]. 	<ul style="list-style-type: none"> • Are there time bound operating procedures available and accessible by PAP at all times? • Are there case-reports available? • Is the grievance redress process communicated and published periodically, in the main languages spoken by PAP? • Is there a running case tracking system?
GRM PERFORMANCE	KEY INDICATORS	
Capacity to resolve issues	<ul style="list-style-type: none"> ✓ Data on resolved complaints ✓ Escalation procedure and a decision-making level enabled to provide remedy. ✓ High percentage of registered grievances which do not escalate outside the GRM ✓ Types of agreements 	
Capacity to deal with multi-cultural issues, and multi-party conflicts	<ul style="list-style-type: none"> ✓ Access in multi-lingual environments; ✓ Catered to specific indigenous people's when PAP includes IPs ✓ Linkages between informal/ traditional and GRM systems. ✓ Access to third-party experts and other independent means to help resolve issues. 	

<p>GRM systems are in place</p>	<ul style="list-style-type: none"> ✓ Well informed and operational website ✓ Logging and tracking system screen and referral systems are part of the mechanism. ✓ Robust reporting system 	
<p>GRM responsiveness</p>	<ul style="list-style-type: none"> ✓ Complaints are addressed and responded to on time ✓ Disruptions to project activities have decreased ✓ Number and quality of dialogue processes sponsored by the mechanism. 	<ul style="list-style-type: none"> • Is the GRM enabled to respond to internal and external clients? • Have the number of judicial or administrative complaints- for same type of issues- decreased over time? • Is the GRM able to identify trends, root causes of complaints, and systemic issues?
<p>Stakeholder buy-in</p>	<ul style="list-style-type: none"> ✓ Number of stakeholders using the GRM ✓ Levels of stakeholder satisfaction ✓ Feedback received re GRM operations ✓ The GRM enables complainants to raise concerns and to engage in solution-seeking processes. 	<ul style="list-style-type: none"> • Is a wide range of stakeholders using the GRM? • Are there awareness raising activities? • Is the complainant engaged throughout the grievance process? • Is the GRM rationale communicated to PAP and other interested parties? • Are there open communication channels with complainants at all times? • Does the GRM receive feedback from stakeholders?

Report Summarizing the Consultation Process

This template provides an outline with questions and relevant information that may be used to complete a summary report of how the stakeholder consultation process has been undertaken. It will typically be prepared as part of the overall plans, studies, and other documentation submitted as a package to the relevant finance institution, such as the IDB, before financing is approved. It may also be used as summary evidence towards national requirements such as licensing to proceed with a project.

Supporting question	Objective and Guidance	Relevant Information to include
1. How did the project identify which stakeholders to engage with in relation to environmental and social impacts?	To convey the principles underlying the decisions with regard to stakeholder engagement in relation to each potential and identified risk to people.	<ul style="list-style-type: none"> • Type of environmental and social benefits and risks identified in consultation with key stakeholders. • How stakeholders were identified [e.g., through stakeholder analysis, mapping exercise, based on internal or external guidance]; • List of groups who may be adversely affected, who are potential beneficiaries, or who may influence project outcomes; • For each group or sub-groups: Brief description of socio-economic status, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion – e.g. gender-differentiated access to project benefits. • Findings from the analysis disaggregated by gender and potentially vulnerable groups; • Key issues and concerns raised by stakeholder.
2. When did the project engage with stakeholders?	Same as above	<ul style="list-style-type: none"> • On what occasions/at what times/how often the agency engages with stakeholders in relation to social and environmental risks [e.g., whether at certain points in a project cycle, on a regular basis (for example, through an advisory group, management-union dialogue or community dialogue table), in response to legal or other requirements, in response to stakeholder requests]; • How has the commitment to ongoing consultation and engagement with stakeholders during project implementation been reflected in project plans and legal agreements? For example, has a participatory monitoring process been established?

