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Stakeholder Engagement and Information Disclosure

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Environmental and Social Solutions Division

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Stakeholder Engagement and Information Disclosure

This publication on meaningful stakeholder engagement was updated under the leadership of Serge-Henri Troch, Chief of the Environmental and Social Solutions Division (ESG) at the Inter-American Development Bank. The original publication was written by Reidar Kvam and updated by Susan Wood, Elizabeth Van Zyl and Soraya Senosier. The core team to update the publication consisted of Julio Rojas and Soraya Senosier. Reviews and valuable comments on initial and updated 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, and the Independent Consultation and Independent Mechanism (MICI), as well as from the Environmental and Social Safeguards Unit of the Inter-American Investment Corporation (IIC).

The contributions from the above are gratefully appreciated.

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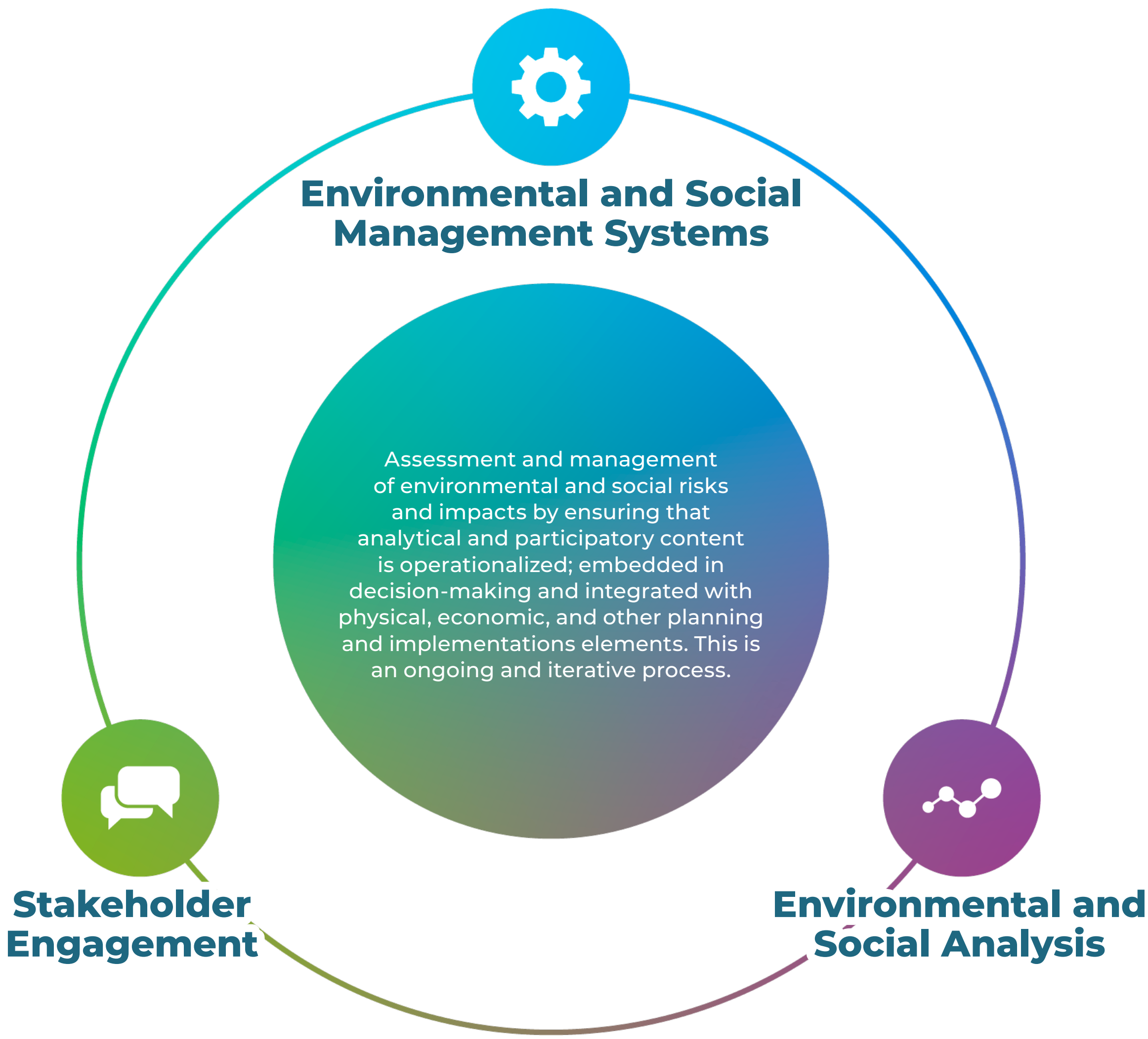
Stakeholder Engagement and Information Disclosure

IDB SERIES ON ENVIRONMENTAL AND SOCIAL RISK AND OPPORTUNITY

About this series

This publication was produced by the Environmental and Social Safeguards Unit 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 policymakers on policy requirements and international good practice, and to encourage more consistent and better-coordinated application of environmental and social sustainability principles. This publication includes an update to ensure consistency with the requirements of the IDB's Environmental and Social Policy Framework.



About ESG

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

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LIST OF ACRONYMS

CBO	Community-based organization
CLO	Community Liaison Officer
CSO	Civil society organization
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESMP	Environmental and Social Management Plan
ESPF	Environmental and Social Policy Framework
ESPS	Environmental and Social Performance Standard
ESS	Environmental and Social Strategy
ESSR	Environmental and Social Risk Rating
FBO	Faith-based organization
FPIC	Free, Prior and Informed Consent
GM	Grievance mechanism
GRC	Grievance Review Committee
IPP	Indigenous Peoples Plan
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IFI	International financial institution

ILO	International Labor Organization
MICI	IDB's Independent Consultation and Investigation Mechanism (MICI for its acronym in Spanish)
NGO	Non-governmental organization
PIU	Project Implementation Unit
SIA	Social Impact Assessment
SEP	Stakeholder Engagement Plan
SOGI Guide	Sexual Orientation and Gender Identity Guide
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN GPBH	United Nations Guiding Principles on Business and Human Rights

PART ONE

1 OVERVIEW

Introduction and Background

Transparent and meaningful engagement with key stakeholders is a cornerstone of informed decision-making and good governance. Developing robust public consultations and stakeholder engagement plans is crucial to foster a positive relationship with both the beneficiaries and those affected by projects financed by the Inter-American Development Bank (IDB).

Effective stakeholder engagement planning ensures that communities are heard and that their concerns can be addressed at a very early stage, ultimately leading to more sustainable and accepted project outcomes.

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 engagement into the projects and programs they support. IFIs such as 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, EBRD, and the IDB have adopted stand-alone policy standards with requirements for stakeholder engagement and information disclosure.

The IDB is committed to fostering an open and transparent engagement with stakeholders affected by the projects it finances. This commitment aligns with the principles outlined in the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (the Escazú Agreement), and with its commitments in the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC). These principles are embedded in the Environmental and Social Policy Framework (ESPF), specifically in ESPS 1 and ESPS 10.

The first edition of this publication, issued in 2017, addressed the growing focus on consultation and broader stakeholder engagement. It reflected the need to strengthen practices in terms of the quality of engagement, as evidenced by recurring complaints about IFI accountability mechanisms such as the IDB's Independent Consultation and Investigation Mechanism (MICI for its acronym in Spanish), or the World Bank's Inspection Panel. Specific updates made to this publication incorporate the ESPF, which took effect on October 31, 2021, and provide further requirements for stakeholder engagement. Specifically, ESPS 1 includes stakeholder engagement as an element of the project Environmental and Social Management System (ESMS), stating: "The ESMS will incorporate the following elements: (i) project-specific environmental and social framework; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review." ESPS 10 now encompasses stakeholder engagement throughout the project or program cycle. The updated publication continues the IDB's commitment to meaningful engagement with people affected by projects as well as other project stakeholders.

The publication is primarily intended for staff planning and implementing projects, particularly environmental and social specialists on project teams. More broadly, it is relevant to policymakers and practitioners. The publication outlines the principles and content necessary for a consultation and stakeholder engagement process to be considered meaningful. It aligns with existing IDB Environmental and Social Standards, reflecting both explicit and implicit requirements and accompanying procedures. It is also broadly consistent with the policy requirements of other IFIs and national legislation in many countries.

The content has also been informed by international good practice developed not only by IFIs, but also by United Nations agencies such as the United Nations Development Programme (UNDP), academia, civil society, and others. These practices are reflected both through formal policy language or guidance, and more informally through evolving case practice experience. Over time, such case practice may become formalized or made more explicit as policies and procedures are updated.

Effective community engagement involves establishing processes for stakeholder engagement management, developing key performance indicators, and creating mechanisms to address social and environmental grievances. Zero tolerance for reprisals is crucial to ensure that all voices can be heard without fear of retaliation. This publication emphasizes that stakeholder engagement should be transparent and inclusive, free from coercion and reprisal. Engagement should be considered an input into decision-making, and stakeholders should be provided with feedback on how their contributions have been addressed.

While the publication focuses on stakeholder engagement and information disclosure at the level of IDB-funded projects, such as those in transport, infrastructure, and education, the same principles of meaningful stakeholder engagement also apply at other levels. This includes strategic environmental and social assessment processes and country-level analysis. Throughout, project-level stakeholder engagement should adhere to the principles described in this publication.

Finally, this publication 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 it suggests key principles and offers 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. [1]

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

Overview of Content

This Overview, which is **Part 1** of the publication, summarizes the objectives and responsibilities related to stakeholder engagement. It provides a brief overview of relevant terminology and outlines key principles for achieving “meaningful stakeholder engagement.” This part also introduces the principle of proportionality, where the engagement process for each project depends on project context, scale, and complexity and subsequent environmental and social risks and impacts.

Part 2 describes 10 stakeholder engagement and information disclosure elements that should be included throughout a standard project cycle. These elements are not necessarily sequential; many aspects of good stakeholder engagement overlap, are iterative, and may require different actions at various stages.

Part 3 presents the annexes, which provide more technical detail and guidance on various aspects, and some examples of templates that practitioners may use.

Scope of Stakeholder Engagement

The ESPF, and specifically ESPS 1 and ESPS 10, applies to all IDB-financed projects.[2]

The issues relevant to stakeholders and the engagement process in a specific project cannot be predetermined. Depending on the type of project and local setting, there could be any number of issues relevant to a project and to stakeholders’ concerns. Different sectors pose different types of risks and opportunities. Various dimensions of the local context may be relevant, including social vulnerability and exclusion; conflict and fragility; governance aspects; land tenure systems; the presence of indigenous groups; risks of natural disasters; and stakeholders’ concerns about noise, pollution, or critical habitats.

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 the local context and likely project impacts, stakeholders are likely to have knowledge and raise issues that project authorities had not considered. A rule of stakeholder engagement is therefore to keep an open mind about determining the scope and content of the engagement process.

Beyond expecting the unexpected, there are some key issues that should be addressed in the stakeholder engagement process. These include:

[2] Section 2.3 of the ESPF specifies that the framework applies to investment loans, grants and guarantees, and, with some limitations, policy-based loans and technical cooperation operations.

- Identification of stakeholders. A stakeholder analysis is a key element in an engagement process. An initial analysis should identify the relevant categories of affected and interested stakeholders. This analysis should be verified and adjusted as needed based on discussions with local communities and others familiar with the project context.

- 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 these may affect individuals, households, and communities. The consultation process should elicit this type of information to supplement the studies and assessments conducted.

- Design alternatives. Local stakeholders should be consulted about their views and suggestions related to alternatives for project design. For example, adjusting the alignment of a new road may reduce adverse impacts and maximize benefits. Stakeholder inputs to design decisions are key to identifying ways to avoid and minimize negative 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 input into action plans and be involved in determining the most appropriate mechanisms for mitigation, compensation, or offsets. In addition to stakeholders' providing valuable insight and suggestions, involving them in such decisions through active participation is likely to foster 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 a crucial role in the project, as in the case of local conflict resolution mechanisms that can be integrated into the project's grievance mechanisms. Local communities may also contribute to project implementation through participatory monitoring or other means.

These topics are discussed in more detail below and in Part 2.

Objectives of Stakeholder Engagement

Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social risks and impacts.

The importance of stakeholder engagement is widely understood and accepted. However, there are concerns that the engagement process may delay project planning and implementation, increase costs, cause tensions and conflicts, or raise unreasonable expectations. While these concerns are valid, avoiding transparent engagement with stakeholders does not eliminate such problems. On the contrary, it may exacerbate them, for example, by fostering rumors and suspicion leading to local opposition to a project.

In short, good stakeholder engagement is not only a requirement but also adds real value to projects. This value becomes more apparent when transaction costs and delays are kept to a minimum. This can be achieved in three ways:

- First, by preparing and undertaking the stakeholder engagement process **as early as possible** in the project cycle.
- Second, by reducing delays and costs by clearly defining requirements and good practices, and by ensuring that the individuals and institutions responsible for engagement have the necessary **skills and resources** to manage the process effectively.
- Third, by recognizing that **there is no "one size fits all" to stakeholder engagement**. The process should be systematic yet flexible and guided by the principle of proportionality to determine the appropriate level of effort.

Meaningful engagement adds value to projects in different ways:

- It is an essential element of risk management, addressing both the environmental risks to groups and individuals affected by projects, as well as the risks to the companies or institutions involved.[3]
- It captures the views and perceptions of people who may be affected or have an interest in a project, providing a means to incorporate their feedback into improved project design and implementation. This approach helps avoid or reduce adverse impacts, and enhances project benefits.
- It provides an important source of validation and verification of data obtained elsewhere, improving the quality of Environmental and Social Impact Assessments (ESIAs).
- It enables people to understand their rights and roles in relation to a project.
- Greater transparency and involvement of stakeholders enhance trust, project acceptance, and local ownership, which are key to project sustainability and development outcomes.
- It is essential to the credibility and legitimacy of implementing agencies and of IFIs such as the IDB.

[3] Such risks may include reputational risk, financial risk, legal risk, and credit risk.

- Some form of stakeholder engagement is generally a formal and legal requirement for projects, based on national laws.

- It is required by the IDB and other financial institutions to comply with environmental and social policies in projects that have the potential to cause harm to people or the environment.[4][5]

Responsibilities

In projects financed by the IDB, the responsibility for stakeholder engagement throughout the project cycle lies with the borrower through the implementing agency (herein referred to as the "Borrower" or "Executing Agency").[6] The nature, scope, and frequency of stakeholder engagement and information disclosure should be proportionate to the project's nature and scale, development and implementation timeline, and potential risks and impacts.

The IDB plays a complementary role to the Borrower by explaining, advising, supporting, and verifying. The IDB can contribute Terms of Reference for studies and Stakeholder Engagement Plans (SEPs) and consultations, review and comment on the quality of the work, and provide training and capacity-building to strengthen local institutions. This can occur at different levels, including working directly with the relevant project authorities such as a Project Implementation Unit, providing advice and training, and engaging at a more strategic or programmatic level, such as through initiatives aimed at strengthening country systems and implementation capacity.

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

During the preparation phase, the Borrower should plan and undertake the consultations. It is recommended that IDB staff observe selected consultation events as part of project preparation and due diligence, verifying the information provided. Throughout the project cycle, it is the Borrower's responsibility to continue engaging with stakeholders, document that engagement, and address and respond to grievances. As part of its due diligence, the IDB must verify that engagement is being carried out and that grievances are addressed and resolved.

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[4] Other financial institutions include commercial banks that are members of the Equator Principles Association.

[5] The 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 project lifetime: High, Substantial, Moderate, and Low Risk.

[6] While this publication references IDB requirements and practices, similar requirements apply in other IFIs.

In rare cases, it may be appropriate for IDB staff to undertake independent consultations with key stakeholders. This can occur when there are concerns about the Borrower's ability to undertake systematic and comprehensive consultations, when there is potential for retaliation, or when there are low levels of trust between people affected by the project and government or project authorities. In such cases, IDB staff could undertake confidential discussions to fully understand relevant issues and concerns. If these discussions reveal issues relevant to project design and implementation, IDB staff should convey the key recommendations to the Borrower, while protecting the anonymity of those who have requested it. Such separate discussions and consultations may also improve the IDB'S documentation, support for the project, and advice and support to the Borrower.

Terminology

Stakeholder

As defined in the ESPF, stakeholder refers to individuals or groups, including local, downstream, and transboundary communities, that (i) are affected or likely to be affected by the project, and (ii) may have an interest in the project ("other stakeholders").

Some stakeholders such as local communities may be affected by the project either positively or negatively, while others may have an interest in the project and be in a position to influence its outcomes. The latter groups include local, national, and international non-governmental organizations (NGOs), community-based organizations (CBOs), and local service providers (e.g., emergency services, fire brigades, owners and operators of public utilities, local police, etc.).

Project effects include any change to environmental and social baseline conditions, such as air or water quality, access to cultural heritage, land access, or business and employment opportunities.

While stakeholders vary between projects, typically there are three broad categories of stakeholders for the purposes of engagement (Figure 1.1):

- People (or groups) affected by the project, i.e., those experiencing project **impacts**
- Other stakeholders that are not project-affected people but can **influence** project outcomes. This group can be further broken down into:
    - Those with a specific decision-making responsibility as part of project approval in the Executing Agency or with respect to a certain law that applies to the project, (e.g., Executing Agency staff, contractors, or government agencies responsible for project approvals).

» Those who are not responsible for approval decisions but have an interest in the project that will be considered by these project approval processes.

Figure 1.1. Key Project Stakeholders

Stakeholder Engagement

Different terms are frequently used interchangeably, and there is some confusion about the differences between participation, consultation, stakeholder engagement, and other related terms. Consistent with IDB policy, in this publication the term "stakeholder engagement" is used broadly to cover a continuum of engagement and intensity, proportionate to risk as discussed below.

ESPS 10 states that stakeholder engagement involves the following steps: (i) stakeholder identification and analysis, (ii) planning how the engagement with stakeholders will take place, (iii) disclosure of information, (iv) consultation with stakeholders, (v) addressing and responding to grievances, and (vi) reporting to stakeholders.

This publication discusses how the engagement process is comprised of several elements that should be addressed starting early in the project preparation phase.

For stakeholder engagement to be meaningful, it must include appropriate information disclosure and meaningful consultation. This is a two-way process that establishes the needs, values, and concerns of the public, provides a genuine opportunity to influence decision-making, and uses multiple and customized methods of engagement that promote and sustain fair and open dialogue. Meaningful consultation is defined in greater detail in the following sections.

Other key terms used within this publication are included in the Glossary in Annex I.

What Makes Stakeholder Engagement Meaningful?

There are several criteria that should be met for a stakeholder engagement process to be considered meaningful. Above all, it should not be viewed as one or more isolated events organized merely to "check a box" or to meet a licensing requirement. It should be preceded by an analysis of the project, its context, potential impacts, and relevant stakeholders. It should also be followed by genuine consideration of stakeholders' views and concerns in decisions related to project planning and implementation, allowing for a possibility of modifying the project design or implementation.

In addition to the need for prior analysis and subsequent follow-up, meaningful stakeholder consultation should reflect the following 10 principles to ensure that:

1. The stakeholder engagement process is ongoing and iterative throughout the project cycle, starting as early as possible.

2. Different categories of stakeholders are represented and involved. This may include individuals, groups, and both formal and informal local institutions at different levels, such as subnational and local government.

3. Sufficient resources are allocated, including budgets, staffing, and capacity. Project authorities should be willing to take stakeholder views seriously and to modify designs and implementation to reflect stakeholder concerns where possible. This may involve capacity-building for affected stakeholders to establish a level playing field for different groups to engage.

4. There is transparency and that factual information is provided about the scope of consultation and the ability of stakeholders to influence project decisions.

5. The process is equitable and non-discriminatory, giving a voice to poorer or more vulnerable affected stakeholders and ensuring that they are not disproportionately impacted by the project.[7]

[7] Disadvantaged or vulnerable refers to people or groups who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to benefit from a project. Such people and groups are more likely to be excluded from participating or unable to fully participate in the consultation process, and they may require specific measures and/or assistance to do so. This status may result from factors such as disability, health conditions, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinions, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable individuals or groups may include the poor, the landless, the elderly, single-headed households, natural-resource-dependent communities, refugees, internally displaced persons, or other displaced persons who may not be protected through national legislation and/or international law.

6. Stakeholders are provided with 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 contexts, but at a minimum all the information should be understandable and accessible to all.

7. Consultation events and other forums or means of engaging with stakeholders are respectful and free of intimidation and coercion. Stakeholders should not be lectured, but instead engaged in a dialogue where differences of views are respected and where stakeholders who express concerns or criticism against the project or authorities are protected from reprisal.

8. There is confidentiality of information and stakeholders where appropriate, (e.g., when requested, or where there is a concern about reprisal).

9. The consultation process respects participants' time by avoiding consultation for its own sake or excessive discussions that do not lead to actionable outcomes or may create unrealistic expectations.[8]

10. The process is systematically documented, and relevant aspects of it disclosed publicly.[9]

These principles are effectively put into action by implementing the 10 elements of a process for meaningful engagement, as described below, along with some key questions related to them:

1. **Identification of priority issues**
    » What are the likely risks and opportunities arising from the project that are of concern or interest to stakeholders?[10]

2. **Stakeholder analysis and engagement plan**
    » Who is affected by the project, and who has an interest that can influence outcomes?

    » How will the project engage with them?

    » Is the process disaggregated by gender and potentially vulnerable groups?

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[8] 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 delay before stakeholders see concrete project benefits, they should be informed.

[9] Applicable laws and institutional requirements should be referred to and complied with in specific project contexts.

[10] From a safeguard perspective, the emphasis is on risk to people and the environment, rather than risk to the Executing Agency or the financing institution.

3. **Prior information**
    - How will information be provided to stakeholders prior to consultation and consultation events in a meaningful way?
    - Are stakeholders given sufficient time to review and discuss the information?
4. **Appropriate forums and methods for the consultation process**
    - How should consultation events be organized?
    - How should the project ensure that the voices of vulnerable or marginal groups are heard and considered?
    - Have measures been taken to protect people from reprisal where relevant?
5. **Grievance mechanisms**
    - How can stakeholders seek remedy if they feel the project is causing harm to them or the environment?
    - Is a grievance mechanism known to affected people, and easily accessible by all?
    - Does the mechanism have clear guidelines on redress solutions and timeframes for stakeholders' clarity and predictability?
    - Does the mechanism have the mandate and authority to address and resolve concerns raised by stakeholders?
6. **Design and implementation decisions considering stakeholder perspectives**
    - How will stakeholder concerns and recommendations be considered and addressed in project decision-making and the overall management system?
    - How is this documented?
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?
    - Have systematic records of consultation events been kept and shared with stakeholders?
8. **Baseline data, action plans, and management systems**
    - Have appropriate data, indicators, and benchmarks been established?

- What action plans will the project 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 mechanisms are established to document and disclose relevant project information?

10. **Ongoing stakeholder engagement throughout project implementation and completion**
    - What mechanisms are established to ensure that stakeholders are kept informed and involved throughout project implementation and during transition arrangements for project closure?

Some of these elements could be merged or further disaggregated. The intent is not to suggest that these elements are fixed and given, but to provide an overview of important considerations that help structure the stakeholder engagement process in a systematic manner.

These elements are discussed in more detail in Part 2.

Embedding Stakeholder Engagement in the Project Cycle

Preparing and undertaking the stakeholder engagement process should start as early as possible in the project cycle. A common mistake is to treat engagement as separate from and unrelated to other project planning elements, and to start it too late. If the process starts too late, there will not be enough time to conduct the engagement meaningfully, potentially leading to problems and local opposition that may delay or jeopardize other aspects of project planning and implementation.

Ideally, the identification of key issues and stakeholders should start at the conceptualization or identification stage. Actual consultation events may be held somewhat later depending on the project, coordinated with the project design process. The timing of the entire process, including consultation events and their coordination with various project milestones, needs to be carefully mapped out to avoid delays or inadequate consultation that could turn into bottlenecks for the project. The timing also needs to coincide with requirements for project disclosure, approval, and other milestones.

While Executing Agencies (or Borrowers) use different terms for project phases, procedures, and milestones, a simplified overview of typical project phases or stages can be summarized as follows, with key tasks related to stakeholder engagement:

1. **Project identification stage**
   » Understand potential risks and opportunities for local communities and other stakeholders through initial scoping.

   » Prepare the stakeholder analysis and engagement plan.