Supporting question	Objective and Guidance	Relevant Information to include
<p>3. What goals were set for engagement processes (e.g., to convey information, to hear views, to obtain feedback, to work in collaboration, to reach agreements, to transfer control over decision-making, resources and activities to stakeholders)</p>	<p>To convey the rationale and objectives of the consultation plan.</p>	<ul style="list-style-type: none"> • What resources (budget, staff capacity, other) were allocated to the consultation process; • Baseline data used for monitoring and evaluation • Additional institutional capacity needed to make implementation more effective • Consultation plan: Main categories and subcategories of stakeholders; nature of their stake in the project, key characteristics, how the project engaged with each of the different groups; • Examples on how consultation plan built on findings from the stakeholder analysis; • Special measures/strategies applied to ensure inclusive participation of marginalized or disadvantaged groups • Possible updates made to the consultation plan • Whether and how stakeholders or stakeholder groups, including potentially affected stakeholders or their legitimate representatives, could initiate engagement with the project team; • Evidence of support or opposition from relevant agencies and third parties where relevant - possible media reports, support or opposition from civil society • Examples of different views among stakeholders; • Evidence for agreement or dissent in relation to the project [e.g. formal agreement signed when applicable]. • On what basis have communities agreed [e.g. acceptance of benefits provided, understanding and acceptance of how potential adverse impacts will be avoided, reduced, or mitigated]?
<p>4. Which stakeholders has the project team engaged with?</p>	<p>To provide concrete examples, qualitative and quantitative data. It will sometimes be inappropriate to name specific individuals or groups with which the project team has engaged, if this may pose risks to those involved. Where this is the case, information about the types of stakeholders engaged and for what general purposes may be more appropriate.</p> <p>Examples may be drawn from settings where there are real challenges in preference to those where the issue is a limited problem and/or easy to address. Taken together, examples should be balanced and broadly representative.</p>	<ul style="list-style-type: none"> • Specific subgroups of stakeholder engaged in particular: women, elderly, disabled, youth; • The general rationale for the engagements; • The particular purposes of different engagements and the extent to which those purposes were achieved or advanced; • If the engagements were single events or were part of an ongoing engagement process; • How many stakeholders and stakeholder groups or consultation events took place during the consultation process; • Possible changes made to the engagement plan and reasons why • Written and verbal feedback to groups summarizing project initiatives related to concerns; • Tailored feedback to different subgroups when applicable.

Supporting question	Objective and Guidance	Relevant Information to include
<p>5. Which formats of engagement are prioritized and why?</p>	<p>To convey that the form of consultation was tailored to the nature of the project, and based on the stakeholder analysis and engagement plan.</p>	<ul style="list-style-type: none"> • Brief description of events and discussions (location, format, number of participants, key issues and concerns raised, how it was documented, whether agreement was reached; • Information provided to stakeholder groups prior to consultation events; • Locations, languages, and formats chosen and reasons why; • Documents on key environmental and social issues disclosed publicly; • Disclosure of results of the consultation process; • Amount of time given to stakeholders to review and discuss the information; • Measures to ensure the process was respectful of people’s views; • Examples of stakeholders buying in and trusting the engagement process was fair and legitimate; • Types of forums and methods applied for the consultation process; • Notable differences in the events conducted with subgroups such as vulnerable and marginal groups.
<p>6. How did the views of stakeholders influence the project design and implementation of the project?</p>	<p>To demonstrate, through concrete examples, the extent to which the engagement process with stakeholders serves the intended purpose of informing and addressed the identified environmental and social risks</p>	<ul style="list-style-type: none"> • The views, concerns and specific inputs of stakeholders on the different issues reflected in project design and implementation plans; • Inputs provided by stakeholders to action plans addressing environmental and social issues; • Project team decisions or actions regarding any issues that have been informed by stakeholder inputs (e.g., a decision not to proceed with a project based on inputs from communities and relevant experts; a change in design based on a negotiation with subgroups) • Reasons for a decision not to incorporate or address issues in response to a significant point of stakeholder; • If and how stakeholders were informed of the decisions, actions or other changes that resulted from their inputs.

Supporting question	Objective and Guidance	Relevant Information to include
<p>7. How has the project established a Grievance Redress Mechanisms, and how is it functioning?</p>	<p>To explain the processes that apply when affected stakeholders have questions or concerns; when there is a need for mediation; or when the project is perceived to be causing or contributing to negative impact.</p>	<ul style="list-style-type: none"> • Means through which the project receives complaints or concerns related to project impacts; • Type of Grievance Redress Mechanism established for the project; • How people are informed about it; • Types of complaints received; • Number of complaints processed; • Reasons for rejecting complaints; • Efforts at mediation or problem solving; • Criteria to assess effectiveness of outcomes; • Trends and patterns in complaints or concerns and their outcomes; • Significant examples of remedy given for an actual impact.

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