2. **Preparation and approval stage**
   » Analyze risks and opportunities in more detail

   » Undertake systematic consultations with key stakeholder groups.

   » Develop action plans for mitigation measures and social benefits in collaboration with stakeholders.

3. **Implementation stage**
   » Implement social and environmental action and management plans.

   » Ensure continued feedback, consultation, management of grievances, and involvement of key stakeholder groups integrated into adaptive project management.

4. **Completion stage**
   » Consult with stakeholders about project closure, the end of project evaluation, and transition arrangements as needed.

Preparation and implementation phases in projects involve several milestones. The stakeholder engagement process should be closely aligned with various decision points throughout the project, ideally starting with the initial scoping and feasibility discussions. This alignment should include decision points such as alternative assessments for project design, environmental and social risks and impact assessments, content of resultant action plans, and procurement of goods and services. The responsible Executing Agency will define the issues to engage on, who should be engaged, the form the engagements should take, how the results of stakeholder engagement will be reflected in project design and implementation, and how stakeholders will be involved throughout the project lifetime.

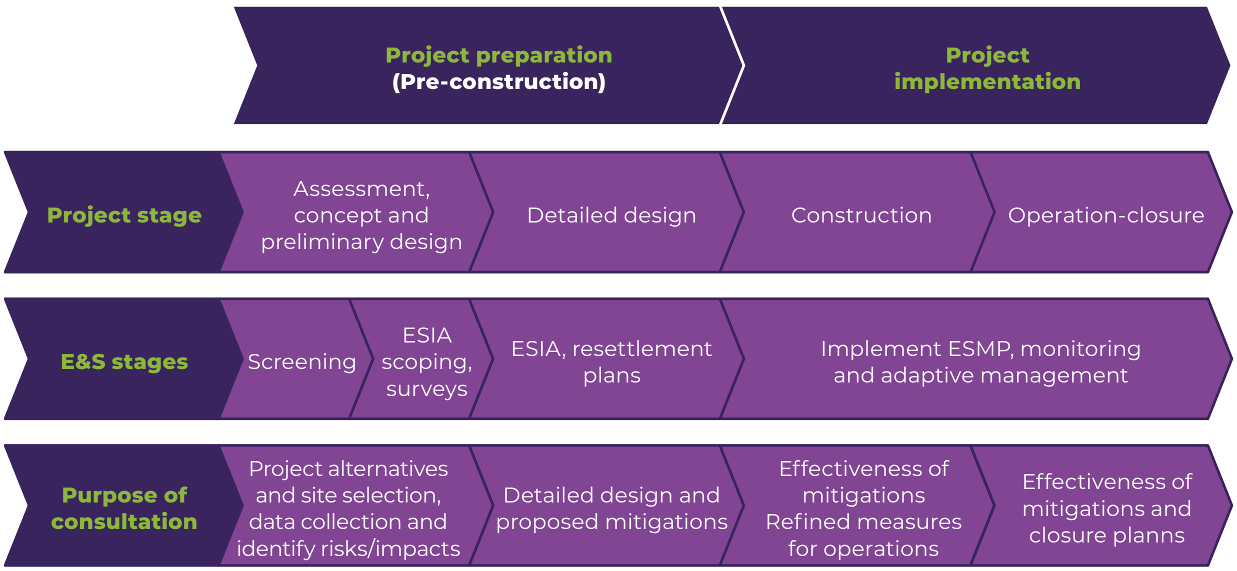
In this way, the 10 elements of a process for meaningful engagement outlined in the previous section overlap with the project's technical assessment processes such as ESIAs, and with management decisions related to project design and implementation throughout the project cycle. If conducted systematically and correctly, the engagement process should not be a delaying factor. It can be done in parallel and iteratively with other aspects of project planning, such as engineering designs. [11]

[11] By iterative, we mean that the various project elements should inform each other and adapt accordingly. Preliminary designs may guide how stakeholders are identified and how initial engagement is carried out. Such engagement may, in turn, serve to modify and improve the designs.

Neither are the 10 elements sequential; they overlap significantly and constitute an iterative process during the various stages of a project cycle. For example, identification of priority issues and analysis of the relevant stakeholders happen in parallel, with each informing the other.

Figure 1.2 shows the purpose of consultation activities mapped against the project cycle for a typical Category A or B project. The process will ultimately depend on the specific category of a project, and engagement activities will be proportionate to the project risks and impacts.

Figure 1.2. Consultation Activities Mapped against the Project Cycle



Source: EBRD (2023).
Note: ESIA: Environmental and Social Impact Assessment; ESMP: Environmental and Social Management Plan.

Proportionality and Resourcing

This publication does not propose a "one-size-fits-all" approach to stakeholder engagement. Stakeholder engagement is a process that should be systematic yet flexible.

The nature, frequency, and level of effort of stakeholder engagement may vary considerably and should be commensurate with the project's risks, adverse impacts, and phase of development. The principle of proportionality should therefore guide the degree of effort:

› In projects with low or no risk, the engagement process might primarily involve dissemination of public of project-related information in a transparent and accessible way. However, engagement should still include provisions for stakeholders to request additional information or to convey their concerns and recommendations.

› Specific stakeholder groups might require additional engagement based on how the project affects them.

- Projects with moderate risk should have a two-way dialogue with affected stakeholders

- Complex, large-scale, or higher-risk projects require more systematic and thorough engagement with stakeholders throughout. Even in such cases, the stakeholder engagement process is unlikely to become a bottleneck if it starts early, is well managed, and is integrated with other aspects of project planning and implementation.

According to the ESPF, the IDB uses two classifications and an associated information disclosure when assessing the environmental and social risks and impacts of a project:

- **Impact classification:** The IDB classifies operations (including projects involving financial intermediaries) into one of four impact classifications: A, B, C, or financial intermediaries. In determining the appropriate impact classification, the IDB will consider several project-specific aspects, such as type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts, including those related to natural hazards and climate change; and the commitment, capacity, and track record of the Borrower to manage the environmental and social impacts in a manner consistent with the ESPSs. This impact classification also guides some aspects of the IDB's information disclosure requirements. The IDB reviews the impact classification assigned to the project and reclassifies it as needed, based on developments in the scope and potential impacts of the project found during the preparation stage. The IDB will disclose the operation's classification and the basis for that classification at the same time as it discloses relevant project documents. The following impact classifications apply:

    - **Category A:** Operations that can potentially cause significant negative environmental or social impacts or have profound implications affecting natural resources.

    - **Category B:** Operations that have the potential to cause mostly local and short-term negative environmental and social impacts and for which effective mitigation measures are known and readily available.

    - **Category C:** Operations that can cause minimal or no negative environmental and social impacts.

    - **Financial intermediary operations:** Operations for which the financing structure involves the provision of funds through financial intermediaries or through delivery mechanisms involving intermediation whereby the financial intermediaries undertake the task of subproject appraisal and monitoring.

- **Risk classification.** In addition to the impact classification, the IDB assigns a risk classification, using an Environmental and Social Risk Rating (ESRR) that is based on a four-level rating: low, moderate, substantial, or high risk. This risk classification is reassessed throughout the project cycle and adjusted in accordance with the developments and circumstances of implementation and the findings of the IDB's monitoring and supervision. Key factors considered in the ESRR are cause (direct environmental and social impacts), contribution (indirect environmental and social impacts), and additional areas of risk that may be relevant to the delivery of environmental and social mitigation measures and outcomes. These additional areas may include legal and institutional considerations; the nature of the mitigation measures and technology being proposed; governance structures and legislation; and contextual factors relating to stability, conflict, or security.

- **Information disclosure:** Project-related documents provided by the Borrower and resulting from the IDB's due diligence are disclosed according to the IDB's Access to Information Policy. The IDB discloses documentation relating to the environmental and social risks and impacts of all projects classified as Category A or B prior to the analysis mission during preparation of the project, in accordance with the Access to Information Policy. This documentation will reflect the assessment and proposed management of the project's key environmental and social risks and impacts, such as the ESIA, Strategic Environmental and Social Assessments, and Resettlement Plan, and will be provided in draft or final form. For all operations within the scope of the ESPF, irrespective of their classification, final or updated documentation, including any new or additional social and environmental assessment reports or management plans developed after project approval, will also be disclosed when available.

Table 1.1 is intended to illustrate degrees of risk and present some examples, but it should not be read as comprehensive or as guide to be followed mechanically. As with other aspects related to stakeholder engagement, judgment must be applied, and different contexts and circumstances will require different approaches. For instance, a project in a sector typically considered low-risk may pose substantially higher risk if it takes place in a context of fragility, conflict, or violence. Moreover, the same project will affect different groups in different ways. For some groups, simple information dissemination will be sufficient, even if the project overall is considered a substantial or high risk. However, the project must still include provisions for stakeholders to request additional information or to convey their concerns and recommendations.

A project will typically apply multiple platforms of engagement at different levels of intensity with various stakeholder groups or around different issues. A more systematic discussion of risk factors can be found in the section on Identification of Priority Issues, in Part 2. The engagement process design must also consider national laws and procedures, including sectoral requirements and corporate requirements in the case of private sector projects.

Table 1.1. Examples of Stakeholder Engagement in Projects with Different Levels of Risk

Risk Levels	Description	Example of Stakeholder Engagement
Low Risk	Project activities with minimal expected adverse social or environmental risks or impacts. No specific mitigation measures are required. Example projects might include those with little or no additional physical footprint required, such as equipment or systems upgrades, or minor civil works, where project effects are largely contained within the existing facility boundary.	**Information sharing** is primarily, though not exclusively, a one-way communication. This may be appropriate as the main form of engagement with the public in low-risk circumstances. The engagement consists largely of public information dissemination of project-related information in a transparent and accessible way. However, it must still include a provision for stakeholders to request additional information or to convey their concerns and recommendations. Specific stakeholder groups might require additional engagement based on how the project affects them.
Moderate Risk	While not significant, the risks and operational challenges warrant attention. Adverse impacts may be limited and few in number and readily addressed through mitigation measures. Risk factors may include: › The consultation process may fail to capture views and perspectives of some groups › The potential for elite capture of a disproportionate share of project benefits Example projects might include extensions to existing facilities or construction of new single-site facilities with only local, short-term construction impacts and insignificant operational impacts.	**Consultation as a two-way dialogue:** In projects of moderate risk and complexity, and where there is potential for adverse impacts that would trigger ESPS, stakeholders are engaged through an active two-way process. Information needs to be shared with relevant stakeholders, generally on a disaggregated basis reflecting the local context. Stakeholder views should be captured, documented, and considered.
Substantial Risk	The nature and magnitude of the potential or actual social or environmental risks and impacts are significant and challenging. While the probability of risks may be low, the high severity of impacts indicates overall substantial risk. Risk factors may include: › Systemic discrimination that may prevent some groups from accessing project benefits › The project may exacerbate existing tensions and conflict › There are many vulnerable environmental and social receptors in the project setting An example project could be a new road through an urban area.	**Participation:** Projects with substantial or high risk require a more meaningful 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.
High Risk	The nature and magnitude of the potential or actual social or environmental risks and impacts of a project may cause severe adverse impacts on people affected by the project. Unless appropriately	High-risk circumstances generally require a more in-depth and ongoing engagement with key stakeholders, in particular vulnerable groups. In certain high-risk circumstances, policies and good practices

managed, the impacts may be irreversible. Example projects would have characteristics such as:

- Large-scale land acquisition and resettlement
- Significant adverse impacts on vulnerable groups
- Commercial exploitation of Indigenous Peoples' cultural heritage

mandate 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, such as the requirement for Free, Prior, and Informed Consent (FPIC) from Indigenous Peoples.[1]

[1] For a discussion of FPIC, see the section on Indigenous Peoples in Annex II.

In designing the stakeholder engagement process, key stakeholders should also be asked about their thoughts and priorities not just related to the project, but to how the engagement process itself should be structured. The stakeholders themselves are best positioned to advise on how they can be contacted and should be consulted; what form information should take; how to link with existing grievance mechanisms and other relevant project aspects; and what they expect from the engagement process.

Resourcing

Good 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 can potentially lead to far higher costs than those of the initial effort.[12] 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 equally significant management attention. It can damage an institution's reputation for a long time, and lead to other costs. In some cases, projects have had to be abandoned. It is therefore in everyone's interest to undertake systematic and meaningful engagement, and to demonstrate that stakeholder views have been considered in how projects are designed and implemented.

Delays and costs can be reduced by being clear about requirements and good practices, and by ensuring that individuals and institutions responsible for engagement have the necessary skills and resources to manage the process. Delays are often caused by poor planning or implementation of the stakeholder engagement process, where lack of skill or capacity, or insufficient integration of environmental or social considerations into overall decision-making, can lead to costly mistakes.

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 engagement process,

[12] 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 implement the project well and in a timely manner requires appropriate resources and management attention.

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 an abrogation of responsibility. Since meaningful engagement requires that stakeholders' views be 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 stakeholder engagement managed by people will little experience, who are not specialized, and 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 be addressed in an informed manner by project authorities. The people coordinating the project planning and implementation (often organized in a Project Implementation Unit) will need to fully understand and commit to consideration of stakeholder inputs in the project decision-making process. [13]

The stakeholder engagement 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 way. [14] 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.

Consistency with Human Rights Principles

Meaningful stakeholder engagement is embedded in the international human rights architecture and spelled out in various conventions, resolutions, and declarations. It is consistent with the principles outlined in the Escazú Agreement, which emphasized the right of access to environmental information, public participation in the environmental decision-making process, and access to justice in environmental matters, consistent with the International Labor Organization (ILO) Convention 169 (1989), the only international treaty that deals exclusively with the rights of Indigenous Peoples. It states that stakeholders "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

[13] It is not unusual for a Project Implementation Unit to not be 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 engagement and reflect it in project planning. It is as essential as having the necessary engineering or budgeting capacity during the planning phase.

[14] The 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. The Bank is working to strengthen client capacity and align more closely with countries' own systems. The original guidance was published in Spanish in English in 2017 and accompanying online course was launched in 2017.

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 in 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."

Of particular relevance to the work of the 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's ESPF is 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 is a normative and mandatory requirement. 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." [15] If these rights are not respected, people have a right to remedy, as discussed in the section on the grievance mechanism. Successful application of safeguard policies from a rights perspective is a function of having the appropriate norms and frameworks; the effectiveness and responsiveness of the institutions involved; and people's understanding of their rights and their ability to hold institutions accountable. From this perspective, projects supported by the IDB and other IFIs provide an important opportunity to help member countries comply with their obligations under international human rights law, and to demonstrate the accountability and extraterritorial obligations of IFIs.

[15] 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 for project benefits to be presented as top-down patronage or charity, and where local stakeholders are sometimes treated as passive recipients rather than active participants with rights.

PART TWO

2

TEN ELEMENTS OF MEANINGFUL STAKEHOLDER ENGAGEMENT

Ten Elements of Meaningful Stakeholder Engagement

This section discusses the 10 elements that should be present in the stakeholder engagement process and embedded in project preparation and execution. The graphic below presents the 10 elements and key example key questions related to them.

01 Identification of priority issues

What are the likely risks and opportunities arising from the project, and that are of concern or interest to stakeholders?

02 Stakeholder analysis and engagement plan

Who is affected by the project, and who has an interest that can influence outcomes? How will the project engage with them? Is the process disaggregated by gender and potentially vulnerable groups?

03 Prior information

How will information be provided to stakeholders prior to consultation and consultation events in a meaningful way? Are stakeholders given sufficient time to review and discuss the information?

04 Appropriate forums and methods for the consultation process

How should consultation events be organized? How should the project ensure that the voices of vulnerable or marginal groups are heard and considered? Have measures been taken to protect people from retaliation, where relevant?

05 Grievance mechanisms

How can stakeholders seek remedy when they feel the project is causing harm to them or the environment? Is a grievance mechanism known to affected people, and easily accessible by all? Does the mechanism have clear guidelines on redress solutions and timeframes for stakeholders' clarity and predictability? Does the mechanism have the mandate and authority to address and resolve concerns raised by stakeholders?

06 Design and implementation decisions considering stakeholder perspectives

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

07 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? Have systematic records of consultation events been kept and shared with stakeholders?

08 Baseline data, action plans, and management systems

Have appropriate data, indicators, and benchmarks been established? 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?

09 Documentation and public disclosure

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

10 Ongoing stakeholder engagement during project implementation and completion

What mechanisms are established to ensure that stakeholders are kept informed and involved throughout implementation and in transition arrangements for the project closing?

These 10 elements are discussed in more detail in the following sections. For each section, some suggested questions are included in the form of a checklist. 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 engagement process is to identify the likely environmental and social opportunities and risks of concern to stakeholders.

This begins in the early stages of the project (e.g., during project identification) through initial scoping during preparation and approval, continues into the rest of the preparation and approval stage when risks and opportunities are analyzed in more detail, and then continues to identify risks during implementation and into closure as the operation of the ESMS proceeds.

Early in the project cycle, when data sources will mainly be existing secondary ones, early discussions with key individuals and groups should be undertaken to identify priority issues and key stakeholders, and how the stakeholder engagement process should be undertaken.

Some of the issues 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 identifying them may require in-depth studies and discussions. 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 such as a gas pipeline may cover long distances and cut across different types of communities, ecological zones, and government administrations. This should be kept in mind when analyzing issues affecting or of interest to stakeholders.

The validity and reliability of the analysis related to priority issues is greatly improved through verification with local stakeholders, who may also inform studies and survey designs by helping to identify important issues that are not apparent to outsiders.[16] This should take into account people's perceptions and not just "objective" impacts and interests. While many positive or negative impacts 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. These 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.

[16] Identification of issues and the stakeholder analysis need to mutually inform each other.

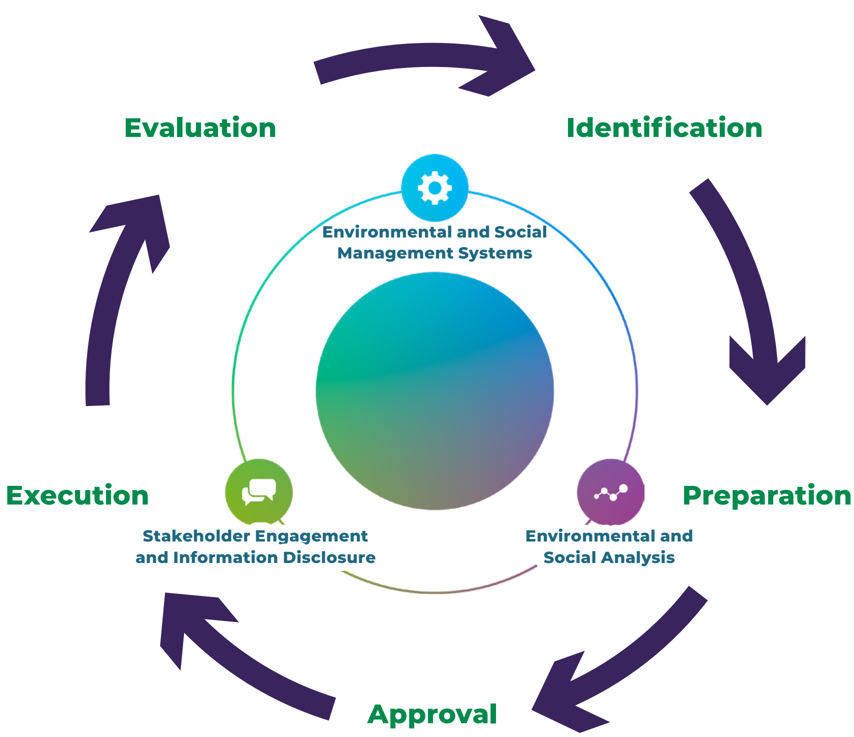
- Ritual or spiritual ties to a location.
- How social capital provides systems of reciprocity and human security.
- How patterns of vulnerability, inequality, and social exclusion affect different groups in different ways, for example, women, the elderly, ethnic minority groups, the disabled, and others.
- Degrees of trust and confidence in government and other institutions relevant in the project context.

It is important to understand issues such as these, but they are difficult to capture through traditional survey methodologies. A combination of methods is recommended, using both quantitative and qualitative data, with sensitive and respectful dialogue with affected people and local communities being an integral part of the process.

The stakeholder engagement process should put affected populations at the center, with the aim of avoiding or mitigating any potential harm and enhancing project benefits.

Figure 2.1 shows 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.

Figure 2.1. The Fundamental Pillars to Address Social and Environmental Risks



The analysis of likely project impacts is generally done through an assessment process. Most countries and the IDB require an Environmental Impact Assessment (EIA), which is a good entry point if started early enough in the project design process. Compliance with national laws is a requirement for all projects. However, while this is necessary, it is not always sufficient. Gaps between country systems, and requirements of IFIs such as the IDB, are common.[17] The content and scope of 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, the ESIA, which integrates the analytical and participatory aspects into overall project management on an ongoing basis.

While environmental and social safeguard policies are primarily concerned with identifying and mitigating impacts, 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.

Questions to ask related to project benefits may be related to:[18]

- Communities' own priorities or plans for development opportunities
- How local communities may be involved in planning and implementing the project
- Opportunities for targeted benefits to particular groups, especially women or vulnerable groups
- Employment opportunities
- Potential for local capacity-building.

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[17] 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 contradicting national law, the IFI requirements are more often additional to and complementary of national law. They have been approved by the member governments, which 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 publication to produce an overview of gaps and similarities between the requirements of individual countries and the IDB (and other IFIs), for a given country and sector it is recommended that such a gap analysis be undertaken in order to build on existing standards and capacities, and to avoid duplication of effort.

[18] Community benefits are often seen more as a factor in public sector projects than in private sector ones. However, private sector investments may also provide opportunities and benefits for local communities. Many companies see community engagement and local benefits as an important part of their "social license" to operate.

› Local procurement of goods and services

› Benefit sharing for local communities.

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, but judgment on a case-by-case basis must also be applied.

Looking at risk in a project should consider both the risks of adverse impacts caused by the project to people or the environment as well as and risks to the project meeting its objectives. To identify priority issues for engagement with stakeholders, it is useful to group risk into four categories in terms of potential adverse impacts from or to the project:[19]

1. **Cause** (also commonly referred to as "direct" impacts in the ESIA): Risks of adverse impacts a project may cause directly, and that are attributable to the project, may include:

    » Land acquisition and involuntary resettlement

    » Impacts on natural resources, including land and water

    » Risks to Indigenous Peoples

    » Gender-related impacts, including gender-based violence

    » Impacts on cultural heritage

    » Risks to workers and laborers

    » Risks to local communities related to health, safety, security, and the impact of labor influx and immigration.

2. **Contribution** (also commonly referred to as "indirect or cumulative" impacts in the ESIA): These are risks that a project may contribute to adverse impacts, where other factors and third parties outside of the project's direct control area are also contributing factors (e.g., increased pollution in a watershed where there are many other sources of pollution). This may include cumulative impacts, or risks related to associated facilities. It may also involve risks in supply chains of goods and services, such as labor conditions (e.g., child labor or forced labor) in the case of contractors and sub-contractors. Adverse impacts of this nature may fall outside of a project's direct

[19] The first three of these are in part informed by the 2011 UN Guiding Principles on Business and Human Rights, which uses the terms cause, contribution, and linkage. The "Context" category in this publication is broader than the "Linkage" definition in the UN Guiding Principles.

area of influence and take place at different points of time, and the project authorities may have limited leverage when it comes to addressing them.

3. **Context:** These are risk factors that the project neither causes nor contributes to, but which are part of the project baseline, and are factors with which the project is associated or linked that may exacerbate project-specific risks to people or the environment, or to the project's success. They can also constitute significant reputational and financial risk to the institution involved. For example, a project may be perceived to be complicit in human rights abuses if it is seen to benefit from abuses committed by others. Risks in this category include:

    » Conflict, fragility, and violence

    » Human rights abuses

    » Gender inequality

    » Political instability

    » Ethnic and religious tensions

    » Legal protection and the rule of law

    » Potential for elite capture, opposition, or distortion of the project by influential stakeholders

    » Corruption and weak governance

    » Natural disasters and climate effects

    » Legacy issues involving historical developments that people perceive to be associated with the current project in one way or another, or which may affect project outcomes in various ways.

4. **Performance:** Performance-related risks have to do with the ability of the responsible Executing Agency to plan, coordinate, and implement the various aspects of the project, including the stakeholder engagement process. Poor performance and limited capacity can jeopardize many aspects of a project, including the ability to manage adverse impacts on local populations, or to provide the necessary quality oversight and integration into project decision-making. Factors related to performance include skills, experience, resources, and commitment. In undertaking a stakeholder engagement process, issues of performance and capacity are essential considerations.

All of these factors should be considered in a risk assessment, but the project may need to address them differently depending on its degree of control and leverage over third parties that may be involved.

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 either private or public security forces are deployed, international good practice standards such as the Voluntary Principles on Security and Human Rights should be applied.

In summary, 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 there are secondary data sources and existing studies, such as descriptions of contextual risks, they should be referred to. It should be kept in mind 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 and the associated stakeholder engagement as an ongoing process throughout the project cycle.

2. Stakeholder Analysis and Engagement 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 analysis of priority issues has been undertaken, the next step is 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 given a voice and not disproportionately affected, and that any adverse impacts are avoided or mitigated.

All IFIs require that stakeholders who may be affected by a project be consulted. Stakeholders also include people who may not be directly affected, and other groups that 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 engagement 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 (e.g., online searches, strategic environmental assessments, local ESIAs, local authority plans/documents and websites, local and national registers of civil society organizations (CSOs), and discussions with key informants such as local government or community representatives. A good approach may be to organize a discussion or workshop early in the project cycle and invite a multidisciplinary group of people with knowledge of the setting to draw up an initial list of stakeholder categories and key issues. This can be complemented by project team local knowledge and visits to the area affected by the project. 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.

Groups and individuals do not fall into discrete categories. The same people can be both positively and negatively affected by a project, depending on the issues. For example, there may be adverse impacts related to noise, pollution, and increased traffic for groups that also benefit from local community development.

The stakeholder analysis and the identification of key issues should happen in parallel, with one informing the other. Both primary and secondary data sources may be used, and the analysis should be verified or modified with additional information from the consultation process itself. For instance, the stakeholder analysis should be informed by the ESIA 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 in the same way as project authorities and "experts."

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 impacts through alternative designs. Residual risk would then need to be addressed through specific action plans to mitigate impacts 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, CBOs, religious groups, media, etc.)
- Academia and research organizations
- Organized interest groups (business associations, 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.

For planning purposes, these can be generally grouped into the three broad categories of stakeholders highlighted earlier in the Terminology section for the purposes of stakeholder engagement:

- People (or groups) affected by the project
- Other stakeholders, who can be further broken down into:
    - Those with a specific decision-making responsibility as part of project approval in the Executing Agency or with respect to a certain law that applies to the project (e.g., Executing Agency staff, contractors, or government agencies responsible for project approvals)
    - Those who are not responsible for approval decisions but have an interest in the project that will be considered by these project approval processes.

This grouping is helpful because it informs the process of engagement that will be most meaningful with each group. It may not be necessary to engage separately with all affected, involved, or interested stakeholders. As noted earlier, the degree of effort involved should be proportionate to project risk.

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.[20] Socioeconomic 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, age, religion, ethnicity, disability, or occupation, among potentially relevant social identities. Generally, there is no single preexisting characteristic that automatically renders people vulnerable. Rather, it is often a combination of contributing factors impeding their resilience to external shocks and creating specific needs with respect to achieving meaningful engagement.

As noted earlier, a simplified analysis and approach may be sufficient in projects with low to moderate risk. In projects with substantial or high risk, there would be a need to undertake a more systematic analysis considering socioeconomic status and social diversity.

ESPS 9 requires all Bank-financed projects to develop an analysis of the risks and potential negative impacts that a project may have on gender equality and, if any are identified, to adopt the necessary measures to avoid, minimize, mitigate, and compensate for them. 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 gender-differentiated control of assets, productive resources, employment opportunities, and decision-making. This includes the difference in control between men and women, which is a common point of differentiation. Baseline data and data used in monitoring and impact evaluation should be disaggregated by gender and other relevant stakeholder categories.

The ESPF defines gender as "a social construct that classifies a person as a man, woman, or some other identity." The IDB's Guide to Support the Design and Implementation of Measures to Prevent and Address Discrimination Based on Gender and Sexual Orientation (known as the SOGI Guide) further defines gender as the social, behavioral, and cultural attributes, expectations, and norms associated with being male or female (IDB 2024a). This publication continues to reference "men and women." However, a broad and plural perspective of gender as conceptualized in the ESPF, that is, one that includes sexual orientation and gender identity, should be considered in order to make engagement more meaningful. This inclusion needs to consider certain provisions as related to confidentiality

[20] Such a disaggregated overview of affected stakeholders with corresponding entitlements and support mechanisms is typically done in resettlement situations and referred to as an entitlement matrix.

and the protection of LGBTQ+ communities in order to avoid stigmatization. For example, in contexts of stigmatization and even criminalization, making these populations visible may generate more risks than benefits (IDB 2024a). Analysis should capture all forms of self-identified gender and/or sexual orientation. This would include all members of the lesbian, gay, bisexual, transgender, and queer (LBGTQ+) community.

The IDB developed the SOGI Guide to support implementation of the ESPF (IDB 2024a). Annex II provides key points from the guide on consideration of gender in meaningful stakeholder engagement. The IDB has also developed the Guide for the Prevention of and Attention to Gender-based Violence in Projects (currently available in Spanish) (IDB 2024b) as a further reference to support the planning of meaningful engagement.

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 engagement 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 relationships may all influence how people perceive and interact with a project.[21] 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 resources 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

[21] 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.

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 engagement is to ensure that different views, including from those who oppose the project, are heard and given serious consideration in decision-making. As long as a stakeholder group is offering a perspective that is relevant to the project, its views should be considered (World Bank 2018). 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 an open and inclusive consultation process, including with project opponents. Excluding some groups may cause more serious problems later, and 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.

In many cases, stakeholders may change during the lifetime of a project. Executing Agency management and technical staff may change. Among project authorities, it is important to keep in mind that the responsible people both on the political and administrative side may also 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 and associated stakeholder engagement. New conflicts may emerge as a result of political processes or other reasons. Within local communities, different factions or leadership structures may emerge. 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 engage with stakeholders should be consistent with legal and 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. Increasing numbers of institutions, including the IDB, are adopting the principle of Free, Prior and Informed Consent (FPIC) for Indigenous Peoples in specified high-risk circumstances.[22] FPIC is required under the following circumstances:

[22] See Annex II for additional guidance on the application of FPIC for Indigenous Peoples.

1. Where there are impacts on lands and natural resources traditionally owned or under customary use

2. Where there is relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or customary use

3. Where there are significant impacts on cultural heritage essential to the identity, cultural, ceremonial, or spiritual aspects of Indigenous Peoples

4. Where there is commercial use of cultural heritage (tangible and intangible).

Stakeholder Engagement Plan

The stakeholder analysis then informs the content of the SEP. The IDB requires its Borrowers to develop and implement an SEP proportionate to the nature and scale of the project and its potential risks and impacts in accordance with ESPS 10. The form of consultation should be tailored to the nature of the project, its contextual risks, and its present circumstances, safeguarding the health and safety of its participants. An example SEP and good practice tips are included in Annex IV.

The SEP should guide the engagement process with different groups. The SEP should at a minimum contain the following elements:

- Project description
- Stakeholder engagement regulatory and IFI framework
- Summary of previous stakeholder engagement and issues raised
- Main categories and sub-categories or groups of stakeholders
- The nature of these groups' stake in the project, that is, likely positive or negative impacts or benefits, or interest
- Key characteristics (social situation, cultural factors, location, size, organizational capacity and degree of influence, vulnerability, or social exclusion) [23]
- 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,

[23] While the stakeholder analysis may consider the importance and influence of a stakeholder for internal use, some of this information may not be appropriate for disclosure in a SEP as it is for internal planning.

focus groups, key informants, structured interviews, etc.) – this should cover all project phases, though most detail is likely to be known for the upcoming project phase

- How a grievance mechanism will operate
- How stakeholder engagement implementation will be monitored and evaluated and what external reporting will be produced
- Contact details for stakeholders and responsibilities for stakeholder engagement.

The principle of proportionality should guide the degree of effort, as will the stage of the project's development. Part 1 introduced proportionality, including describing how in projects with low or no risk, the engagement process can normally be limited to simple disclosure and information dissemination but must crucially still include ways for stakeholders to request additional information or to convey their concerns and recommendations. 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. Within the overall system, effort should also be proportionately applied to the various stakeholder groups in this way – for example, by focusing most effort on the most negatively affected communities or groups.

The amount of consultation may vary during different project stages. For example, affected people may wish to have monthly updates on a construction project on issues such as worker influx, grievance mechanisms, and health and safety. At a later stage, when construction is completed, quarterly or annual updates may be sufficient.

Table 2.1 provides a guide to the level and type of engagement that might be required based on potential project risk and impact level. Professional judgement should still be used in the application of this table.

Table 2.1. Engagement Levels Required for Potential Project Risks and Impacts

Potential Project Risks and Impacts	Lowest →	Highest
Information disclosure	Likely to include some or all of the following disclosures, proportionate to the project-specific risks and impacts: › Project information on website and/or locally. Information includes a description of the Borrower and the project and details of accessible mechanism by which the Borrower can be contacted › Informational posters/leaflets or frequently asked questions (FAQs) available locally and electronically	In addition, Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Action Plan disclosed by the Borrower and available locally and electronically Management plans to be disclosed as part of the ESIA include the Environmental and Social Management Plan, including

Potential Project Risks and Impacts	Lowest →	Highest
	› Informational meeting (or alternative) with any adjacent community authorities and affected people (e.g., on resettlement, construction schedule, employment opportunities, traffic diversions, etc.) › Specific information to people affected by the project in advance of key activities that have potential impacts. Examples include before the start of land acquisition, before construction, or before operation › Non-technical summary available locally and electronically › Stakeholder Engagement Plan available locally and electronically › Documentation on project-specific issues (e.g., guide to land acquisition and compensation that is a simple, culturally appropriate summary, resettlement framework and resettlement plans, biodiversity management plans, air quality or odor management plans) › Information proportional to and sequenced with project activities, including timing of potential impacts. Examples include pre-construction disclosure regarding employment opportunities and recruitment procedures; community road and construction safety sessions; frequent engagement during construction on impacts associated with specific construction activities (e.g., blasting); publication of noise monitoring results; summary of grievances; engagement before commissioning; regular but less frequent engagement in operations depending on the needs of the stakeholder; and operational risks and impacts › Disclosure of environmental and social performance data	any required issue-specific management plans such as Resettlement Plans, biodiversity management plans, cultural heritage management plans, or Indigenous Peoples Plans
Meaningful consultation	Likely to include some or all of the following, proportionate to the project-specific risks and impacts: › Consultation with affected stakeholders on specific project issues if needed (e.g., cultural heritage of significance to local communities; community use of natural resources in the project area; livelihood restoration; after a change to service tariffs; operational processes/timing, etc.) › Where projects trigger specific Environmental and Social Management Systems (ESMS) such as ESPS 5, the relevant engagement requirements shall be applied › Open consultation meeting(s) with affected stakeholders and interested parties to attend › Tailored consultations towards the issue, stakeholder, or region (e.g., focus groups; key informant interviews; workshops; surveys; roundtables on biodiversity impacts with	In addition, "participatory ESIAs," including: › Consultation at scoping › ESIA development › Disclosure of draft ESIA phases More in-depth, participatory consultation to further develop the project ESMS, including monitoring plans and specific actions plans, again disaggregated by stakeholder group and with a focus on those most vulnerable to project affects Consultation as part of sociocultural analyses and development of Indigenous Peoples Plans In certain high-risk circumstances, policies and good practices require

Potential Project Risks and Impacts	Lowest →	Highest
	academics, scientific community, CSOs/ NGOs, gender disaggregated groups) › Consultation on information disclosed	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, such as the requirement for Free, Prior, and Informed Consent from Indigenous Peoples (FPIC).[1]
	Feedback on consultation and documentation: Borrower responds to comments received through the life of the project including: › One-to-one feedback based on the comment/suggestion › Correspondence records maintained › Feedback on specific issues through finalizing documentation (e.g., updated FAQs, Resettlement Plans) › General public information updates	A summary of disclosure, consultation, and comments received and how these have been considered: › Included in the disclosed ESIA, covering the ESIA preparation period › In the final ESIA to cover the disclosure period › In the final Indigenous Peoples Plan
Grievance Mechanism[2]	Grievance mechanism	Enhanced grievance mechanism

[1] For a discussion of FPIC, see the section on Indigenous Peoples in Annex II.
[2] Please refer to Annex III, which describes in detail a minimum and enhanced grievance mechanism.

Project-related documents provided by the Borrower and the product of the IDB's due diligence will also be disclosed according to the IDB's Access to Information Policy, published in 2010 and updated in 2024. The Annex of the Access to Information Policy provides an Illustrative List of Routinely Disclosed Information on its institutional website, as follows (IDB 2024):

"C. Environmental and Social Information

"In accordance with the Environmental and Social Policy Framework, the Bank will disclose documentation relating to the environmental and social risks and impacts and the management of all projects classified in social impact categories A and B prior to the analysis mission to be conducted during project preparation. Moreover, and without the following list being exhaustive, the Bank will disclose the following information and the respective updates thereof, including any environmental and social evaluation reports or management plans, whether new or additional, prepared after approval of the project:

- The Initial Summary of the Environmental and Social Review and the Summary of the Environmental and Social Review, required for all category A and B projects, and for those FI [financial intermediary] projects classified as having high or substantial risk;

- Environmental and/or social evaluations and management plans prepared during project preparation and execution, for example:
  - Environmental and social impact evaluations
  - Environmental and social analyses
  - Sociocultural analyses
  - Environmental and social management plans
  - Resettlement plans
  - Stakeholder engagement plans
  - Indigenous Peoples plans
  - Environmental and social audits
- Environmental and social management systems
- Project-specific environmental and social frameworks
- Environmental and social monitoring and supervision information
- Environmental and social action plans
- Public consultation reports"

Guidance on inclusion of digital tools for stakeholder engagement is included in Section 4 on appropriate forums and methods. Guidance on record keeping is provided in Section 9 on documentation.

Once the consultation process is under way, the stakeholder analysis and engagement plan should be updated based on information provided by the stakeholders, and the engagement 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

It is helpful to summarize these different elements, organized by stakeholder categories and sub-categories, in a matrix format.24 Natural review points include before the start of each project phase, such as before implementation begins and at a minimum annually.

Checklist

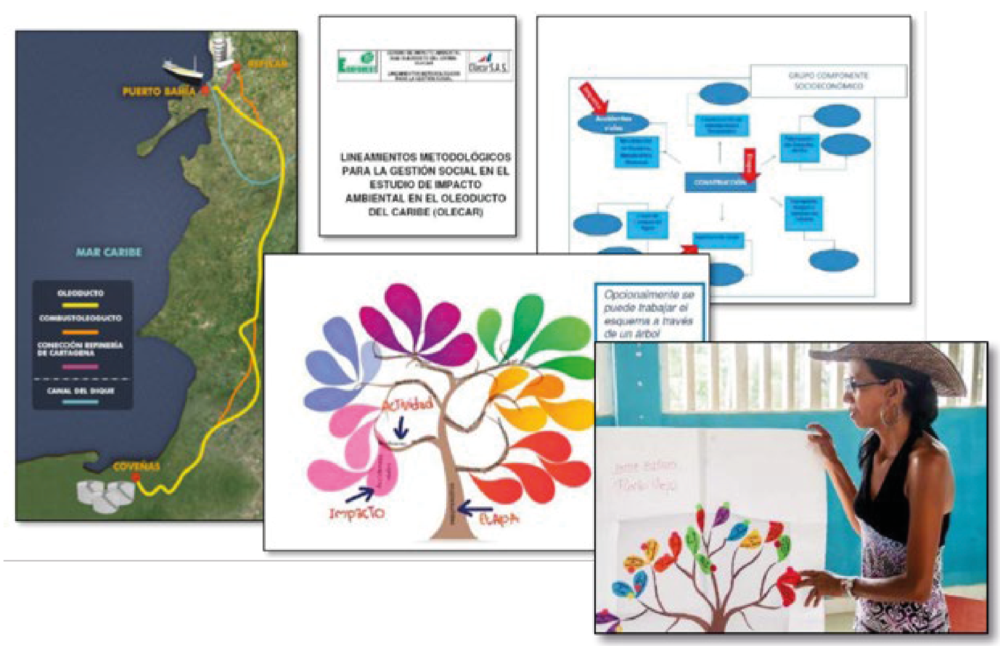
- Has a stakeholder analysis been undertaken?
- Does the analysis identify groups and sub-groups who may be adversely affected, who are potential beneficiaries, or who may influence project outcomes?
- Is the analysis disaggregated by gender and does the analysis identify groups or individuals who may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

3. Prior Information

Providing prior information about the project and the nature of the consultation process to stakeholders should start in the early project stages when possible (e.g., during project identification and early stages of preparation and approval) and be an ongoing process as long as consultation events are undertaken, generally throughout the project lifecycle.

There are two types of information dissemination and disclosure required. First is 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 in order to seek more information or comment on aspects of it. 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 (2024). Specific requirements for Borrower disclosure of safeguard information and instruments are specified in the ESPS.

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 broader public disclosure. It should be tailored 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, and what they are being asked to do or agree to.



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.

The information must be provided in a manner and format that is understandable, easily accessible, and culturally appropriate, and it must take into account stakeholders' knowledge and access to digital platforms. For that purpose, technical information on a website is rarely meaningful as background information. Instead, the information should be made available in:

- Appropriate locations
- Appropriate formats [24]
- The official language(s) of the country and any additional local languages where any person or groups will be disadvantaged in their access to engagement unless that language is available to them, including any vulnerable groups
- Plain language and non-technical summaries, verbal communications, or the use of images to further explain issues, and if some of the stakeholders are illiterate.

Meaningful stakeholder engagement typically combines several tools to maximize the number of stakeholders that will be able to access the information, including use of any appropriate existing forums.

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 ESIAs. In such cases, there may be a need to simplify or summarize technical reports in order 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 plays, videos, or 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. If those consulted are among

[24] An additional detailed summary of the strengths and weaknesses of various information disclosure tools can be found in EBRD (2023).

decision-makers related to the project, they should be informed about what they are being asked to endorse or approve.

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 simple information dissemination. Such a sham consultation is inconsistent with international good practice and is likely to lead to frustration or even opposition and conflict.

Participation in consultation events should be voluntary and free of coercion, intimidation, or reprisal against those who may be opposed to the project (see Section 4 for further detail on managing the risk of reprisal). 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 from 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 for activities that are outside of the scope of the project – for example, community members may ask that an education program 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 dominating 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 in terms of benefits and potential adverse impacts. Timelines should be communicated clearly, and reasons for delays should be explained when they occur. If information is provided in clear and understandable ways, it can help prevent 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 a 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 Section 7).

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 semi-skilled labor during a construction phase.[25]

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

The timing 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 when 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 reflection and 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 at least a week 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?

[25] 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 II.

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
- Open houses
- Workshops and seminars
- Consultations with key informants
- Focus groups
- Roundtables
- Advisory panels and community-based committees
- Discussions as part of conducting surveys or census studies
- Questionnaires
- Site visits for stakeholders
- Consultations using electronic media
- Awareness campaigns and outreach
- Engagement via trusted third parties (e.g., an NGO) where appropriate and necessary in relation to management of the risk of reprisal.

The consultation process will often require several separate events and different formats to be meaningful, 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, and the use of any appropriate existing forums should be considered. 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.

- Separate conversations may be needed with women or groups that may be less able than others to express their views in a larger forum.

- There may be temporal or practical considerations as to when to hold consultations. It may be better to reach people on a weekend or in the evening than during working days; morning meetings may be useful for shift workers; and providing childcare may allow parents with children to attend.

- Stakeholders should have their direct costs such as payment for transportation covered if events are some distance from people's homes, or the project can provide transport. People should also be provided with appropriate food and drink.

- The overall accessibility of a meeting venue for disabled stakeholders should be assessed.

- The stakeholder analysis should identify any groups that are only present part of the time. As an example, some people may be migrant laborers not from the local community.
- Some people may be seasonal users of land and resources, such as certain nomadic or pastoralist groups, or people who collect fish from seasonal flood waters.
- If discussions are held at some distance from people's homes, it may be necessary to arrange for transportation of certain individuals and groups, such as the 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.
- Some stakeholders might be more comfortable putting forward issues or questions that they wish to have addressed at meetings in advance, including anonymously.

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 be identified but that an assessment be made of their interests and their degree of influence. Special efforts should be made to ensure that the views and concerns of persons 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 a stratified and purposive sampling approach is generally more appropriate.[26] 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, and that provide opportunities for people to pose questions and raise concerns.

[26] 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.

Measures to support engagement with a view toward being more gender-inclusive include establishing a gender balance within the stakeholder engagement team.

One should keep in mind that even when trying to disaggregate and obtain views and perspectives from different groups, it is important not to confuse such inputs with formal representation. People within a group or sub-group may have their own agendas and may not represent the larger group of which they are members, and it is not unusual for there to be divergent opinions both within and among groups. This is true, for example, among civil society organizations – they are often very different, and meeting with some of them does not necessarily mean that one has a clear understanding of other views of other organizations. One should also be careful about grouping different people together when they have little in common – for example, people with disabilities as a category are likely to include individuals with very different needs and views. Where time and resources allow, therefore, consideration should be given to triangulating different types of information from different sources; probing and verifying; being open to further disaggregation among relevant stakeholder groups; adding new stakeholders to the process; and in some cases, returning to groups previously consulted.

From a good practice perspective, there is no rule when it comes to absolute numbers that should participate, or what percentage of a population.[27] Rather than absolute numbers, the recommended approach is to ensure that each of the relevant stakeholder groups and sub-groups identified is adequately represented and has the opportunity to express their views.

The most common format for consultation events is public hearings or meetings, usually held at the 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:

- If applicable, be clear about the **project scope** to which the engagement relates. For example, if a transmission line is needed for a project (it is an associated facility) but is being built by a separate government agency, explain how or if the consultation event covers that transmission line.

- Explain **objectives** of the discussion, how the event will be structured, and expected follow-up.

[27] However, some countries or jurisdictions may have specific requirements of minimum numbers from a community or group that should be present for a consultation event to be considered legitimate.

- 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 upon 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 consultations play in decision-making.

- 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 for managing project benefits and impacts.

- 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 empathize. 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 there is a degree of transparency in the process because 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 event 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 consultation. There are a number of potential pitfalls with public consultation events that projects should avoid, including the following:

- 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.

- Large events may become polarized, with different groups in the audience becoming vocal or hostile to each other and/or to the project representatives.

- 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 process, 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 they 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; lack an understanding of how projects function; and be intimidated by external authorities and shy about voicing their concerns. Sometimes 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, roundtables, or key informant interviews and other small groups and individual and household forums. This will help 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 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. It is also still important to examine the attendance list at small group and individual meetings to address whether some among those invited might fear retaliation.

Discussions with stakeholders can be tense and confrontational, and project teams need to be prepared to listen to people's grievances without becoming defensive. (Consultations with Nazo community in Panama, 2008)

Some forums can be established or accessed (if already existing) for the full project cycle, for example, representative CBOs as a broad forum for dialogue ranging from identification of potential impacts and mitigation measures to participating in grievance management and participatory monitoring.

Vulnerable groups should be asked what formats and logistics are best for them including "where, by whom and how often," and whether it could be necessary and culturally appropriate to use a third party or community representative.

To maintain the overall transparency of the stakeholder engagement process, the outcomes of all forums should be disclosed publicly, summarizing or anonymizing information as needed for confidentiality and considerations for stakeholder safety.

Attendance should also be analyzed to understand whether the engagement program has reached the intended stakeholder groups. Where it has not, efforts are needed to understand the cause of this and consider additional engagement.

As with prior information, consultation should include forums:

- In the official language(s) of the country and any additional local languages where any person or groups will otherwise be disadvantaged in their access to engagement, including any vulnerable groups
- Using plain language and non-technical summaries or verbal communications or the use of images to further explain topics.

Use of Virtual Technology

In the guidance provided below, note that in all cases access to digital technology, including power and data needs, digital literacy, and language(s) used, need to be considered.

Virtual Methods: Consultation Phase

- Traditional media such as telephone, mail, and email are particularly useful for consultation in areas with poor Internet connection coverage or for ad-hoc/ personalized engagement (e.g., to contact the key interested parties individually).
- Virtual platforms to share information can include the website associated with the Project Implementation Unit (PIU) or with the operation. Virtual platforms can include social network accounts, such as a PIU's Facebook, Twitter, and/or Instagram accounts. The idea is to gain visibility for the PIU on social networks (checking the number of followers and the level of interactions on the website) as well as gauge support of the virtual community for the project and the PEU (reviewing the types

of feedback concerns that the project generates in the comments and inquiries received). Virtual platforms are particularly useful for reaching communities and interested parties in general.

- Telephone messaging platforms such as WhatsApp and Facebook, which are widely used by the public to share personal and private information, can be used by the PIU to facilitate dissemination of project information, particularly in closed and remote communities.

- Various types of virtual platforms for audio/video conferencing and live streaming are available on the market and generally free to use. Accessible platforms include Microsoft Teams, Microsoft Skype, Webex, Zoom, YouTube, and Facebook-lives. These platforms allow the audience to participate through audio/video conferences and live chats.

Key Aspects to Consider

- **Identify roles and responsibilities within the PIU dedicated to the management of virtual communication (within and outside a digital platform).**

  A person or a team should be selected depending on the size of the project within the PIU to ensure that all communication-related tasks (including the organization of the consultation event and associated logistical requirements) are attended to effectively and in a timely manner.

- **Establish a platform and effective two-way communication systems with all key and relevant interested parties (before and after the consultation event).**

  This is usually ensured by providing interested parties various means to contact the PIU regarding the development of the project. A virtual platform can be provided to share information related to the project, including invitations to consultation events and the collection of feedback from the community before, during, and after the public consultation). For this purpose, the websites or social media websites of the PIU or affiliated parties (e.g., partner organizations) may be referred to (e.g., Facebook).

  A suitable website should be chosen to share and publish information on the operation, appropriate project information can be shared on the web pages of other authorities or organizations).

- **Establish the type of virtual consultation to be conducted.**

  A virtual consultation can be conducted via a videoconference or live transmission. The speakers can use a presentation (e.g., in PowerPoint) to support the delivery of the information and to prompt reactions or queries.

In videoconferences, all participants could be consulted, and feedback provided through the video/audio calling service in real time. In the live broadcast, participants will be able to attend the event (via audio or video), though the level of participation will be limited to live chat.

Although video conferencing proves to be more effective, it requires more logistical effort and appropriate equipment for all participants. As such, it is not considered appropriate for events involving the participation of a large audience.

A hybrid model can be suggested between the two options. In this option, the PIU, the speakers, selected key stakeholders, and principal representatives (heads of communities, local authorities) can attend a restricted video conference or an in-person meeting (where and when possible). Other members of the broader community can follow the event through livestream (and can still provide inputs via monitored live chat).

An appropriate platform for sharing the event should be identified. Many options are available and are free to use (e.g., YouTube, Facebook, Zoom, Webex).

- **Ensure that appropriate equipment and service technology are available for all parties participating in the virtual consultation.**

  Professional subcontracted companies can be hired to facilitate the logistical organization of the event. Technical arrangements should focus on the following key aspects:
  - Organize a registry of virtual assistants. Audience members who participate through videoconference must provide their name and organization. However, participants may be offered the option to participate anonymously (e.g., via live chat).
  - Provide reliable and fast Internet connections for participants through video conferencing and for the audience that attends via live broadcast.
  - Provide high-resolution cameras and microphones for livestreaming (commercial smart phones are generally adequate) for people who participate through videoconferencing.
  - Appoint a communication manager for the event to support the speakers, moderate the conversation (prohibiting potential disruptive/unpleasant/offensive contributions and participants), and control live virtual chats.

- **Questions, observations, and comments from stakeholders interested in the project must be collected before, during, and after the consultation event and should be responded to in a timely manner.**
  - In the videoconferences, all participants can be consulted, and feedback provided through the video/audio service in real time.
  - Questions that are sent through live chat must be answered by the speaker in real time.

   » If time is a limiting factor in addressing all the questions raised in a live chat, provide a pre-established platform (e.g., an email address) to collect more comments and questions that were not addressed during the event. This can be offered to the audience within a determined period (e.g., one day after the event) to provide more input. These questions must be registered and responded to in a timely manner.
   » Questions and answers provided after the event must be disclosed.

› **The security of any such tools should be reviewed frequently, and appropriate data security measures applied.**

Other Key Considerations

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. Event organizers should be ready to start on time. 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 their 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 specific events such as community meetings should be held in locations and in ways in which people can participate freely. Separate conversations with individuals or small groups behind closed doors should be avoided to the extent possible in order to reduce the likelihood or perception of intimidation, collusion, or corruption. However, the project should 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 by all parties to engage in the process, agree on the nature of it, and change or modify initial positions.

It is important to take into account that **stakeholders do not represent a homogeneous group**. Stakeholder views are unlikely to be homogeneous or unified. It is therefore not realistic to expect full consensus or agreement among everyone or for there to be absolute support for a project.

Agreement or consent on the part of a community (e.g., 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, where possible, to broker agreements and mediate between different factions. In such cases, it is important that mediation be conducted by a trusted third party, such as local clergy, 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 conceal 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 best interest of the individuals concerned. 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, 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.

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 starts. 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 reduce support for the project.

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

Reprisal Risk Management

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 (Box 4.1). 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.

Box 4.1. What Is Reprisal?

- Reprisal refers to any acts that impair or harm (or threaten to impair or harm) project stakeholders, directly or indirectly, with the intent to improperly influence the actions of those stakeholders in connection with an IDB project. Typically, acts of reprisal are taken against project stakeholders who have expressed critical views concerning, or opposition to, Bank-funded projects, Borrowers, or Executing Agencies.
- Common acts of reprisals include intimidation, threats, harassment, punishment, judicial proceedings, or any other retaliatory acts against those who voice their opinion or opposition to an IDB-financed project to a third party related to the project, or to the Borrower.
- Other terms commonly used to refer to reprisal are sanction, reprimand, and retaliation.

The IDB has developed the Reprisal Risk Management Technical Note to increase awareness of risks of retaliation among both IDB staff as well as Borrowers and Executing Agencies (Holmström 2022). The IDB also supports its staff in their supervisory and advisory role vis-à-vis IDB projects and the environmental and social capacity of Borrowers and Executing Agencies, as well as the Borrowers and Executing Agencies themselves, in identifying, evaluating, and addressing risks of retaliation over the course of project design, implementation, monitoring, and closure. By building on the requirements of the Bank's stakeholder engagement and information disclosure ESPS 10, in particular, the Technical Note provides a framework to identify, assess, prevent, and mitigate risks of reprisals, and to respond to allegations that reprisals have occurred in the context of public sector projects.

The text below draws on portions of the Executive Summary of the Technical Note. The Technical Note itself provides substantial additional detail, reference sources, and examples, and should be read in full as part of developing the Stakeholder Engagement Plan.

The ESPF reflects the IDB's zero tolerance for "retaliation, such as threats, intimidation, harassment, or violence, against those who voice their opinion or opposition to an IDB-financed project or to the Borrowers." [28] Stand-alone ESPF standards on labor, gender equality, community health and safety, and stakeholder engagement also place obligations on Borrowers to proactively identify and prevent or mitigate risks of reprisals against project stakeholders, including people affected by projects and project workers. [29]

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28 IDB Environmental and Social Policy Framework, Part 1, Section 7.2.

29 The ESPF defines project workers as (i) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (ii) people employed or engaged through third parties to perform work related to core functions of the project for a substantial duration (contracted workers); and (iii) workers engaged by the Borrower's primary suppliers (primary supply workers). This includes full-time, part-time, temporary, seasonal, and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

In the context of IDB-funded projects, affected people or associated third parties may have views that diverge from those of Borrowers in terms of the need for a given project, its chosen location, and/or specific aspects of its design and/or implementation. In these types of situations, risks of behavior that may amount to retaliation – such as verbal threats, physical violence, or discrimination in relation to employment – may materialize.

In light of ESPF requirements, the Technical Note focuses in particular on managing risks of reprisals in the context of developing and implementing stakeholder engagement plans and seeking to resolve grievances that may arise in relation to project design and implementation. However, it should be noted at the outset that an inclusive and robust stakeholder engagement plan is not the golden ticket to prevent risks of retaliation against project stakeholders: risks are unique to each project, context, and moment, and additional measures will often be needed. Measures to prevent or reduce risks of reprisals against project stakeholders should be developed and implemented in close consultation with, and with the informed consent of, those at risk, as should any responses to any allegations that reprisals have occurred. In short, the ESPF and the Technical Note should be read as a starting point for addressing risks of reprisals against project stakeholders, rather than as a blueprint for managing risks.

The Technical Note proceeds in four parts:

1. Part I outlines what is understood by the term "reprisal" and who the common victims and perpetrators are in the context of development finance projects. It also outlines key ESPF requirements relating specifically to identifying, preventing, and addressing risks of reprisals against people and communities affected by projects and national legal and policy frameworks that similarly focus on the prevention of, and appropriate responses to, retaliation.

2. To inform an evaluation of the level of risk of retaliation, Part II provides an overview of some of the key contextual risk factors that make retaliation in a given project more likely, and that merit heightened due diligence to prevent or reduce the likelihood that such risks materialize, including:

    - Country-level factors (the extent to which civic space can operate freely)

    - Risks associated with past track records of Executing Agencies or other key business relationships with a key role in project design and implementation (contractors, sub-contractors, consultants, suppliers) in terms of past instances of retaliation against people affected by projects.

    - Potential tensions and distrust between local authorities and people affected by projects in the project area/area of influence.

- Tensions within or between communities among people affected by projects, including in relation to perceived project risks and impacts as well as benefits.

3. Part III provides a number of baseline measures that can be taken in relation to preparing and implementing stakeholder engagement plans (Executing Agencies) and evaluating the quality of such plans (IDB) in a way that seeks to understand the views and perspectives of those critical of the project and that solicits stakeholder feedback on an ongoing basis in a way that does not expose people affected by projects to risks for expressing their views freely.

   It highlights the importance of:

   - Proactively communicating the IDB's zero-tolerance of reprisals to all project stakeholders, including Borrowers, Executing Agencies, businesses with a key role in project design and implementation (contractors, sub-contractors, suppliers and consultants), and people and communities affected by projects.
   - Building capacity among Borrowers and PIUs and their staff to identify and address risks of retaliation, including in the context of designing inclusive stakeholder engagement plans and running effective operational-level grievance mechanisms.
   - Adapting disclosure of information practices to prevent/mitigate risks of retaliation based on the recognition that requiring participants in consultation processes to disclose their identities and then sharing this information may expose them to significant risk of retaliation or exacerbate existing risk.
   - Planning consultation processes, both in person and online, in a way that does not expose participants to risks.
   - Considering the possibility of requesting support from independent third parties to defuse tensions and reduce the likelihood that reprisals materialize.
   - Having the IDB conduct additional stakeholder engagement without the involvement of the Borrower and/or Executing Agencies in given circumstances.
   - Designing operational-level grievance mechanisms in a way that does not expose complainants and others associated with them or with the complaint handling process to risks of retaliation, and communicating to project stakeholders that they retain the right to approach the IDB's Independent Consultation and Investigation Mechanism directly if there are concerns relating to safety.

» Ensuring that those working on the project – whether at the Bank or Borrower/ Executing Agency level – have the right set of skills to handle risks of retaliation. Where retaliation risks are high, staff turnover must be limited to ensure a coherent institutional memory about agreed-upon risk mitigation measures and responses to reprisals.

» Understanding the role of the IDB's Independent Consultation and Investigation Mechanism in responding to requests from people and communities, including in relation to risks of reprisal.

4. Part IV provides guidance on how to respond to allegations that reprisals have taken place, suggesting a three-step approach that includes (i) receiving and reviewing information, ensuring confidentiality of the victim(s) and acting immediately where allegations are serious; (ii) discussing and agreeing with victim(s) on measures to respond to reprisal (alone or in collaboration with other actors) and how, when, and by whom the measures will be implemented; and (iii) communicating with victim(s) on the implementation of agreed-upon measures to respond to the allegations, and considering the situation active until the victim reports that he or she is safe.

The Technical Note and the measures it proposes have been informed by four key premises:

1. There is no zero-risk project. The absence of indications of retaliation is no guarantee of what might be happening or what may happen in the future. Retaliation against project stakeholders can be an issue in any project, although some contextual and project-level risk factors create conditions that increase the likelihood of reprisals. Similarly, while risks of reprisal can never be reduced to zero, they can be significantly lessened through appropriate prevention and mitigation measures that should be part and parcel of a robust stakeholder engagement plan.

2. Prevention is essential. The Technical Note focuses on preventative measures as the most appropriate means to counter risks. A good prevention strategy should be prioritized in high-risk projects, and additional due diligence efforts and funding should be ensured so that it can be implemented accordingly.

3. Those that have been identified as being at risk of retaliation should be an integral part of any prevention effort and of any responses to address reprisals that have occurred. Existing local knowledge should feed into any risk assessment and into the design of mitigation measures and responses to allegations of retaliation. To the extent possible, any responses or measures to address potential reprisals should be agreed upon with those at risk at the outset before reprisals have happened. Community-based partners – in particular local community leaders and organizations with a local presence or expertise — are also an important resource for identifying and managing risks and responding to incidents as they arise.

4. Measures to respond to allegations of retaliation may need to involve a number of stakeholders – not only the IDB, but organizations with particular expertise in the protection of individuals and groups at risk. Therefore, in projects where risks of reprisal are deemed significant, efforts should be made early on, ideally already during the project design and negotiation phase, to contact and coordinate with such agencies.

The Technical Note also includes:

Annex I. Overview of Potential Support Organizations for Risk Mitigation Measures and Responses to Reprisals

Annex II: Illustrative Overview of National Laws of Relevance for Retaliation Risk Management.

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 Mechanisms

Establishing a grievance mechanism at the project level is an important part of preventing and managing environmental and social risks. 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. Grievance mechanisms are public or private mechanisms that receive and address concerns.

IDB Requirements

ESPS 1 and ESPS 10 require Borrowers to implement a project-level grievance mechanism to receive and assist with the resolution of any concerns and grievances of stakeholders (people and interested parties affected by the project) that may arise in connection with the project's environmental and social performance. Other ESPS standards contain requirements with respect to the management of grievances:

- ESPS 4 requires a grievance mechanism for people affected by projects to express concerns about the security arrangements and acts of security personnel.
- ESPS 5 requires that a grievance mechanism be established as early as possible in the land acquisition process and that it include a recourse mechanism designed to resolve disputes in an impartial manner.
- ESPS 7 requires that a grievance mechanism be culturally appropriate and accessible to Indigenous Peoples. The mechanism should be designed in consultation with indigenous communities affected by projects, considering whether the main project grievance mechanism can be used or a mechanism specifically dedicated for these communities is required.
- ESPS 9 requires an effective grievance mechanism that minimizes the reporting burden on victims and reprisal risks, and that provides services in a gender-sensitive manner. The mechanism should include specific procedures for sexual and gender-based violence, including confidential reporting with safe and ethical documentation.
- ESPS 2 requires the Borrower to have a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns and provisions for special protection for reports of sexual and gender-based violence.

Purpose

In principle, the project-level grievance mechanism should serve six main purposes:

1. Provide an **accessible, inclusive, and effective mechanism** for stakeholders to raise grievances at no cost regarding a project's environmental and social performance and allow Borrowers to respond and address claims.
2. Serve as a mechanism for timely **resolution** of a grievance and prevent the escalation of social conflict.
3. Be an **accountability** mechanism free from manipulation, interference, coercion, discrimination, retaliation, and intimidation, where stakeholders (people and

interested parties affected by a project) can seek remedy when needed.

4. Inform **decision-making** related to project design and development, which means that the mechanism needs to be part of a project management system.
5. Be embedded in a project's monitoring and evaluation process, and contribute to continuous **institutional learning**.

Key Components

Key components of a grievance mechanism to meet ESPS10 requirements and reflect best practice include the following:

- **Proportionality:** The grievance mechanism should be proportionate to project risk and adverse impacts. A more enhanced mechanism may be appropriate for some complex projects such as Category A projects, which are ranked with a substantial or high environmental and social risk, projects involving land acquisition, and projects with significant community concerns or complex issues, including where FPIC under an ESPS 7 application of an enhanced grievance mechanism would be best practice. Nonetheless, all projects should design and implement a grievance mechanism.

- **Priority Issues:** The grievance mechanism should be established based on the analysis of priority issues (as described in Section 1) and in consideration of various factors, including the identified priority issues, the context of the affected community, and existing community dispute mechanisms; the project's nature, complexity, and scale; and the project's environmental and social risks and impacts. For example, some transport and infrastructure projects have formed community advisory panels comprised of community representatives, project developers, and local authorities to discuss and resolve grievances on specific issues such as resettlement and compensation or cultural heritage protection.

- **Accessibility:** Stakeholders should be informed about the project-specific grievance mechanism as well as the IDB Environmental and Social Grievance System as part of the project's Information Disclosure. Consideration should be given to how to make the grievance mechanism accessible for a specific project and its affected community and other stakeholders. For example, in projects covering a large area, such as a national program with various sub-components in different locations, it may be necessary to have several points of contact to make the grievance mechanism accessible. When works are undertaken by contractors and sub-contractors, it may be best to have an overall grievance mechanism for the project, combined with more localized entry points at the contractor level.

- **Responsiveness:** The grievance mechanism should be culturally appropriate, discreet, and responsive to stakeholder needs and concerns. Its structure and functioning should be discussed and developed jointly with concerned stakeholder groups in early stages of project development and design.

- **Free and Transparent:** The grievance mechanism should seek to resolve concerns promptly in a transparent and predictable manner, at no cost to complainants or others using it.

- **No Retaliation:** The grievance mechanism should guarantee that there is no retaliation against complainants (guidance on reprisal risk management is provided in Section 4). Grievance mechanisms should be free from manipulation, interference, coercion, discrimination, retaliation, and intimidation. They should protect the privacy of complainants and any affected individuals.

- **Confidential and Anonymous:** The grievance mechanism should allow for confidential and anonymous grievances.

- **Respectful of Existing Mechanisms and Remedies:** A grievance mechanism should not impede or prevent access to judicial or administrative remedies. Where feasible and suitable for the project, it should draw on existing formal or informal institutional grievance mechanisms, supplemented as needed with project-specific arrangements, for example in mediating conflict.

- **Monitoring and Reporting:** There should be reporting on implementation and monitoring of a grievance mechanism, including analysis of trends. ESPS 10 requires Borrowers to make publicly available a record documenting the responses to all grievances received. The records disclosed should be anonymized to protect the identity and privacy of complainants and affected parties and to protect against the risk of reprisals. The record could be a simple table with the date/time of the grievance logged, a general anonymized description of type of grievance and its nature, and a high-level summary of the resolution/response to the grievance. The Borrower should consider whether an exemption should be requested from the IDB to this requirement that the complainant raise a confidential and/or anonymous grievance.

- **Recourse Mechanism and Mediation:** Mediation should be provided for resolution of grievances where there are significant community concerns. Projects involving land acquisition, where ESPS 5 is applicable, will include a recourse mechanism to resolve disputes in an impartial manner. In practice, this may mean an enhanced appeals process involving mediation and/or an independent, impartial third-party should the complainant not agree with the project's proposed resolution.

In terms of timing, the preparation of and consultation on the design and functions of a grievance mechanism should start early in the project preparation period. Ideally the mechanism should be functional before a project is fully designed and presented for approval by the IDB, 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. Where land acquisition is required, the grievance mechanism should be established as early as possible to provide recourse for grievances related to the land acquisition, compensation, and relocation.

For additional guidance on setting up and implementing a grievance mechanism, see Annex III.

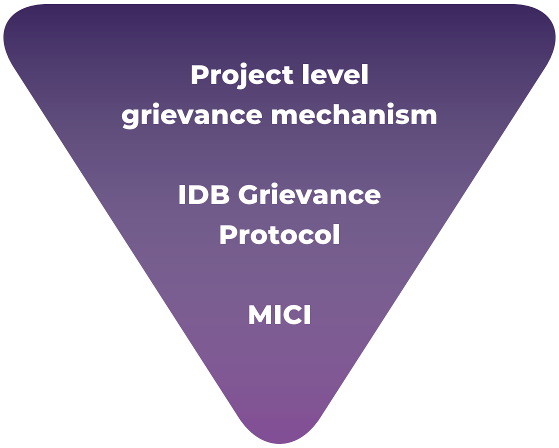
IDB Environmental and Social Grievance Mechanism System [30]

As shown in Figure 2.5.1, the following channels are available to stakeholders to submit complaints regarding a Bank-financed project:

- Project-level grievance mechanism: Stakeholders are encouraged to contact the project first for project information and grievances. However, accessing the project-level grievance mechanism is not a prerequisite to access other IDB grievance mechanisms.

- IDB Grievance Protocol: This protocol at the Management level is available to submit grievances directly to the Bank on environmental and/or social issues. Whenever the complainant is uncomfortable filing the complaint through the project-level grievance mechanism, the IDB provides this secure channel to address concerns and build solutions.

Figure 2.5.1. IDB Grievance System Channels



Note: MICI: Independent Consultation and Investigation Mechanism.

[30] 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 grievance mechanism.

Since November 2021, when the ESPF came into force, the IDB has had a Grievance Protocol at the Management level. Stakeholders and interested parties can submit grievances directly to the Bank related to environmental and/or social issues in IDB-financed projects in preparation, execution, or within 24 months after the last disbursement. Any affected person, group, or stakeholder interested in filing a grievance about an environmental and/or social issue on an IDB operation, under previous safeguard policies or the ESPF, may contact the IDB, regardless of whether they have used any other local or project-level mechanism.

The Grievance Protocol does not substitute for the Borrower's project-level grievance mechanism. While stakeholders have the right to send their grievances directly to the IDB at any time, stakeholders are encouraged to use the respective project-level grievance mechanism, if appropriate. The use of the Grievance Protocol does not impede access to judicial or administrative remedies at the national level.

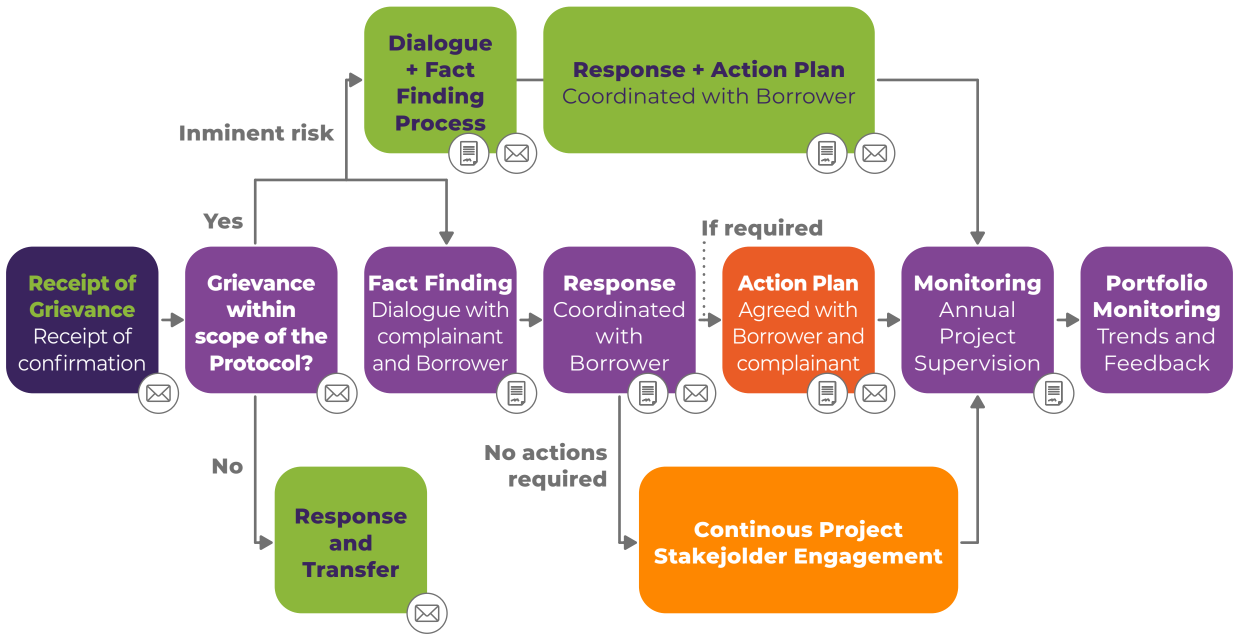
Stakeholders can submit grievances to the IDB Grievance Protocol through any means, including, but not limited to:

- The IDB Grievance Protocol form on the website or a printed form obtained from the Country Office or Headquarters
- The Grievance Protocol mailbox: quejas@iadb.org
- Email to IDB personnel
- Telephone calls to or messaging the IDB at +1 (202) 826-3705, or at any number related to the Country Office or Headquarters
- Other electronic means, such as WhatsApp messages
- Visits in situ to the Country Offices or Headquarters.

The IDB Grievance Protocol offers confidentiality to those who request it.

The IDB Grievance Protocol aims to foster dialogue between the Executing Agency, complainants, and the IDB to reach mutually beneficial agreements that are part of an action plan, when required, that is monitored within the IDB's regular project social and environmental supervision. Though the IDB Grievance Protocol seeks to exhaust all possible options to provide solutions to grievances, complainants can withdraw their grievance at any time and seek other resolution avenues as they see fit. In addition, the IDB can decide to close a grievance whenever there are no longer the conditions for a respectful and productive dialogue, informing at that time the complainant about the MICI (Figure 2.5.2).

Figure 2.5.2. Snapshot of the IDB Grievance System Phases



Key

Registry and documentation   Communication to stakeholder   IDB   Borrower

For grievances related to **IDB Invest**, the private sector arm of the IDB Group, stakeholders and interested parties can access the IDB Invest Management Grievance mechanism at https://www.idbinvest.org/en/how-we-work/engagement-and-response-platform.

As a last-resort mechanism, stakeholders can direct their grievances to the IDB's **MICI** (https://mici.iadb.org/en). Access to the MICI is not contingent upon having exhausted the recourse offered by the project's grievance mechanism. The MICI is the independent accountability office of the IDB Group, managing complaints about possible environmental and social harm arising from Group-financed projects. It provides two avenues (called "Phases") for addressing grievances:

- The Consultation Phase, which is a dispute-resolution process impartially facilitated by the MICI to resolve differences through a voluntary and flexible process aiming to reach an agreement.

- The Compliance Review Phase, which consists of a fact-finding investigation to determine whether the Bank has complied with its obligations under the Operational Policies and the ESPF, and whether this caused harm to the complainants.

Communities may approach the MICI at any time – even if they did not exhaust previous instances, such as the project-level mechanisms or the internal protocol – and especially if they fear reprisals because of their stance towards the project. A complaint filed with the MICI does not result in the suspension of a project or its disbursements

Checklist

- Has a grievance mechanism 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 grievance mechanism?
- Is the grievance mechanism known to affected people, and is it easily accessible?
- Does the grievance mechanism 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 Perspectives

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

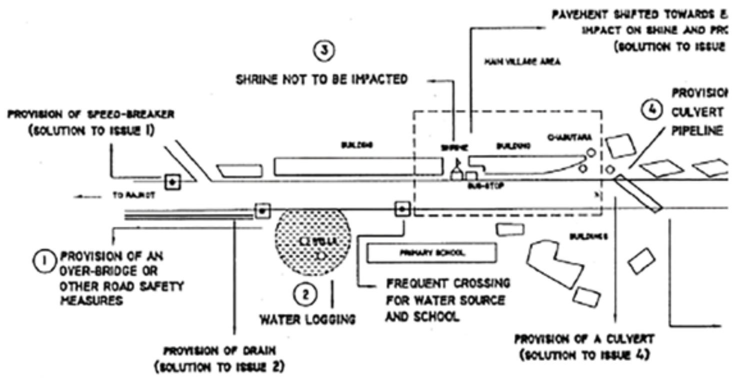
1. How stakeholder inputs can be reflected in revised and improved designs and implementation of the core project.
2. How stakeholder inputs can provide the basis for additional or targeted project benefits to local communities.
3. How potential adverse impacts should be avoided, minimized, or compensated for.
4. 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 to best design a grievance 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 an 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. Therefore, aspects in considering stakeholder include reflecting on different groups' views and concerns; seeking broad support where possible; and continuing to engage with those who may be opposed to the project and to consider ways to address their concerns where appropriate.

In some high-risk circumstances – for example in projects affecting Indigenous Peoples – FPIC may be required.[31] 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 consent cannot be demonstrated, alternatives to the project or the specific aspects of the project objected to need to be found.



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. (Gujarat, India, 1998)

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 designed in stages, for example, projects with multiple sub-projects, or linear projects such as an oil or gas pipeline. There are many project design decisions that can be improved by considering stakeholder inputs, and that can avoid or reduce potential adverse environmental or social 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. Consideration may be given to having key stakeholder groups participate in project decision-making, such as through implementation committees and joint fact-finding exercises.

International standards frequently refer to a systematic risk management process as applying a mitigation hierarchy, where stakeholder concerns and recommendations should be considered. While terminology varies across companies and institutions, this typically involves the following:

[31] For a more detailed discussion on Indigenous Peoples and consent, see Annex II.

- Identify and anticipate risks of potential adverse impacts through analysis and consultation (discussed in previous sections).

- Avoid potential adverse impacts, applying an alternatives analysis including a no-project scenario.

- Minimize or reduce the impacts, for example, by reducing the physical footprint of a project through changes in the design of civil works.

- Restore or rehabilitate, where possible, for example, by providing alternative access to water sources that have been cut off by a project.

- Compensate for or offset residual impacts, for example, by providing resettlement assistance to displaced populations.

An increasingly common type of project is one 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, and housing developments 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 neither practical nor realistic to consult with all relevant local stakeholders, since the impact areas are unknown or do not have sufficient detail for meaningful engagement. Disclosure of final studies or summaries of consultations are also not feasible in such situations. Instead, a two-tier approach is recommended:

- Tier 1: 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.

- Tier 2: As individual sub-projects or phases of the projects are decided on, the principles and elements of meaningful engagement discussed here should be applied in each setting. 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.

Financial intermediary lending represents a special case. In these 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 financial intermediary's ESMS 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 the application of a mitigation hierarchy, i.e., avoiding, minimizing, or compensating for adverse impacts?

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 afterward. This is not only disrespectful of people's time and engagement, it also 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 or 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 [32]
- Key issues discussed
- Any agreements reached
- How recommendations have been or will be considered in project decision-making
- How decisions taken based on stakeholder inputs are expected to enhance benefits and reduce or compensate for adverse impacts

[32] Individual names should not be registered if there is concern that people may feel intimidated or fear reprisals. In such cases, a general description of the types of stakeholders present is sufficient.

- Areas of disagreement or diverging views, whether among stakeholders or between participants and project authorities, and the reasons why some recommendations cannot be accommodated [33]

- Future communication channels and the expected consultation process, including access to remedy through a grievance mechanism.

During the various project stages, there will normally be discrete milestones and decision points related to project planning and implementation. Different countries, companies, and institutions have different requirements regarding how documents related to studies, designs, and action plans are done, and how they contribute to decision-making. Key documents are usually disclosed publicly at different times during the project cycle. This may also apply to documentation related to the consultation process. Key results of the stakeholder consultation process and plans for further engagement should generally be disclosed prior to project approval. This might be included as part of reporting related to the ESIA, or in the stand-alone SEP. Projects supported by development finance institutions generally require public disclosure of key documents before a project can be approved. Section 2 provided additional content on this topic.

Beyond formal requirements for public disclosure, it is good practice to provide more direct feedback to stakeholders who participate in consultation events. An important part of such feedback is to demonstrate that the project is willing to consider stakeholder views seriously, and that the engagement process really is a two-way dialogue rather than simply a public relations exercise. Transparency and feedback contribute to better understanding of the project among local communities and other stakeholders, and may reduce the potential for dissent or conflict. While important, such systematic feedback is rarely provided. The recent evaluation of citizen engagement in World-Bank-supported operations found that only 4 percent of projects provided feedback, interpreted as “informing those engaged how the information they provided has been used” (World Bank 2018).

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?
- Have relevant project documents such as the Environmental and Social Impact Assessment 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 policies and procedures?

[33] Where there is concern about negative reactions or retaliation against specific views, consideration should be given to applying the “Chatham House” rule, whereby views are documented and may be made public, but not attributed to specific individuals or groups.

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, 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 or end-of-project evaluation:

- 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?
- Have project authorities fulfilled their requirements and made good faith efforts to influence third parties in situations to address environmental and social issues where the project authorities have limited control and influence?

While such comparisons can only be done during or even after project implementation, the baseline data and benchmarking should be established during project preparation.[34] Engagement with stakeholder groups should therefore be supplemented by more rigorous studies such as socioeconomic 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 include discussions and may involve consultations with various stakeholders as part of the data collection process. The consultation process itself should be seen as an integral part of obtaining and verifying the baseline data needed to plan, implement, and evaluate a project. Such studies should also be done as part of the ESIA process, and they should be completed before specific plans such as Resettlement Action Plans or an overall ESMP are finalized.

The data should be disaggregated by relevant social groups, as noted in Section 2 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.

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

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 a house and property; and community, when it comes to replacing infrastructure such as schools, temples, or other community assets.

The process of data collection for a census and/or a socioeconomic 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 include open-ended questions and the ability for project staff to probe in order 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 Section 2, this also includes taking into account people's perceptions and not just "objective" impacts and interests. 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 capital provides systems of reciprocity and human security [35]
- How patterns of vulnerability, inequality, and social exclusion affect different groups in different ways, for example, women, the elderly, ethnic minority groups, the disabled, and others
- Degrees of trust and confidence in government and other institutions relevant in the project context.

It is important to understand issues such as these, but they are difficult to capture through traditional survey methodologies. A combination of methods is recommended, where

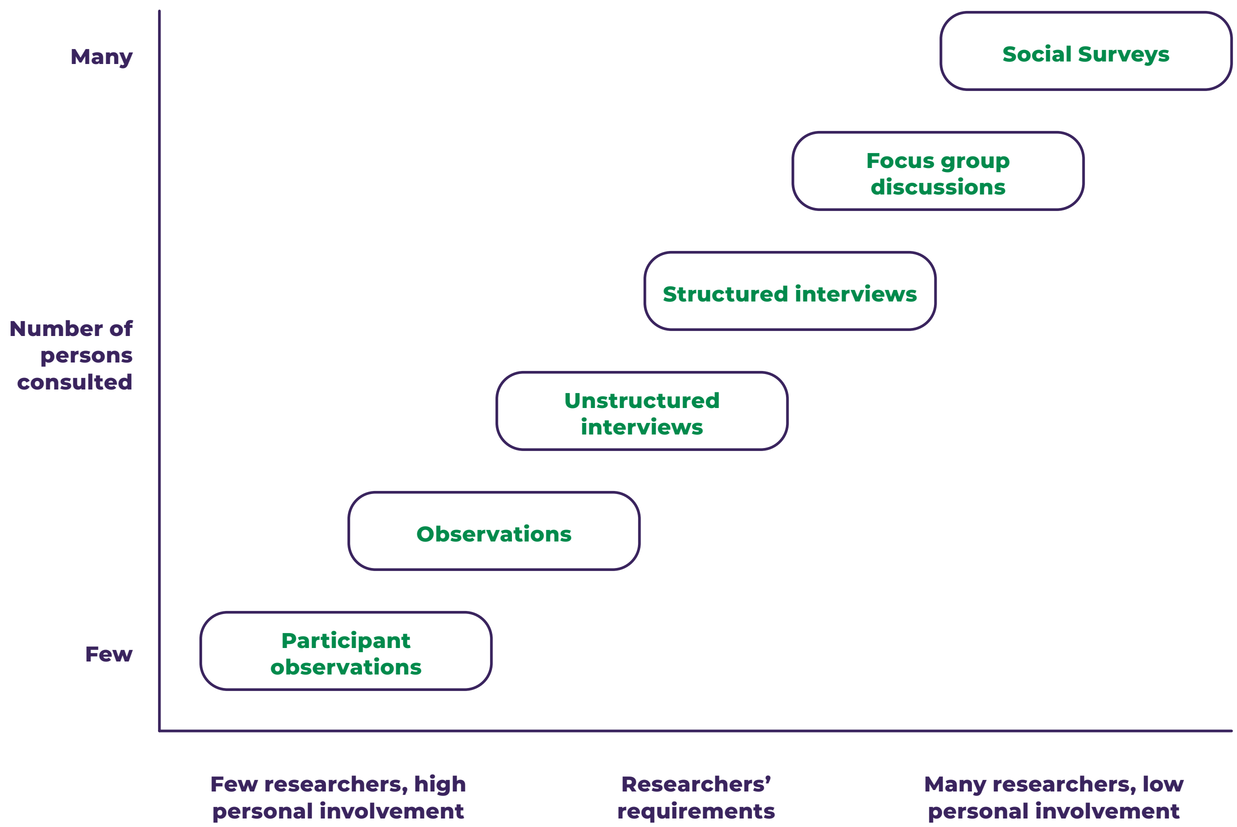
[35] Social capital refers to people's relations and social networks. Positive social capital revolves around trust, reciprocity, and cooperation. Social capital can be within groups (bonding), and between groups (bridging).

sensitive and respectful dialogue with affected people and local communities is an integral part of the process. Figure 2.8.1 presents examples of different methods and some implications of the approaches.

The engagement 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.

It is important to involve affected stakeholders actively in the design and implementation of remedial measures. 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. In addition to strengthening the viability and likely success of remedial mechanisms, a participatory approach can also reduce dependency and a sense of being victimized, or of being passive recipients of support mechanisms designed and provided by others.

Figure 2.8.1. Methods to Determine Intangible and Tangible Project Impacts



Management System

ESPS 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective ESMS is a dynamic and continuous process initiated and supported by the Borrower. It involves engagement between the Borrower, its workers, people affected by the project, and, where appropriate, other stakeholders. Drawing on the elements of the established management process of "plan, do, check, and act," the ESMS uses a methodological approach to managing environmental and social risks and impacts in a systematic and structured way on an ongoing basis.

Ensuring that ESMPs are implemented, that appropriate benefits are provided to local communities, and that risks are appropriately identified and managed throughout the project implementation stage therefore requires an appropriate management system. Key elements of a project's management system need to be in place when implementation starts, which is why designing and resourcing it needs to start during the preparation process. The management system should provide a clear mandate, identify roles and responsibilities, and ensure adequate resources both in terms of budgets and staff with sufficient skills and experience. The resources and efforts allocated to continued management of environmental and social issues, and ongoing stakeholder engagement, should be proportionate to project risk, as discussed earlier.

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

The following elements may be considered as part of such a management system:

- A clearly stated **policy or statement of commitment**, with values, principles, objectives, and goals that govern stakeholder engagement and environmental and social performance more broadly.

- A description of the **mechanisms for ongoing stakeholder engagement**, including management of the project's grievance mechanism where applicable.

- An **organizational structure** for continued stakeholder engagement, which may include budget allocations, staffing, roles, and responsibilities, plans for capacity-building and institutional strengthening as needed, and coordination and partnership arrangements with third parties whose collaboration may be needed for the stakeholder engagement process.

The management system must also include provisions for data protection and confidentiality. These will be in accordance with ongoing stakeholder engagement (e.g., confidentiality needs identified for engagement forums, including any use of digital tools), provisions in the grievance mechanism, and the legal and best practice framework for the project. As the default, personal data should not be shared with third parties unless required by law or authorized by the stakeholder/person/complainant.

Resourcing

A good management system requires not just a formal structure with sufficient resources; it also needs commitment and capacity. Ideally stakeholder engagement – along with assessing and managing environmental and social risks and opportunities in the project – should be seen as part of the project's overall value proposition, rather than as a transaction cost or a mandatory requirement. This is helped greatly if senior management understands and communicates the importance of stakeholder engagement within the Executing Agency.

Assuming that there is commitment to undertaking stakeholder engagement in a meaningful way, assessing capacity and likely performance in a new project may include asking questions such as whether the Executing Agency has:

- Performed similar tasks before
- An effective system in place for hiring, training, and retaining staff and consultants
- An existing system for monitoring and assessing performance, and for quality and data management
- A track record of compliance with relevant national or regional regulations, including those related to data protection
- Previous experience with multilateral financial institutions' safeguards policies, standards, or similar frameworks
- A good track record of managing and overseeing the work of contractors and sub-contractors
- Systems in place for institutional learning and improvement through adaptive management.

For higher-risk projects, it would be expected that there are dedicated stakeholder engagement personnel, including community liaison officers (CLOs). Personnel might also be assigned specific roles such as stakeholder relationship manager for engagement with national government or media.

Lower-risk projects may not have a dedicated stakeholder engagement or community liaison function, but the social specialist assigned in the Executing Agency would be designated for this.

The stakeholder engagement team should be trained on key topics, such as the project schedule, project description, key project activities, delays, managing expectations, what construction looks like, and the approach to community sensitization.

In order for stakeholder feedback to be considered in project decision-making, project stakeholder engagement personnel must be included in the appropriate project meetings, for example, meetings with senior management on design, scheduling, and other implementation decisions.

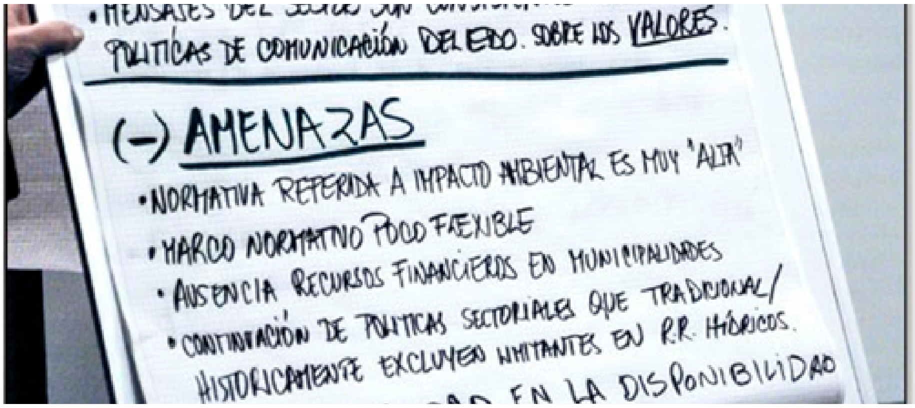
Checklist

- Has baseline data been collected that will allow for 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 the relevance and validity of data, proposed action plans, management structures, and institutional arrangements?
- Does the project management system reflect a commitment to ongoing stakeholder engagement during project implementation?
- Have sufficient resources been allocated?
- Has an assessment been made of the capacity to undertake stakeholder engagement?
- Are roles and responsibilities clear, and do those responsible have the skills and experience necessary?

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. 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.[36]



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

There are different ways to document the stakeholder consultation process. An initial recording step is required, as is entry into an overall log for the following:

- Whenever possible, an attendance record and minutes of consultation events should be kept, using a consistent template, 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.

- A stakeholder list should be maintained, typically a simple spreadsheet, including contact details.

- A stakeholder engagement log/register should be maintained, again often on a spreadsheet, logging the engagement activities undertaken (type, location, topics, with whom, etc.), resultant actions, and status of those actions.[37]

The approach that will be taken should be documented by the project and used consistently.

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

[36] See Section 2 for further details on the IDB's Access to Information Policy.

[37] One example of such a register can be found in EBRD (2023).

is a proper record of points agreed upon. 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 Rule," whereby 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 for as many people as possible. In many cases, individual environmental and social policies and standards also have disclosure requirements. Borrowers can also consider internationally accepted reporting mechanisms such as the Global Reporting Initiative.[38]

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 documents such as the 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?

10. Ongoing Stakeholder Engagement During Implementation

A frequent mistake is to think of stakeholder engagement as a licensing requirement, or as one or a few events that are only required before a project is approved. As stressed in this publication, good practice indicates that stakeholder engagement should be an ongoing and iterative process throughout the entire project cycle.

Before a project is approved, explicit provisions related to ongoing stakeholder engagement should be included in relevant action plans and documents such as an SEP, ESMP, or Resettlement Action Plan, and reference to such documents should be made in the project

[38] See the Global Reporting Initiative website at https://www.globalreporting.org/ (accessed December 11, 2024).

legal agreement. Budget allocations should be made to ensure that ongoing stakeholder engagement 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 engagement process, as well as for 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 given the opportunity 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)

Consideration should also be given to providing stakeholders with **regular progress reports and updates** on project activities that concern them, such as implementation of any mitigation plans or provision of community benefits under the project.

The principles discussed in earlier sections also apply for engagement during implementation: The engagement should be based on an analysis of issues as they evolve and on 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 mechanism.

An important element of stakeholder engagement during project implementation is to **manage unforeseen circumstances**, and to make people aware of changes to plans, schedules, and impacts as the changes are identified. 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, identify issues and challenges quickly when they arise, and respond effectively and appropriately. Ongoing and meaningful stakeholder engagement is key to such adaptive management. Relevant stakeholder groups should be informed of, and consulted on, any significant project changes. At a minimum, people affected by the project 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 reprisal.

Monitoring and evaluation are key aspects of project implementation. Data used in monitoring and evaluation ought to be disaggregated by gender and other relevant stakeholder categories, as discussed earlier. The engagement process should be carefully monitored during implementation,[39] and seen as an ongoing dialogue with stakeholders. Meaningful engagement can identify problems and 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 upon, and what the progress towards the overall objectives has been. 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.

As described in the ESPF, in accordance with project-specific circumstances and in consideration of the nature of the environmental and social risks, the IDB may require the Borrower to engage stakeholders and third parties, such as independent experts, local communities, or CSOs, to complement or verify project monitoring information. When this is the case, it is important to consider the representativeness of the stakeholders involved, and agree upon, document, and disclose roles and responsibilities and any compensation agreements for time and expenses incurred.

In any case, it is good practice to engage with stakeholders on the method for monitoring, including the key performance indicators to be used.

Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the IDB will require the Borrower to collaborate with third parties to establish and monitor mitigation measures.

Completion and closing of a project may involve significant and, in some cases, difficult

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

transitions for local communities and other stakeholders. Benefits provided by the project, such as employment or procurement of local goods, or even provision of basic services, may cease without any guarantee that other institutions will step in and continue to provide support. Large infrastructure projects, and projects in the extractive sectors such as mining, oil and gas, may have created strong local dependency on the project. It is important to be aware of this, and to establish a closure strategy at an early date. There needs to be a high degree of transparency around this, and local stakeholders should be kept informed and consulted on transition arrangements and end-of project impacts. Ideally, the project should be able to document and communicate clearly to its stakeholders that the following three key elements of managing social risks and opportunities have been addressed successfully:

1. At the end of the project, all adverse impacts have been mitigated so that there is no net loss among affected populations.

2. Evidence has been presented on the benefits and opportunities the project has provided or contributed to.

3. Consideration has been given to how project-related community benefits and other development opportunities can remain sustainable beyond the lifetime of the project.

Checklist

- Do project plans and legal agreements reflect a commitment to ongoing engagement with stakeholders during implementation?
- Are there mechanisms for stakeholder consultations as inputs to further project design and management decisions during the implementation phase?
- Have provisions been made to update the stakeholder analysis and engagement process during project implementation to reflect changes in stakeholder composition or risks?
- Are stakeholder views considered as inputs to adaptive management?
- Are there provisions for involving stakeholders in adaptive management, for example, through participatory monitoring?
- Is there a plan to involve stakeholders in transition arrangements around completion and closing of the project?

PART THREE

3

ANNEXES

Stakeholder Engagement and Information Disclosure

PART THREE

Annex I. GLOSSARY

General Terms	
Accessibility	Accessibility refers to the identification and elimination of obstacles and barriers to provide access to the physical environment, transportation, information and communications, and other facilities and services.
African descendants	African descendants are one of the largest yet least visible population groups in Latin America and the Caribbean, accounting for at least 20 percent of the total population. African descendants in the region are culturally and linguistically diverse. For the purpose of the ESPF, the focus is on contexts where African descendants may be in a disadvantaged or vulnerable status due to their racial or ethnic status or origin.
Disadvantaged or vulnerable	Disadvantaged or vulnerable refers to people or groups who may be more likely to be adversely affected by the project impacts, and/or more limited than others in their ability to take advantage of a project's benefits. Such people and groups are more likely to be excluded from/unable to participate fully in the consultation process and as such may require specific measures and/or assistance to do so. This disadvantaged or vulnerable status may stem from disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinions, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations, including the poor, landless, elderly, single-headed households, refugees, internally displaced persons, natural-resource-dependent communities, or other displaced persons who may not be protected through national legislation and/or international law.
Meaningful consultation	Meaningful consultation is a two-way process that establishes the needs, values, and concerns of the public, provides a genuine opportunity to influence decision-making, and uses multiple and customized methods of engagement that promote and sustain fair and open dialogue. Meaningful consultation is defined in greater detail in ESPS 10, paragraph 22.
Meaningful engagement	Meaningful engagement encompasses both appropriate information disclosure and meaningful consultation.
Reprisal	Reprisal includes intimidation, threats, harassment, punishment, judicial proceedings, or any other retaliatory acts against those who voice their opinion or opposition to an IDB-financed project, to a third party related to the project, or to the Borrower. Other terms commonly used to refer to reprisal are sanction, retribution, reprimand, and retaliation.
Stakeholder	Stakeholder refers to individuals, or groups, including local, downstream, and transboundary communities, who (i) are affected or likely to be affected by the project, and (ii) may have an interest in the project ("other stakeholders").
Transparency	The principle of transparency encompasses a collaborative and transparent process in which adequate and timely information is provided to all interested stakeholders and with opportunities and mechanisms for them to provide feedback, concerns, and inquiries.
Terms Related to Sexual Orientation and Gender [1]	
Bisexual	People who feel romantic, emotional, and/or physical attraction to person(s) of the same sex or gender as well as to person(s) of different sex or gender.
Cisgender	A term used for people whose gender identity aligns with the sex assigned to them at birth ("cis" meaning "in alignment with" or "on the same side").
Gay	A man who predominantly feels romantic, emotional, and/or physical attraction to other men. The term is sometimes used to describe women who are attracted to other women.
Gender	The ESPF defines gender as "a social construct that classifies a person as a man, woman, or some other identity." The Sexual Orientation and Gender Identity (SOGI) Guide, further defines gender as the social, behavioral, and cultural attributes, expectations, and norms

	associated with being male or female. This publication continues to reference "men and women." Nevertheless, a broad and plural perspective of gender as conceptualized in the ESPF, that is to say, one that includes sexual orientation and gender identity, should be considered in order to make engagement more meaningful.
Gender expression	The way people show their gender to the world through clothing, hairstyles, and mannerisms, to name a few ways.
Gender identity	Each person's deeply felt internal and individual experience of gender (e.g., of being a man, a woman, in between, neither, or something else), which may or may not correspond to the sex they were assigned at birth, or the gender attributed to them by society. It includes the personal sense of the body (which may involve, if freely chosen, modification of appearance or function by medical, surgical, or other means) as well as expressions of gender, including dress, speech, and mannerisms. This sense of self is separate from the sex assigned at birth and is not related to sexual orientation. Gender identity is internal and not necessarily visible to others.
Heterosexual	People who are attracted to individuals of different sex and/or gender identity from their own (also referred to as "straight").
Homophobia	The irrational fear, hatred, or intolerance of homosexuality and/or homosexual people as a social group or as individuals. It also describes discrimination on the basis of sexual orientation.
Intersex	An umbrella term that refers to people who have one or more variations in physical sex characteristics that fall outside of traditional conceptions of male and female bodies. Some intersex characteristics are identified at birth, while others may not be discovered until puberty or later. Note that intersex is not synonymous with transgender.
Lesbian	A woman who predominantly feels romantic, emotional, and/or physical attraction to other women.
LGBTQ+	Lesbian, gay, bisexual, transgender, intersex people, and queer or questioning people. The plus (+) encompasses other identities not captured by the acronym and is not defined.
Masculinity/ femininity	The socially, historically, and politically constructed qualities associated with men and women, or maleness and femaleness, in a society at a particular time. These definitions change over time and differ from place to place. Although they seem to be gender-specific, women perform and produce the meaning and practices of the masculine, and men perform and produce those of the feminine.
Queer	An umbrella term that includes lesbians, gay men, bisexuals, transgender people, intersex people, and others. For decades, "queer" was used solely as a slur for gays and lesbians, but it has been reclaimed by activists as a term of self-identification.
Sex	The culturally informed classification of a person as female, male, or intersex. Infants are usually assigned a sex at birth based on the appearance of their external anatomy. A person's sex is a combination of bodily characteristics, including their chromosomes (typically XY chromosome=male, XX chromosome=female), reproductive organs, and secondary sex characteristics.
Sex assigned at birth	The sex classification of people at birth usually assigned by a medical practitioner after a brief review of a newborn's genitalia.
Sex characteristics	Each person's physical features relating to sex, including genitalia and other sexual and reproductive anatomy, chromosomes, hormones, and secondary physical features that emerge during puberty.
Sexual and gender minorities	People whose sex, gender, sexual orientation, gender identity, and/or gender expression differ from those of the majority of the surrounding society. Some organizations prefer "marginalized communities" or "underrepresented groups." These alternatives seek to avoid stigmatization and recognize the equality and diversity of all identities and communities. The term "minorities" could carry with it the connotation of being less important or significant.

Sexual orientation	The enduring capacity for profound romantic, emotional, and/or physical feelings for, or attraction to, a person(s) of a particular sex or gender. It encompasses heterosexual, homosexual, and bisexuality and a wide range of other expressions of sexual orientation.
Trans feminine	A person whose sex assigned at birth was masculine but who identifies as feminine.
Transgender	A person whose sex assigned at birth does not match their gender identity. The term "trans" is often used as shorthand.
Trans masculine	A person whose sex assigned at birth was feminine but who identifies as masculine.
Transphobia	The irrational fear of those who are gender-variant and/or the inability to accept gender ambiguity. It also describes the discriminatory treatment of individuals who do not conform in presentation and/or identity to conventional conceptions of gender and/or those who do not identify with or express their assigned sex.

[1] The definitions, commonly used by United Nations organizations and other global actors vary depending on the cultural context. Sex, gender, and sexuality are often understood to fall along a spectrum and be fluid over time. This list is not exhaustive; new terms emerge regularly, and existing ones are redefined.

Annex II. STAKEHOLDER ENGAGEMENT IN DIFFERENT CIRCUMSTANCES

Gender Aspects

Environmental and Social Performance Standard 9 (ESPS 9) requires all IDB-financed projects to develop an analysis of the risks and potential negative impacts that a project may have on gender equality and, if any are identified, to adopt the necessary measures to prevent, minimize, mitigate, and compensate for them.

To support implementation of the Environmental and Social Policy Framework (ESPF), the IDB has developed a pioneer Guide to Support the Design and Implementation of Measures to Prevent and Address Discrimination Based on Gender and Sexual Orientation (known as the SOGI Guide) (IDB 2024a). While the ESPF defines gender as "a social construct that classifies a person as a man, woman, or some other identity," the SOGI Guide further defines gender as the "social, behavioral, and cultural attributes, expectations, and norms associated with being male or female. There is increasing consensus that gender transcends the binary concept of male or female." The present publication continues to reference "men and women," but in all cases, those conducting stakeholder engagement should consider whether further nuance to the definition of "men and women" would make engagement more meaningful. For example, is a separate women's meeting enough to provide all genders with the opportunity for meaningful engagement? Or are there other genders identified in a given project setting that might also be provided with a specific forum for engagement.

Differences in sexual identities (e.g., lesbian, gay, bisexual, transgender) should also be considered and addressed.

In most cases, the sexual orientation and gender identity risk analysis can be integrated into the project's overall Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP). In other cases, and according to the type of impacts identified, the analysis can be incorporated into relevant management plans (e.g., the Resettlement and Livelihood Restoration Action Plan, the Socio-Cultural Analysis/ Indigenous Peoples Plan, Stakeholder Engagement Plan).

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.[1] Examples of doing so include:

1. **Enhancing benefits.** 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 the mobility of women than 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 (e.g., through income-earning opportunities) may lead to resentment and a sense of powerlessness among men and cause increased domestic violence. An influx of workers in connection with a project may increase gender-based violence and human trafficking.

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 to get 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 ability to influence decision-making that may disadvantage women in the consultation process. Women may be less able to speak in public settings, or mobility constraints such as caring for

[1] 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 ensuring that any adverse impacts the project may cause or contribute to do not fall disproportionately on women.

children or the elderly 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, or other aspects related to gender, 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. Between men and women, transportation needs are frequently very different; water priorities are different; collection and use of natural resources may vary; and health risks may vary. Some women may be dependent on commercial sex work for survival, and more susceptible to contracting sexually transmitted diseases. 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 for women who remain in the local community.

Gender-equitable consultation requires that both men and women be active participants in identifying project benefits and risks, and that they contribute actively to project 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 employing methods to engage with women. Other methods may include awareness campaigns, targeted capacity-building, and stakeholder mapping that includes women's organizations to ensure their active participation in the consultation process. 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, when 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 gender-differentiated needs and opportunities, and document and disclose how the project is expected to benefit stakeholders in a gender-equitable manner. In designing the project Grievance Mechanism (Section 5 of Part 2) it is important that women as well as men participate and be part of holding the project accountable when needed.

LGBTQ+ Stakeholders

The following text extracts additional key points from the SOGI Guide related to engagement with LGBTQ+ stakeholders.

A key aspect of ESPS 9 is that it understands the concept of gender in all its plurality and diversity. That is, it makes visible and includes lesbian, gay, bisexual, transgender, and queer (LGBTQ+) people as vulnerable groups in relation to sexual violence and different forms of gender-based violence and discrimination. The guide incorporates a broad and plural perspective of gender equity that includes sexual orientation and gender identity.

As ESPS 9 explains, the term "people of diverse sexual orientations and gender identities" captures a wide variety of people, contexts, and experiences. Therefore, it is important to remember that the LGBTQ+ community is made up of people with very different identities. Although they share the risk of facing homophobia or transphobia, they each suffer differential violence, depending on their gender, ethnic and racial identity, social class, and migratory status, among other factors.

The recommendations and practices outlined are helpful resources to consider in two key areas: (i) the risk analysis of potential disproportionate negative impacts for LGBTQ+ people that may arise as a result of the operations of Bank-financed projects; and (ii) the design of measures for prevention, mitigation, and compensation that may be required.

The SOGI Guide also contains the following reference material:

- Annex 2. List of LGBTQ+ Organizations by Country
- Annex 3. Legal Overview by Country, providing a summary of the legality of same-sex relationships, protections against discrimination and violence of LGBT persons, and relationship and gender recognition.

General Context of the Region on SOGI Issues

Latin America and the Caribbean is a region of great diversity. Although there is no country in the region where LGBTQ+ people have the same levels of acceptance as heterosexual and cisgender people (i.e., not trans), it is important to remember that there is great variability depending on each context. This diversity includes attitudes, behaviors, and recognition of the rights of people of diverse sexual orientations and gender identities.

Therefore, any analysis of the potential risks of a project for the LGBTQ+ population, as well as the measures for prevention, mitigation, and compensation that may be required, must consider these variations and the specificities of each local context (Box A2.1).

Box A2.1. Examples of Potential SOGI-specific Risks

Many LGBTQ+ people, especially the most marginalized, rely on sex work and forced prostitution to generate income.[1] Projects that result in large influxes of outside labor or generate extensive tourism might reinforce these trends. At a minimum, these projects should include active stakeholder engagement with LGBTQ+ sex workers during project design and implementation. Projects should provide necessary information to sex workers around safe sex and provide appropriate access to health services, including HIV prevention and treatment. Sexual violence and exploitation could easily lead to sexual trafficking, hence the importance of appropriately addressing and acknowledging these issues. Sexual and gender-based violence measures need to be sensitive, as defined by the Guide to Support the Design and Implementation of Measures to Prevent and Address Discrimination Based on Gender and Sexual Orientation (known as the SOGI Guide) (IDB 2024a). Finally, grievance mechanisms should be open and accessible to LGBTQ+ people.

[1] It is worth clarifying that a distinction is made between sex work done by choice and forced sex work in the different contexts and scenarios that can take place.

General and Ethical Considerations on Data Collection and the Analysis of Existing Data

In the realm of work, the primary consideration should be to treat all people with equal respect, and to ensure that inclusion efforts will not inadvertently jeopardize or contribute to the vulnerability of LGBTQ+ people. For instance, while collecting data on LGBTQ+ people may be useful in some situations, it is essential to keep in mind that information (including data on how many LGBTQ+ people there are in a company or area) should only be collected if this information is relevant and necessary for the analysis of impacts and the definition of mitigation measures. If so, the necessity of good practices and recommendations for this must be reinforced. Otherwise, there could be an additional vulnerability produced when collecting data from such communities. For example, in contexts of stigmatization and even criminalization, making these populations visible may generate more risks than benefits.

The decision to collect information aimed at identifying LGBTQ+ populations should then be based on four main considerations: whether such information is (i) necessary, (ii) relevant, (iii) treated with confidentiality, and (iv) does not put individuals at (greater) risk.

For example, asking people's sexual orientation and gender identity on forms in consultations and other meetings, without being able to guarantee the confidentiality and anonymity of this information, can be dangerous for LGBTQ+ people by exposing them in a hostile environment, with no benefit to those people being questioned.

However, there are times when having this information can be positive. The Social Inclusion Strategy designed for recyclers (solid waste sorters) in Uruguay is a good example. The census carried out to identify social gaps and vulnerabilities made it possible to identify a group of transfeminine persons. With this information and the analysis of the differential vulnerabilities of being both a waste recycler and transfeminine, the Social Inclusion Plan will consider sensitivity training, skill strengthening, integration strategies, and other approaches according to identified needs.

In addition, it is important to keep in mind that these kinds of data collection effort require specialized technical knowledge and ethical considerations. Therefore, it is best to work with existing data that has already been gathered by specialized entities. The first step should be to review available information on the situation of LGBTQ+ people in the project's area of influence. It is more relevant to focus on identifying the needs, risks, vulnerabilities, and opportunities of LGBTQ+ people in general, and then incorporate this perspective in the action plans to prevent, mitigate, and, if necessary, compensate cases of discrimination based on sexual orientation and gender identity, rather than focusing on collecting data, which requires determining who belong to these communities. Social Inclusion Plans with a focus on gender as well as sexual and gender diversity are a good example of this practice. The steps required to take such an approach include the following:

1. **Analyze the need to collect one's own data, and consider that existing statistics and qualitative data provide valuable information on various risk factors for the LGBTQ+ population.**

   Particularly in Uruguay, Argentina, and Mexico, there has been a greater effort by the government to collect official data on sexual orientation, gender identity, and gender expression. Less effort has been documented from governments in Central America and the Caribbean, though this has prompted organizations in those regions to generate their own data. In addition, local governments, universities, and grassroots organizations may have established frequent surveys (or partnered with companies to do so) from which some data can be extrapolated, in addition to the estimates proposed by global or international research that are used as baseline data. In countries where a mechanism such as the national census exists, estimates that 10 percent of the entire population is LGBTQ+ may be sufficient, and some local data may provide more detail on specificities in different cities.

2. **If it is deemed safe and necessary to collect data, it is always recommended to work hand-in-hand with local LGBTQ+ organizations, and/or hire a consulting company with expertise in data collection and sensitivity to LGBTQ+ issues to avoid re-stigmatizing and violating LGBTQ+ populations.**

   If data will be collected, it is very important to prioritize the safety, needs, and potential benefits that such information can bring to LGBTQ+ people. Usually, these organizations already consider issues of confidentiality and ethics in the provision of their services.

Analysis of the Context and Situation of LGBTQ+ People in the Project's Area of Influence

Analysis of context is one of the main elements of any risk assessment, as it informs all other components of the process, including the action plan and its subsequent implementation. In the case of LGBTQ+ people, this is even more important because of considerable regional, national, and local differences in terms of legal protections, legislation, public policies, and attitudes towards sexual and gender diversity.

Not considering the specificities of the local context with respect to the recognition of rights (or lack thereof), legal protections, and attitudes about people of diverse sexual orientations and gender identities can seriously jeopardize the lives and livelihoods of LGBTQ+ people. It could also make the project vulnerable to complaints or legal action.

Example considerations and questions for the context and situational analysis of LBGTQ+ people in the project's zone of influence include the following:

1. What is the normative framework and what are the national and subnational laws and regulations related to recognition of the rights of LGBTQ+ individuals, relationships, and families, particularly with respect to situations associated with the project?

2. Is there existing data on communities affected due to the implementation of projects, such as access to education, health, work, justice mechanisms, services, and results of, for instance, poverty statistics, among other topics?

   Although some efforts are being made to collect representative national data, most countries do not have this type of information. However, there is a large amount of data and knowledge generated by civil society and academic and research centers, among other actors, that can give a pretty precise idea of the situation, as well as the needs and challenges faced by the LGBTQ+ population in the area of influence of the project. It is highly recommended that the Borrower incorporate that data into its Situational Analysis.

   It is also important to understand the attitudes and perceptions towards LGBTQ+ people in the area of influence of the project. This is useful for incorporating themes of LGBTQ+ inclusion in the programming of training and education. A synthesis of 2,750 surveys covering at least 30 years and 175 countries, produced by the Williams Institute (2021), can serve as a global overview to inform the Situational Analysis.

3. What is the presence and strength of civil society organizations that defend the rights of LGBTQ+ people? These organizations best know the experiences, needs, challenges, and abilities of LGBTQ+ people in the area of influence of the project. They are essential allies in the assessment of risk, the formulation of measures to prevent and mitigate negative impacts, the design of efficient complaint channels, and in guaranteeing the participation of LGBTQ+ people in the different stages of the project. It is thus fundamental that the Borrower establish genuine, sustained, and collaborative relations with at least one of these organizations for the duration of the project and for the impact evaluation processes.

4. What is the presence and strength of public institutions and agencies whose mandate includes the guarantee of rights and protection of sexual and gender

minorities at a local, regional, or national level with jurisdiction over the project's areas of influence? Examples would include LGBTQ+ secretariats, LGBTQ+ tables of action, ombudsmen, etc. If available, it is recommended that the Borrower establish genuine and sustained relations with the institutions that are relevant to the project's area of influence, and with the processes of impact evaluation.

Participation of Stakeholders

As stipulated in ESPS 9, risk analysis for sexual orientation and/or gender identity and expression should follow a participatory approach.

For this reason, one of the most important elements of the ESPF is that the people impacted by the project participate on an equal basis in consultations so that these events can reflect their concerns and lead to a more inclusive decision-making process.

A common risk for LGBTQ+ people, couples, families, and communities in areas of influence of projects is unequal involvement in the stakeholder engagement process, which can occur in projects that, among other factors, involve decision-making spaces with hostile environments for LGBTQ+ people.

Early and regular consultations with all people affected by the project, as well as other stakeholders, are crucial to adequately identify the risks to which LGBTQ+ people are exposed, as well as related mitigation measures needed, and to lay the groundwork for inclusive participation throughout the project.

The first step is an analysis of the stakeholders. When it comes to LGBTQ+ people, it is recommended that the project work alongside LGBTQ+ organizations and leadership as well as academics who are experts on the subject, among others. In addition, it must be considered that due to the stigmatization and different levels of discrimination faced by LGBTQ+ people, it can be particularly difficult or dangerous for people of any gender or sexual orientation to actively and visibly participate in the processes. It is thus important that the Borrower work alongside local LGBTQ+ organizations, as they know in detail the situation of LGBTQ+ people in the project's area of impact.

In particularly hostile contexts for LGBTQ+ people (e.g., in cases where criminalization occurs), consultations must take place in private to guarantee the protection, safety, and confidentiality of the participants, and to allow for an open exchange. It is fundamental that, when documenting the results of these consultations, the anonymity of the participants be ensured to protect their privacy and safety.

In cases where there are no local LGBTQ+ organizations, it is recommended that the project seek out national organizations that have the capacity to conduct due diligence projects and establish contact with LGBTQ+ communities in the project's specific areas of influence.

Another key element to consider to ensure the participation of people of any gender and sexual orientation is that their capacity to participate can be affected by limited mobility or different work schedules.

For instance, in contexts of historical social and economic inequalities, certain transgender women turn to sex work either in a partial or complete way. In addition, in environments hostile towards LGBTQ+ people, nocturnal life (mainly in clubs or bars) can be an important source of affirmation and community-building. Because of this, certain measures that can contribute to increasing the attendance of LGBTQ+ people include:

- Choosing meeting times and days that do not interfere with the carrying out these activities (e.g., avoiding early morning hours).
- Organizing meetings in places that are accessible, safe, and culturally adequate for LGBTQ+ people to attend.
- Avoiding holding the consultation in governmental buildings and asking people to show ID at the entrance (which can disproportionately affect the entry and subsequent participation of transgender people).
- If possible, facilitating transportation and food, as well as other measures that recognize that the time which LGBTQ+ people invest in these participation processes is time they are not spending on productive activities essential to their subsistence.

Implementation

Examples of best practices to ensure the participation of all in projects include the following:

- Consider the General and Ethical Considerations on Data Collection and the Analysis of Existing Data described above.
- Guarantee that all documents and communications related to the project use the name and gender identity of the person, regardless of their official documents, including invitations to events, ID cards, security passes, e-mails, employee directories, names on badges, and office signage, among others.
- Ensure that all people involved in the project acknowledge the gender identity of transgender people (i.e., they use their name and correct pronouns and treat them with the same dignity and respect as the rest of their colleagues).
- Train and sensitize the administrating agency, the contracted companies, and the community regarding people of any gender and sexual orientation in a periodic, consistent, and innovative manner.

For training and sensitization, the Borrower must hire a third-party service provider with proven experience in the field. It is fundamental that this training take into account the specificities of the context and that working alongside local LGBTQ+ organizations is critical.

Key elements in this training include the clarification of basic concepts on sexual and gender diversity; socialization of the code of conduct that includes a zero tolerance policy to any form of violence or discrimination against all people, including LGBTQ+ people; and provision of information on how to report violations of the code, how these violations will be handled, and what the sanctions are, among other considerations (ESPS 4).

Box A2.2 Risk Mitigation: The Metro de Bogotá Experience

The Metro de Bogotá Company (EMB), as part of its institutional policy, embraced the district's inclusion policy within the Metro system, and created zoning participation committees for the LGBTI population to be project observers.[1] Likewise, the EMB coordinated with the Government Secretariat, which is in charge of public transportation. The participation committees are made up of leaders, neighbors, and representatives of the sector suggested by the LGBTI population. These committees are part of the EMB's Communication Plan.

To begin with, the EMB used a methodology of stakeholder mapping and community characterization, following guidelines that included protection, confidentiality, respect and sensitivity. The main guiding question was: What are the impacts of the Metro on the lives of LGBTI communities? One of the findings was that the relationship between the community and the institutions needed to be improved. This is why emphasis was placed on strategic inter-institutional coordination, for example, periodic informative/socialization meetings and weekly social committees with the LGBTI community.

When asking about the life dynamics of people who live in marginalized neighborhoods, it was found that they faced a very precarious economic situation. This was not only because economic activity is quite limited, but also because of the prevalence of discrimination based on gender identity and sexual orientation. For instance, for transgender people in particular the barriers include rejection by their families, having to leave the neighborhoods where they used to live because they were not accepted, and the need to engage in sexual activities for survival, among others.

Based on the needs identified by the LGBTI population, the EMB project conducted workshops such as how to develop a CV and disseminate it, and how to access public employment. In the future, the EMB plans to conduct an LGBTI job call for Metro de Bogotá. In other words, all the efforts made are integrally oriented to ensure support networks for the LGBTI population.

[1] This box uses the acronym LGBTI, which is the one that the Metro de Bogotá uses.

Analysis of Institutional Capacity

Analysis of institutional capacity is a fundamental part of sexual orientation and gender identity risk analysis because it makes it possible to identify which resources are available and which resources need to be outsourced, including for technical capacity, monetary resources, time of investigation, planning, execution, and evaluation, among others.

Guaranteeing confidentiality is particularly important in cases of harassment, discrimination, and violence directed to LGBTQ+ people due to the high degree of social stigmatization and even criminalization that they face. Because of this, one of the best practices, especially when entities do not have the resources, experience, or institutional capacity they need, consists of hiring private firms or external CSOs that specialize in the investigation, management, tracking, sanctioning, and evaluation of cases of discrimination related to sexual orientation and gender identity (among other sensitive matters, such as ethno-racial belonging, gender, and disability). If this model is followed, it is essential that the firm or organization be familiar with (and, if possible, is part of) the local context.

It is very important that it be widely and repeatedly broadcasted that the firm or organization engaged will be the one to handle the claims in such a way that the personnel and people in the project's area of influence can trust that the complaints will be handled in a confidential and impartial manner.

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 the 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 for those affected. It is therefore particularly important to engage with potentially affected individuals, households, and groups as early as possible and in a sensitive and transparent manner.

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 the **timing** of relocation, compensation, and assistance mechanisms. As a general rule, people should not be made to relocate before they (i) have received full compensation for the value of lost land and other assets, and (ii) 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 for men to say that they would like a cash settlement, while women may have a better understanding of the risks associated with cash compensation, and may prefer in-kind support.

- When discussing different options for assistance and compensation, the consultation process should include an assessment of the **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 2 of this publication, 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 carried out 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 also have a structured consultation process with **host communities**, that is, people who are currently living in the area where people affected by the project 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 safeguard policy requirements apply.

- Resettlement affecting **indigenous peoples requires documented agreement** with the affected communities. See the separate section below for details on engaging with indigenous peoples.

- Specific issues related to resettlement should be discussed in relation to the establishment of a **grievance mechanism** for the project. This is needed to ensure that all aspects of the resettlement process can be discussed and addressed through such a 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 mechanism, see Annex III.

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 benefited 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:

1. 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 or 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 determine what is generally referred to as "replacement cost."

2. Livelihood losses: Loss of land and land-related resources may lead to loss of livelihood and earning opportunity, particularly for farmers 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.

3. 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 safeguard policies of the IDB and other IFIs require appropriate levels of support to different categories of people, which should be discussed as part of the consultation process.

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 International Labour

Organization (ILO) Convention 169 on Indigenous and Tribal Peoples (1989); and the United Nations Declaration on the Rights of Indigenous Peoples (2007).

Consistent with core principles of these international frameworks, the IDB and other IFIs have specific policies related to indigenous peoples. Among development finance institutions, the IDB is unusual in that the institution places emphasis not only on risk management and potential adverse impacts, but also on promoting opportunities for indigenous peoples through development with identity. Meaningful engagement with indigenous groups is required in the IDB policy entitled Promoting Development with Identity, which 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." IDB Environmental and Social Policies OP-703, OP-765, OP-704 and OP-761 also remain in effect for all matters related to the Bank's mainstreaming work regarding such policies.

ESPS 7 not only focuses on avoidance and management of adverse impacts on indigenous peoples, but also on ensuring access to project benefits and promoting development opportunities. It states as objectives: (i) To anticipate and avoid adverse impacts of projects on communities of indigenous peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts; and (ii) To promote sustainable development benefits and opportunities for indigenous peoples in a culturally appropriate manner.

Identity and Eligibility

Engaging with indigenous peoples may involve several dilemmas and challenges. The first 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 or is not indigenous, 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.[2]

In the ESPF, the term "indigenous peoples" is used in a generic sense to refer to distinct social and cultural peoples possessing some of the following characteristics to varying degrees:

1. Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others.

[2] 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.

2. Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories.

3. Customary cultural, economic, social, or political laws and institutions that are separate from those of the mainstream society or culture.

4. A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

The ESPS applies to indigenous peoples who maintain a collective attachment, that is, whose identity is linked to distinct habitats or ancestral territories and the natural resources therein. It may also apply to communities or groups that have lost collective attachment to distinct habitats or ancestral territories in the project area because of forced severance, conflict, government resettlement programs, dispossession of their lands, disasters triggered by natural hazards, or incorporation of such territories into an urban area.

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 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.

Guidance for the Application of the ESPF to Traditional Peoples

The ESPF includes specific provisions for traditional peoples that are not necessarily the same as for indigenous peoples.

Who are traditional peoples? As per Annex II of the ESPF (Glossary), traditional peoples are groups or communities that have ownership and land use patterns that recognize customary law,[3] customary land tenure rights in accordance with their worldview, and governance structures. These structures are culturally distinct, traditionally owned, and often communally held. Examples of communities of traditional peoples in Latin America include Quilombolas, Palenques, Caboclos, and Riberinhos.

[3] Customary law, in general, can be defined as all those rules of conduct which regulate the behavior of individuals and communities. Accordingly, indigenous customary law is comprised of such rules applicable to Indigenous Peoples and communities.

This definition in the ESPF Glossary also includes the following sentence: "For the purpose of the ESPF, traditional peoples are treated as Indigenous Peoples." However, footnote 159 of ESPS 7 indicates that "for the purpose of this ESPS, traditional peoples, as recognized by national law, are treated as Indigenous Peoples." Therefore, not all traditional peoples fall within the scope of ESPS 7.

As stated in paragraph 2 of ESPS 7, in cases where other communities or groups are provided the same level of rights and protection as Indigenous Peoples, ESPS 7 applies to those groups or communities.

It must be noted that even if traditional peoples are not given by national law the same level of protection as Indigenous Peoples, they would still benefit from the same evaluation and mitigation requirements under ESPS 1, including a sociocultural analysis (which includes a vulnerability analysis, among other requirements), a culturally appropriate management plan, if required, and a Stakeholder Engagement Plan (SEP).[4]

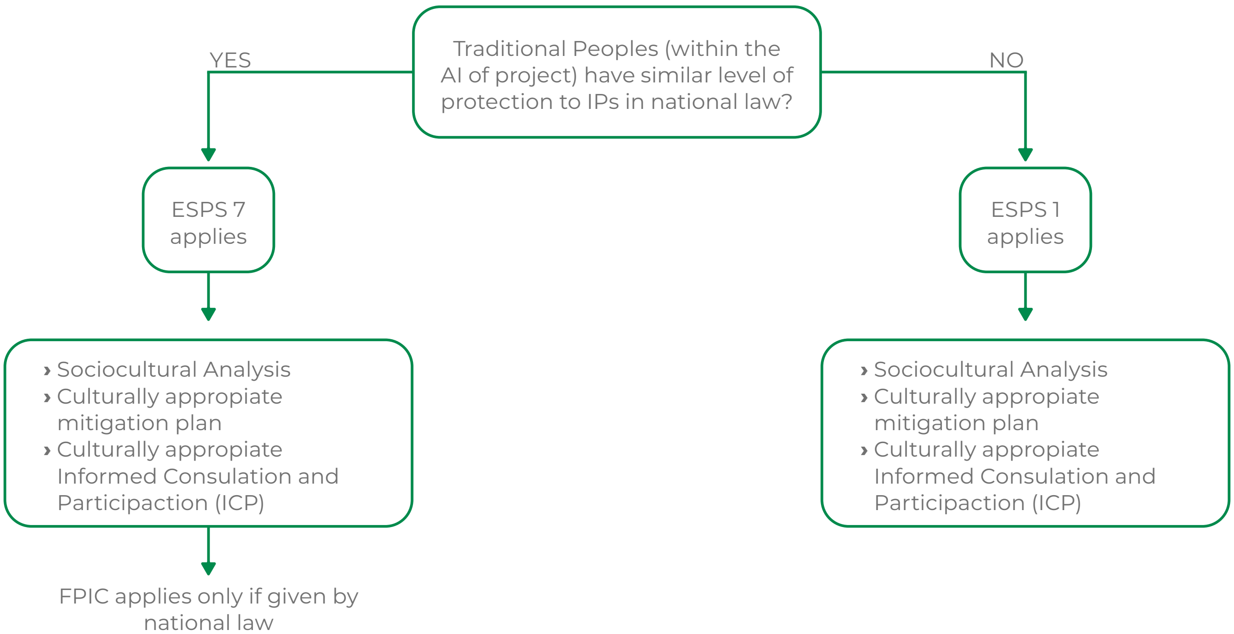
If national law provides the principle of Free, Prior and Informed Consent (FPIC) to traditional peoples, this should be respected and implemented. On the other hand, if national law does not provide it, then FPIC is not required. This restrictive interpretation of footnote 159 still provides protection to these groups, without expanding FPIC requirements beyond what is indicated in international conventions. This would be the only difference regarding application of ESPS 7 to Indigenous Peoples versus traditional peoples: for the former, regardless of recognition by law, FPIC is required.

If traditional peoples are identified as indigenous the regular four criteria assessment for the application of ESPS 7 should be followed as with any other case (Figure A2.1).

[4] It could be a specific SEP for traditional peoples or part of the general SEP for the project with specific measures for these communities.

Figure A2.1. Flowchart of Application of the Environmental and Social Policy Framework to Traditional Peoples

Traditional peoples (within the Area of Influence (AI) of project have similar protection to Indigenous Peoples (IP) in national law?



Note: ESPS: Environmental and Social Performance Standard; FPIC: Free, Prior, and Informed Consent.

Engaging with Customary and Local Institutions

The Borrower will undertake an engagement process with project-affected communities of Indigenous Peoples, as required in ESPS 1 and ESPS 10. This engagement process includes stakeholder analysis and engagement planning, disclosure of information, consultation, and participation in a culturally appropriate manner. In addition, this process will:

1. Involve indigenous peoples' representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the communities of Indigenous Peoples affected by the project.

2. Provide sufficient time for Indigenous Peoples' decision-making processes.

3. Include indigenous consultation protocols, when they exist. These are specific instruments and initiatives established by each group of Indigenous Peoples to ensure the respect for their rights within the framework of consultation processes.

The Sociocultural Analysis, required whenever an indigenous community is within the area of influence of a project, should include an analysis of formal and informal institutional mechanisms for decision-making and the governance structure of each community. The engagement process should involve Indigenous Peoples' representative bodies and organizations, where they exist. These may include community assemblies, local representation through a chief or council of elders, or other organizational structures at the community, sub-national, and national levels. 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 to 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.

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 of 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 a full understanding of technical language, and may need help with this.

Culturally Appropriate Consultations

It is recommended that a first written output of the consultation process 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 the project and the engagement process, since it is not unusual for local communities to fear or distrust people coming from the outside. They have often 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. When developing the plan for culturally appropriate engagement with Indigenous Peoples, considerations about process, time, resources, and capacity-building should be made to effectively engage with them.

Information should be provided in formats and languages that are meaningful to the 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 the 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 a labor influx, disease, or other threats to the community.

An important aspect of consulting with Indigenous Peoples is the time dimension. A common mistake is not starting the engagement process early enough in the project cycle, and providing insufficient time for the consultations. 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. 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 hold 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

FPIC is required under the following circumstances:

1. Impacts on lands and natural resources traditionally owned or under customary use
2. Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or customary use
3. Significant impacts on cultural heritage essential to the identity, cultural, ceremonial, or spiritual aspects of Indigenous Peoples
4. Commercial use of cultural heritage (tangible and intangible).

Similar requirements are part of other IFI policies; the International Finance Corporation (IFC 2012) and the World Bank (2016) have adopted the principle of 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.

The approach taken by IFIs generally applies FPIC to those aspects, activities, and components of the project that affect the Indigenous Peoples directly, rather than to the project as a whole. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting Indigenous Peoples.

Reaching a collective agreement is to be done through a process of good faith negotiation, as discussed in Section 4 of Part 2. In practice, this is equivalent to the principle of FPIC as established in the 2007 UN Declaration on the Rights of Indigenous Peoples.

It is unrealistic to expect unanimous support from all community members for a project proposal. The FPIC process should be viewed as one 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. Consent refers to collective support of Indigenous Peoples for the project activities that affect them, reached through a culturally appropriate process, respectful of Indigenous Peoples' customary decision-making, through representatives chosen by themselves, or any other form of decision-making process of their own governance structure. The Borrower will document (i) the mutually accepted good-faith negotiation process between the Borrower and Indigenous Peoples, and (ii) the outcome of this process, including all agreements reached between the parties as well as dissenting views. The FPIC process and outcome requires collective support, acknowledging that there might be internal dissent that should be properly documented, and that dissent that has been carefully considered need not be an impediment for obtaining consent (explain why that is the case).

As with other aspects of project planning and implementation, engaging in a process of securing the FPIC of Indigenous Peoples is the responsibility of the Borrower through the project Executing Agency or other responsible agencies.[5]

Where the good faith negotiation process is successful, an agreement (in a format and content previously agreed) should document the roles and responsibilities of both parties and specific commitments. This may include:

1. An agreed-upon engagement and consultation process or use of an existing indigenous consultation protocol; environmental, social, and cultural negative and

[5] 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.

positive impacts (direct, indirect and cumulative); and risk and impact management (including land and resource management)

2. A compensation and disbursement framework or arrangements

3. Employment and contracting opportunities

4. Governance and institutional arrangements

5. Other commitments such as those pertaining to continued access to lands, contribution to development, etc.

6. Agreed-upon implementation/delivery mechanisms to meet each party's commitments.

It is important to document the agreement reached, and to make sure that all parties understand it and consider it legitimate. While such an agreement can be recorded in different ways, it is recommended to do so in writing to avoid future misunderstandings. An FPIC agreement captures the communities' broad agreement on the legitimacy of the culturally appropriate engagement process based on customary law and the decisions made. To establish legitimacy, it is key that consent is reached by representatives chosen by Indigenous Peoples, according to their own governance and decision-making process, and that this decision is well documented. While the agreement should be valid for the duration of the project, it is possible that the given consent could also be withdrawn if expected activities, impact, and mitigation measures change.

Annex III. Project-level grievance mechanisms

This annex provides guidance on setting up and implementing a project-level grievance mechanism (GM) by running through the steps of a typical process. Section 5 of Part 2 presented the IDB requirements for a GM, its purpose and key components, and the different IDB GMs available to stakeholders to raise grievances. This annex focuses on private and public GMs at the project level relevant to development operations financed with IDB resources, with emphasis on environmental and social safeguard issues.

Objectives of a Grievance Mechanism

Establishing a GM at the project level is an important element of meaningful stakeholder consultation, as it can serve as a preventive and management tool to address environmental and social risks. The objective of establishing a project-level GM is to provide stakeholders with accessible and inclusive means to raise grievances,[6] and to allow Borrowers to respond and manage them appropriately. Addressing and responding to grievances is one of the key elements of an effective stakeholder engagement and information disclosure system.

Scope of a Grievance Mechanism

Stakeholders – that is, people and interested parties affected by the project – should be able to submit grievances related to project activities using a project-level GM. Such a mechanism is the process through which these grievances are received, assessed, acknowledged, investigated, and responded to. The GM should be free to use by complainants and accessible to all stakeholders affected by project activities, including those activities undertaken by IDB clients directly, their contractors, and subcontractors.

Where concerns, issues, and requests are raised by stakeholders, these should in the first instance be collected, reviewed, and responded to as part of the stakeholder engagement before recording them as a grievance. It is important that stakeholder engagement collect and respond to concerns and issues to prevent them from escalating to grievances and complaints.

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

[6] The terms "complaints" and "grievances" are used interchangeably in this annex.

Criteria of an Effective Grievance Mechanism

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 GMs share a common set of characteristics with respect to the scope, quality, and effectiveness of the process. Criteria to be applied for an effective GM typically include the following:

- **Accessibility.** Stakeholder groups must know about the GM and enjoy easy access to it. Making the mechanism accessible entails (i) establishing multiple access points close to program beneficiaries and key stakeholders; (ii) providing disadvantaged and/or vulnerable groups, where relevant, with the means to effectively access the GM; (iii) building in flexibility regarding language and format; (iv) including multiple access channels (face-to-face, website, phone, etc.); and (v) disseminating information about the GM to help complainants understand how the system works and what they should expect from it. A project-level GM should be continuously disseminated, when possible, through a variety of means, in stakeholder engagement processes such as workshops or public hearings.

- **Transparency.** The entire GM 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 examining the complaint is under way to ensure a fair outcome.

- **Fairness and independence.** GMs and their operators need to be trustworthy and bound by a clear set of rules and standards geared to ensure that GM activities are subject to the highest canons of impartiality, integrity, and fairness. Although project Executing Agencies tend to be in charge of the GM 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.

- **Predictability.** Clearly defined procedures and timelines are key to building trust and confidence in the grievance management system. Predictability allows users to understand what to expect from the process and when and how agreed-upon solutions will be followed up and monitored. This helps in setting realistic expectations on all sides and minimizing the risk of further compounding grievances through frustrating processes. In order to ensure predictability, the Executing Agency should develop a GM management protocol establishing clear roles and responsibilities as well as grievance management phases and outcomes, which should be disclosed.

- **Equity.** Complainants must 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 have the means to support the weaker party by providing independent advice at no cost.

- **Rights-compatibility.** The GM process, responses, and agreements need to be within a given policy and national legal framework with due respect for complainants and their rights, offering the necessary protection and embedding human rights principles such as non-discrimination. The GM protects the parties' confidentiality and guards against potential retaliation, including designing measures to prevent potential retaliation.

- **Legitimacy.** Potential affected populations must perceive the mechanism as neutral and trustable. They have been enabled to raise complaints, and the system imposes few conditions to do so. This element also means that the GM does not preclude complainants from pursuing other avenues to seek remedy for their concerns, and GM operators can be held accountable for their conduct during the grievance process. That conduct incudes, for example, integrating community feedback into the mechanism's structure to ensure that it addresses local concerns, credibility, and acceptance. Continuous learning and improvement are an essential part of ensuring the mechanism's legitimacy. This is done by regularly reviewing and updating the GM based on feedback, lessons learned, and evolving project needs.

- **Internal management.** According to best practice, the GM should be embedded within the institution's business strategy. Leadership, together with Human Resources, when feasible, should be committed to the management and effectiveness of the mechanism. This means that the GM reports to management leadership, allowing for resources to be allocated to it and for capacity-building. GMs are one of the few mechanisms that can provide constant quantitative data on social and environmental issues and raise early warnings on patterns and trends.

The above effectiveness criteria are based partly on the United Nations Guiding Principles on Business and Human Rights (UN GPBH) (United Nations 2011). There are available tools online to help projects benchmark their GM against the UN GPBH effectiveness criteria.[7]

Project Grievance Mechanism Resources and Management Responsibility

It is important to designate who is responsible for coordinating and managing a GM process from the outset, and to ensure they have the appropriate skills and resources. In some cases, where the project organization lacks the required expertise for design and implementation of the GM, it may be appropriate to add expertise through the use of consultants and

[7] A simple benchmarking tool is contained in the International Petroleum Industry Environmental Conservation Association manual, available at https://www.ipieca.org/resources/community-grievance-mechanisms-toolbox

experts for periods of time. However, as indicated previously, fundamental GM components are trust and institutional credibility among the potential users of the system. So, it is important that project staff ultimately manage the GM.

Grievance Mechanism Resources

Resources should be allocated for managing the GM process at the project level. Depending on the complexity of the project, this may involve assigning responsibility for the GM process to an existing function/team or sharing it across a number of functions (often community liaison or stakeholder engagement functions, for example). For more complex projects, dedicated resources may be required to implement the GM.

When a grievance is received and registered under the GM, it needs to be reviewed to allocate it to a complaint or grievance owner. Depending on the nature of the grievance, this may be another technical function (e.g., a grievance related to construction may need to be allocated to the construction lead). Some grievances may require input from a number of technical functions as well as contractors. It is important that measures be taken to protect the privacy of complainants and avoid placing them at risk of retaliation.

The allocation of resources to implement a GM may need to change during the project lifetime. At different stages complaints can increase and peak. For example:

- The disturbance to communities during peak construction activities can increase grievances.
- Land acquisition and compensation processes can result in an increased number of grievances, as can the process of relocation of affected households.

Thus, when planning and allocating resources, the likely periods when grievances could ramp up and peak should be considered.

Grievance Review Committees

Periodic review of the GM and the grievances registered is important. Establishing a Grievance Review Committee (GRC) and a monthly, bi-monthly, or quarterly review process can be beneficial and help enhance a GM. The frequency of review and GRC meetings should be determined based on the level of grievances being received; at peak times more frequent meetings may be required. Members of a GRC should be drawn from different functions, including main contractors. There should be senior management representation on the GRC. The scope of a GRC should be determined and set out as part of the GM procedures. Items to consider within its scope include:

- Reviewing grievances received and timeframes for acknowledgement and response.
- Reviewing appeals from complainants who are not satisfied with a proposed resolution.
- Authorizing additional actions for proposed resolutions in order to provide another avenue for achieving acceptable resolutions, especially important where the actions involve additional project costs.
- Approving the close-out of grievances where it is not reasonably possible to agree on a resolution with a complainant.
- Looking at monitoring reports and identifying trends in grievances received, and identifying corrective actions for the mechanism and supporting their implementation.

As with all effective management systems, it is important that senior management take oversight of the GM and be involved in the process, including its monitoring. This is essential for many reasons, including to ensure that:

- The necessary resources are assigned.
- Proposed resolutions are approved and budgeted for.
- Matters arising from the grievances that relate to the project design are fed through and there is senior-level support to make sure corrective actions are taken.
- Senior management is aware of the grievances being raised, as senior management involvement can sometimes result in actions that can reduce the risk of these becoming escalated.
- The GM process will be part of the reporting process for the IDB, and information related to it is publicly disclosed. It is important therefore that senior management have oversight and visibility of the GM process and operation.

Setting Up a Grievance Mechanism

A GM should be established based on the analysis of priority issues (as described in Section 1 of Part 2). It is important to consider the project context when setting up a GM, as this can contribute to the likelihood and types of grievances to be raised. The project context needs to be considered when designing the GM to make sure it is accessible, and in turn so that the methods to receive grievances are effective. For example, communities affected by linear projects are spread along a route, so the methods and channels to receive grievances and inform stakeholders about the GM need to consider this. The structure and functioning should be discussed with concerned stakeholder groups and affected communities.

Key elements of the GM assessment include (i) types of grievances that are likely to arise as a result of the project, and the potential for redress; (ii) the constituency likely to use the system and to which the system should be accountable (based in part on the stakeholder engagement analysis); (iii) existing institutional capacity to receive, respond to, and resolve grievances, including escalation (appeal) options; (iv) gaps between existing redress systems, both formal and informal, at the community and project level; (v) improvement measures for any existing GM; and (vi) preventive measures to address project risks, opportunities, and trigger points.

As discussed above, designing a GM is a unique process pertaining and proportional to the complexity of a specific project, but one that builds on what already exists. Although it aims at simplicity, a GM in a development operation must be able to address multi-party and multi-issue concerns.

Environmental and social impacts should be considered when analyzing priority issues. The GM design should consider the priority issues identified (see Section 1 of Part 2). Other considerations for setting up a GM include the following:

1. **Affected community context and community dispute mechanisms**

   » **Affected community context:** When designing a GM, it is important to consider the community context, including socioeconomic, livelihood, vulnerability, cultural, and legacy issues. Consultation with the affected community on the GM should inform its design, and community feedback on its implementation should inform its further development and refinement.

   » **Affected vulnerable groups and individuals:** The needs of vulnerable groups and their potential barriers to accessing a GM should be considered when setting up the mechanism, especially where Environmental and Social Policy Standard 7 (ESPS 7) is applicable. Special provisions in the GM may be required for women, people with disabilities, people of diverse sexual orientations and gender identities, youth, the elderly, and racial and ethnic minorities.

   » **Existing community and customary dispute settlement mechanisms:** A GM should consider the existing mechanisms and institutions used by communities and how it could draw on these. In some communities existing dispute settlement mechanisms and the institutions involved can be appropriate as part of the appeals process for a GM.

2. **Project nature, complexity, and scale**

   » **Larger, complex projects:** An enhanced GM may be required for projects with large-scale land acquisition, significant environmental and social issues and significant community concerns, including where Free, Prior, and Informed Consent (FPIC) requirements under ESPS 7 are applicable

» **National projects covering a large area with sub-components in different locations:** The affected communities may be spread across large areas, and several points of contact would be necessary to make the GM accessible. Both the methods to receive grievances and to inform stakeholders about the mechanism need to be carefully planned to ensure accessibility.

» **Refurbishment, improvement, and expansion projects:** There may be legacy issues associated with the previous development and site use with historical community grievances related to this.

» **Projects that provide goods and services to the public:** These projects can have a large number of service users, so the possible nature and volume of complaints needs to be carefully considered in determining the internal resources required to manage the GM.

When to Set Up a Grievance Mechanism

In terms of timing, the preparation and consultation on the design and functions of a GM should start early in the project preparation period. Ideally it should be functional before the project is fully designed and presented for approval, since many of the concerns of stakeholders are likely to emerge during the preparation phase. It should continue to operate throughout the project implementation phase. Where land acquisition is required, the GM should be established as early as possible to provide a recourse mechanism for grievances related to land acquisition, compensation, and relocation.

A Proportionate Grievance Mechanism: Minimum and Enhanced [8]

As with other aspects of risk management, GMs should reflect the project's level of risk and complexity. A higher-risk operation will require a more comprehensive GM. The two following paragraphs provide guidance on what as a minimum a mechanism should contain and the additional elements for an enhanced mechanism for projects with a higher level of risk and complexity. Box A3.1 provides more detail.

Minimum grievance mechanism: Applicable for projects classified as Category B and C, that is, projects with an environmental and social ranking of Low and Moderate. This GM would have a single-tier internal appeals process if the complainant does not agree with the proposed resolution.

[8] Terms also used in EBRD (2023).

Enhanced grievance mechanism: Applicable for projects classified as Category A, that is, projects with an environmental and social ranking of Substantial and High; projects involving land acquisition; and projects with significant community concerns or complex issues, including where FPIC requirements under ESPS 7 are applicable. This would have an appeals process with two tiers if the complainant does not agree with the proposed resolution. The first tier is comprised of an internal process aiming to reach a proposed resolution. The second tier would be available when complainants are not satisfied with the proposed resolution involving access to an independent recourse mechanism, possibly involving an impartial third-party.

Box A3.1. Minimum and Enhanced Grievance Mechanisms

Minimum grievance mechanism: : All project-level grievance mechanisms should contain these elements:

- The grievance mechanism should be communicated, publicized, and disclosed in a language(s) and format readily understandable to the affected communities and other stakeholders.
- There must be free access and use channels for complainants to raise grievances.
- The mechanism must not prevent access to judicial or administrative remedies.
- The process and timeframe to acknowledge, assess, and resolve grievances should be simple and clear. The process should ensure that complainants are informed of progress and should enable grievances to be resolved quickly where appropriate.
- The mechanism should include guidance on what will happen should the complainant not be satisfied with the proposed resolution, including the appeals process. It should inform stakeholders about the other channels of the IDB Environmental and Social Grievance System available to stakeholders to raise grievances.
- The mechanism must maintain confidentiality, protect the privacy of complainants, and allow confidential and anonymous grievances to be raised. Measures must be in place to protect against the risk of reprisals and to prevent retaliation. Grievance mechanism documentation should include statements that actions that amount to retaliation will not be tolerated and will be subject to investigation. For more detail and guidance on reprisal risk management see Section 4 of Part 2.
- Development of a mechanism should consider existing community customary dispute settlement processes and institutions.
- The mechanism should be tailored to be gender-responsive and to meet the needs of affected vulnerable groups and individuals. The channels to receive grievances and engage with complainants should consider the barriers these groups face. For more details and guidance on developing a grievance mechanism with appropriate measures to prevent discrimination based on gender and sexual orientation see the section on Gender Aspects in Annex 2.[1]
- In terms of internal resources, responsibility for the implementation of a grievance mechanism may have to be shared across a few functions.
- Reporting, monitoring, and analysis of trends.

Enhanced grievance mechanism: In addition to the minimum grievance mechanism elements, the following enhancements to the project-level grievance mechanism may be required:

- Due to the project context and risks, there may be a need for additional channels to receive grievances.
- Under Environmental and Social Performance Standard 5 (ESPS 5), a recourse mechanism/appeals process is required for projects with land acquisition. This may involve a multiple-tier appeals process for complainants if they do not accept a project's proposed resolution.
- Use of independent arbitration or mediation services may need to be available for projects with significant land acquisition or when Free, Prior, and Informed Consent is applicable under ESPS 7. Consultation with affected communities should be undertaken through the mediation service or an independent arbitration organization to be used as part of a grievance mechanism process.
- In terms of internal resources, for these types of projects implementation of the grievance mechanism is likely to require dedicated resources.
- Senior management oversight of the grievance mechanism should be in place in an enhanced mechanism, along with some additional monitoring.

[1] Further guidance can be found in the Guide to Support the Design and Implementation of Measures to Prevent and Address Discrimination Based on Gender and Sexual Orientation (known as the SOGI Guide (IDB 2024a).

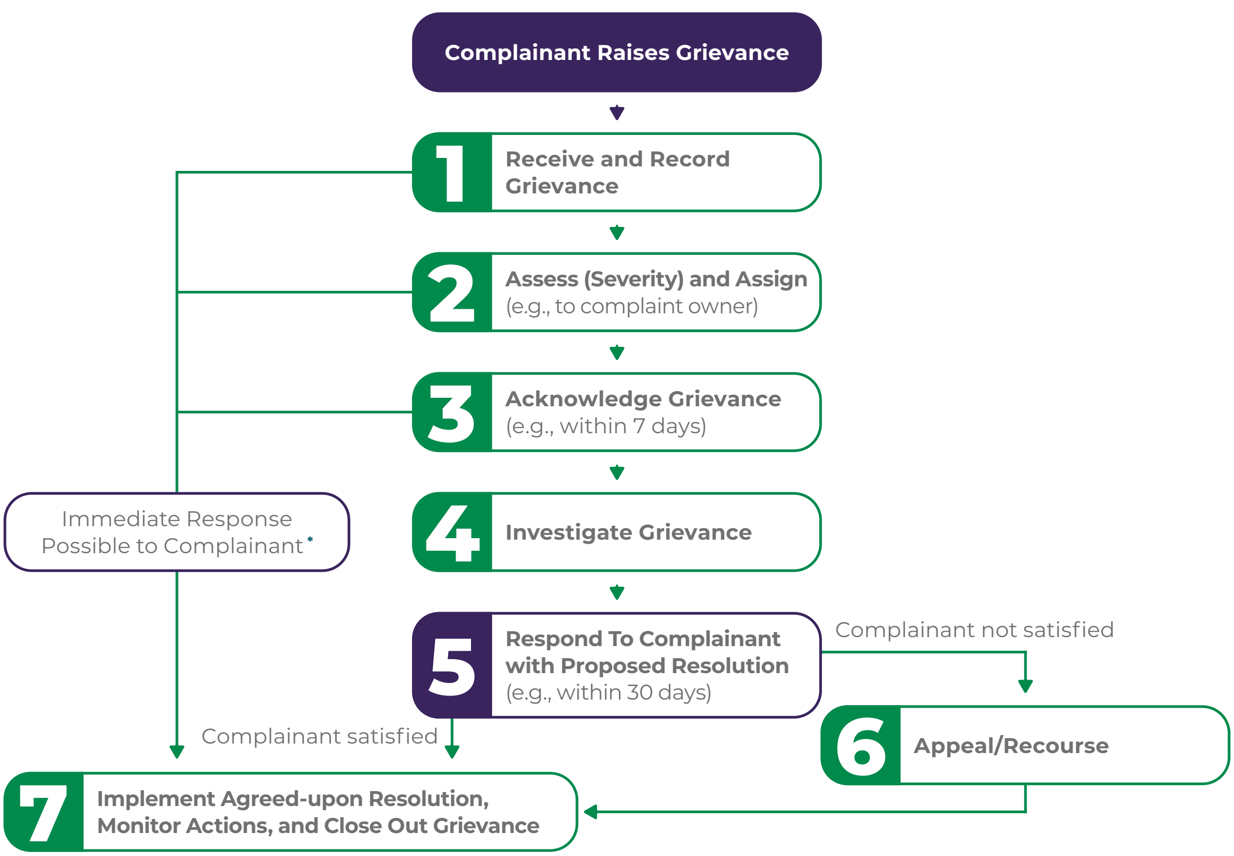
Step-by-Step Process for a Typical Grievance Mechanism

There are typical steps in a GM that are reflective of best international practice, as shown in Figure A3.1. The GM structure will depend on whether a new project-level GRM will be established, or an existing mechanism is available.

Where possible, the design of the GM should make use of established existing mechanisms if they are working effectively. 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. Where an existing GM is available, a review should be carried out against the typical steps in a GM to identify areas where the existing GM could be strengthened and adapted for the purpose of the project.

The timeframe to acknowledge and respond to grievances should be included in the GM process: for example, written acknowledgement of a grievance within seven days of receipt, and communication on a proposed resolution to the complainant within 30 days of receiving the grievance. These timeframes should be one of the monitoring indicators for the GM.

Figure A3.1. Typical Grievance Mechanism Internal Management System Outline



* Sometimes on receipt and initial assessment of a grievance, it is possible for a project to identify a proposed resolution immediately. Where this is possible, an immediate response on the proposed resolution for the grievance should be given to the complainant.

It is important a GM is responsive to complaints and accessible. What makes a GM truly effective?

- Access for complainants is simple.
- A screening system is in place for quick distinction between complaints and project-related queries.
- Quick initial response (i.e., acknowledgement) in all cases and after each phase of the grievance management process.
- Efficient referral system (when the complaint is not under the GM scope).
- Complaints are traceable at all times by internal management and complainants.
- 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.), as indicated clearly in a protocol that is publicly available.

Complaints need to be acknowledged, tracked and responded to. Adequate registration enables both the complainant and the GM 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 needs to receive status reports as well as responses. These illustrate that reporting and communicating with complainants is a continuous process.

A GM 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 to design, revise, or assess its effectiveness. To assess the effectiveness of the existing mechanism, concerned stakeholder groups should be consulted on its structure and functioning, and their recommendations should be taken into account in order to tailor the existing mechanism to the project needs. Engaging with affected stakeholder groups about the design and performance of the GM can help to ensure that it meets stakeholder needs, that they will use it in practice, and that there is a shared interest in ensuring the project's success.

Confidential and Anonymous Grievances

It is essential that a GM be designed to allow anonymous grievances and confidential grievances:

- Anonymous grievances are those where the complainant is not known to the project. Complainants should be able to register grievances and be able to remain anonymous if they prefer.
- Confidential grievances are those where complainants do not want their identity disclosed to any other party without their consent. All complainants should feel free to give as little personal information as they wish.

Grievance Mechanism Documents and Tools

The typical documents that form part of a GM include:

- Grievance Procedure/Process Document: The outline the GM process covering all the

elements above depending on whether it is a minimum or enhanced GM
- Grievance Registration Form
- Grievance Acknowledgement Letter Template
- Grievance Acceptance and Closure Form or Letter Template.

Online resources and other guidance that contain tools to help set up a GM in line with best practice and templates for these typical documents include the following:[9]
- World Bank Compliance Advisor Ombudsman Community GM Tool Kit (https://www.cao-grm.org/)
- International Petroleum Industry Environmental Conservation Association Community Grievance Mechanisms Toolbox (IPIECA 2015).

Making a Grievance Mechanism Accessible

Communicating the existence of the GM and its goals, features, and processes among all parties, particularly people affected by the project, is critical. The GM cannot be effective or fully operational if the very people that it aims to serve do not know of its existence or find it unreachable, inaccessible, or too complicated. Common barriers for stakeholders to access GMs 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 viewing participation in the GM as limiting their recourse beyond it
- Project staff bypassing the system and resolving 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.

Stakeholders should be informed about the GM, and it should be publicized and disclosed. The format and language of disclosure should consider the affected communities and be readily understandable to the affected communities and stakeholders. It is good practice to use verbal as well as written forms of communication and documents to publicize the GM.

It is important to clearly communicate to affected communities and stakeholders the GM process, ways, and channels to raise a grievance and to provide contact details. GM documents should be simple, easily understandable, and translated into relevant languages.

People should have multiple ways and channels through which to raise a complaint. The types and numbers of methods available will depend on the project type and context, as

[9] An example of guidance is EBRD (2023).

well as the affected community. The potential barriers for affected communities to raise grievances should be considered, especially the barriers that vulnerable groups may face. Making sure that the methods used are culturally appropriate and gender-responsive is important. Having female project representatives to receive grievances can also be important. Staff should be trained on how to receive grievances and on being careful not to dismiss them or discourage grievances from being filed. Table A3.1 summarizes the ways to publicize a GM, the key messages to communicate, and example channels to raise grievances.

Table A3.1. Methods to Publicize Grievance Mechanisms, Key Messages to Communicate, and Channels to Raise Grievances

Methods to Communicate and Publicize the Grievance Mechanism	Key Messages to be Communicated about the Grievance Mechanism	Examples of Channels to Raise Grievances
› Community meetings › Survey engagements and other engagement meetings with stakeholders › Leaflets, posters, brochures › Key relevant project documents should refer to the Grievance mechanism (e.g., Stakeholder Engagement Plan, Economic and Social Impact Assessment, Resettlement Plans, etc.) › Traditional (e.g., local radio) and digital media as well as social media platforms (e.g., websites for project) › Project documents and grievance mechanism leaflets left at community venues and meeting locations	› How to raise and report a grievance › That reporting a grievance is free of charge and does not stop someone from seeking other administrative or legal remedies › Who to contact about the grievance once it is reported › That the grievance will be registered, assessed, and acknowledged › That some grievances may be resolved quickly; where this is not possible the grievance will be investigated › The time period it will take the project to acknowledge a grievance › The time period it will take the project to provide a proposed resolution to the complainant › If agreed upon, the proposed resolution will be implemented, and if complainants do not agree with the proposed resolution, how they can appeal › Confidential and anonymous grievances can be made and how to do this › Personal information will be treated confidentially › Grievances will be handled to protect complainants and others from the risk of reprisals and to prevent retaliation. The project will not tolerate actions of reprisal/ retaliation, and any such allegations will be investigated.	› In person (women and men should be available to receive grievances) › Toll-free grievance dedicated telephone number › Email › Text messaging › Postal submission of grievances (e.g., letter) › Web-based online filing of grievances › Grievance boxes in public areas › Via third parties (some communities may ask to submit grievances to an independent third-party)

Monitoring and Reporting

Good practice calls for monitoring and evaluating the functionality and performance of the GM throughout the life of the project. There are fundamental aspects of a GM that need continuous monitoring, evaluation, and adjustment. They include the application of the effectiveness elements or characteristics, the capacity to respond to 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 project performance and improve its development results.

Setting appropriate baselines and clear qualitative and quantitative indicators is an important component of monitoring. GMs by default also need to 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 the percentage of cases resolved. 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 important. They should serve to answer basic questions such as: Are the processes predictable? Are the complainant's rights protected at all times? Do stakeholder individuals and groups have full access to the mechanism? Are they informed about their complaints?

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

Identifying Trends and Lessons Learned (Closing Learning Loops)

It is important to identify trends and to identify, compile, and understand GM-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 GM data alone. Areas of interest include project design and implementation aspects, as well as the level and quality of communication and engagement with stakeholders. Lessons are useful for all actors involved and not just for the GM. Importantly, lessons of this sort are preventative in terms of future similar cases and help manage potential recurrence more adequately.

A GM should not just be reactive but aim to be proactive. There should be an analysis of patterns and trends of grievances received to identify corrective actions and measures that could prevent additional grievances from being raised or recurrent grievances from escalating.

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, minimize negative impacts on people, and improve overall stakeholder relations.

Annex IV. SAMPLE TOOLS AND TEMPLATES

Example of Terms of Reference for Planning and Facilitation of Stakeholder Engagement in a Project [10]

Purpose

These Terms of Reference (TOR) provide guidance for planning and facilitating stakeholder engagement in projects, such as those financed by an international financial institution (IFI). The primary objective of the project is to enhance the lives of its identified beneficiaries. 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 risks.

Objective of the Assignment

The planning and facilitation of a meaningful engagement process shall provide information and recommendations to avoid and mitigate potential adverse impacts through alternative designs of the project. The engagement 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 engagement team will be responsible for the following 10 elements:

1. Identify priority issues
2. Undertake a stakeholder analysis and develop a stakeholder engagement plan
3. Provide prior information afforded to stakeholders
4. Choose appropriate forums and methods for the consultation process
5. Design a grievance mechanism
6. Ensure that stakeholder perspectives are reflected in project design and implementation decisions
7. Provide feedback to stakeholders and transparency in decision-making
8. Collect baseline data and input it into action plans and management systems
9. Publicly document the consultation process
10. Ensure that stakeholder engagement is ongoing during project implementation

[10] The examples of Terms of References in this annex are comprehensive and detailed. In many project contexts, a simplified version may suffice.

1. Identification of Priority Issues: The Assessment Process

The analysis of likely project impacts is generally done through an assessment process. Most countries and the IDB require an Environmental Impact Assessment (EIA), which is a good entry point if starting early enough in the project design process. In identifying priority issues for engagement with stakeholders, it is useful to group risk in four categories in terms of potential adverse impacts from or to the project: cause, contribution, context, and performance and capacity.[11]

i. **Cause** (also commonly referred to as "direct impacts" in the Environment and Social Impact Assessment–ESIA): Risks of adverse impacts a project may cause directly, and that are attributable to the project, may include:
   - Land acquisition and involuntary resettlement
   - Impacts on natural resources including land and water
   - Risks to Indigenous Peoples
   - Gender-related impacts, including gender-based violence
   - Impacts on cultural heritage
   - Risks to workers and laborers
   - Risks to local communities related to health, safety, security, and impacts of labor influx and immigration.

ii. **Contribution** (also commonly referred to as "indirect or cumulative" impacts in the ESIA): These are risks that a project may contribute to adverse impacts, where other factors and third parties outside of the project's direct control area are also contributing factors (e.g., increased pollution in a watershed where there are many other sources of pollution). This may include cumulative impacts, or risks related to associated facilities. It may also involve risks in supply chains of goods and services, such as labor conditions (e.g., child labor or forced labor) in the case of contractors and sub-contractors. Adverse impacts of this nature may fall outside of a project's direct area of influence and take place at different points of time, and the project authorities may have limited leverage when it comes to addressing these risks.

iii. **Context:** There are risk factors that the project neither causes nor contributes to, but which are part of the project baseline and which are risk factor with which the project is associated or linked, and which may exacerbate project-specific risks to people or the environment, or to the project's success. They can also constitute significant reputational and financial risk to the institution involved, for example, a project may be perceived to be complicit in human

[11] The first three of these are in part informed by the 2011 UN Guiding Principles on Business and Human Rights, which uses the terms Cause, Contribution, and Linkage. The "Context" category in the present publication is broader than the "Linkage" definition in the UN Guiding Principles.

rights abuses if it is seen to benefit from abuses committed by others. Risks in this category include:

- Conflict, fragility and violence
- Human rights abuses
- Gender inequality
- Political instability
- Ethnic and religious tensions
- Legal protection and the rule of law
- Potential for elite capture, opposition, or distortion of project by influential stakeholders
- Corruption and weak governance
- Natural disasters and climate effects
- Legacy issues involving past history, which people perceive to be associated with the current project in one way or another, or which may affect project outcomes in various ways.

iv. Performance and capacity: Performance-related risks have to do with the ability of the responsible Executing Agency to plan, coordinate, and implement the various aspects of the project, including the stakeholder engagement and information disclosureprocess. Factors related to performance include skills, experience, resources, and commitment.

While data sources at early project stages will mainly be existing ones, the use of secondary data sources and early discussions with key individuals and groups should be undertaken to identify priority issues, who the key stakeholders are, and how the stakeholder engagement process should be undertaken. The consultant will advise on gaps in existing information that may require additional study. Attention should be given to documenting how local stakeholders have been consulted about how they perceive benefits and risks of the project.

2. Stakeholder Analysis and Engagement Plan

Coordinated with the analysis identifying key risks and opportunities, and how they may affect different groups, a specific stakeholder analysis needs to be undertaken. The main objective is to clearly identify all project stakeholders, including 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, for example, adversely affected persons and groups, including local populations, workers and their representatives, government policymakers and local authorities, civil society, organized interest groups, and other groups that have a stake, or interest, in the outcomes of the project. For each of these categories, a three-step process shall be followed:

i. Assess **defining characteristics.** This will include social dimensions, organizational strength, formal or informal power and authority, organizational capacity, etc.

ii. Assess the **expected or potential project impact or interest in the project,** and the stakeholders' potential support or opposition to the project. This may include the 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.

iii. Finally, assess the degree of **influence** each stakeholder group has, and whether potential opposition from each group – and the groups collectively – constitutes a high, substantial, medium, or low risk to the project outcomes.

Environmental and Social Progress Standard 9 (ESPS 9) requires all Bank-financed projects to develop an analysis of the risks and potential negative impacts that a project may have on gender equality and, if any are identified, to adopt the necessary measures to prevent, minimize, mitigate, and compensate for them. 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 gender-differentiated control of assets, productive resources, employment opportunities, and decision-making. This includes the difference in control between men and women, which is a common point of differentiation. Baseline data and data used in monitoring and impact evaluation should be disaggregated by gender and other relevant stakeholder categories.

The stakeholder analysis as described above shall provide the basis for the Stakeholder Engagement Plan (SEP).

For planning purposes, stakeholders can generally be grouped into the three broad categories for the purposes of stakeholder engagement:

- People (or groups) affected by the project
- Other stakeholders, who can be further broken down into:
  - Those with a specific decision-making responsibility as part of project approval corporately or with respect to a certain law that applies to the project (e.g., Executing Agency staff, contractors, or government agencies responsible for project approvals)
  - Those who are not responsible for approval decisions but have an interest in the project that will be considered by these project approval processes.

This grouping is helpful because it informs the process of engagement that will be most meaningful with each group.

It may not be necessary to engage separately with all affected, involved, or interested stakeholders. The degree of effort involved should be proportionate to project risk.

The stakeholder analysis then informs the content of the SEP. The SEP will be proportionate to the nature and scale of the project and its potential risks and impacts in accordance with ESPS 10. The form of consultation should be tailored to the nature of the project, its contextual risks, and present circumstances, safeguarding the health and safety of its participants.

The SEP should guide the engagement process with different groups and, at a minimum, contain the following elements:

- Project description
- stakeholder engagement and information disclosure with the regulatory and international financial institution framework
- Summary of previous stakeholder engagement and issues raised
- Main categories and sub-categories or groups 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,[12] 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.)
- How a grievance mechanism will operate
- How stakeholder engagement implementation will be monitored and evaluated and what external reporting will be produced
- Contact details for stakeholder and responsibilities for stakeholder engagement.

[12] While the stakeholder analysis may consider the importance and influence of a stakeholder for internal use, some of this information may not be appropriate for disclosure in a SEP, as it is for internal planning.

The principle of proportionality should guide the degree of effort, and the stage of project development and the proposed methods and approaches to engaging with stakeholders should be consistent with legal and policy requirements and timing for the project. In projects with low or no risk, the engagement process can normally be limited to simple disclosure and information dissemination, but must crucially still include provision of a way for stakeholders to request additional information or convey their concerns and recommendations. 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. Within the overall system, effort would also be proportionately applied to the various stakeholder groups in this way, for example, focusing most effort on the most negatively affected communities or groups.

Complex circumstances such as situations involving resettlement or impacts on Indigenous Peoples require special attention and have particular requirements. Increasing numbers of institutions, including the IDB, are adopting the principle of Free, Prior and Informed Consent (FPIC) for Indigenous Peoples in specified high-risk circumstances.[13] FPIC is required under the following circumstances:

- Impacts on lands and natural resources traditionally owned or under customary use
- Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or customary use
- Significant impacts on cultural heritage essential to the identity, cultural, ceremonial, or spiritual aspects of Indigenous Peoples
- Commercial use of cultural heritage (tangible and intangible).

The consultant will work with the Borrower to determine whether FPIC applies. A separate scope of work will then be developed to meet the specific FPIC requirements.

The amount of consultation may differ at different project stages. For example, affected people may wish to have monthly updates on the project during construction on issues such as worker influx, grievance mechanisms, and health and safety. At a later stage, when construction is completed, quarterly or annual updates may be sufficient.

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

[13] See Annex II for additional guidance on the application of FPIC for traditional peoples.

- 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.

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

Natural review points include before the start of each project phase, such as before implementation begins and at a minimum annually.

3. 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 must be provided in a manner and format that is understandable, easily accessible, and culturally appropriate, and it must take into account stakeholders' knowledge and access to digital platforms. For that purpose, technical information on a website is rarely meaningful as background information. Instead, the information should be made available in:

- Appropriate locations
- Appropriate formats
- The official language(s) of the country and any additional local languages where any person or groups will be disadvantaged in their access to engagement, including any vulnerable groups
- Plain language and non-technical summaries or verbal communications or the use of images may be needed to further explain the issues, and also if some of the stakeholders are illiterate.

Meaningful stakeholder engagement typically combines several of these tools to maximize the number of stakeholders that will be able to access the information, including use of any appropriate existing forums.

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, tailored **information provided to the different stakeholder groups** to the extent possible.
- If they are available, **technical studies and reports**, 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.
- 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. If those consulted are among decision-makers related to the project, they should be informed about what they are being asked to endorse or approve.

Finally, 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.

4. Appropriate Forums and Methods for the Consultation Process

The consultant will ensure that all of the relevant stakeholder groups and sub-groups identified in the stakeholder analysis are represented and have 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.

The consultation process will often require several separate events and different formats to be meaningful, 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 and the use of any appropriate existing forums should be considered. Examples may include:

- If a project is spread over a large geographic area, consultations and discussions should be held in different locations to ensure that as many people as possible can attend.
- Separate conversations may be needed with women or groups who may be less able than others to express their views in a larger forum.
- There may be temporal or practical considerations to when consultations should be held. For example, it may be better to reach people on a weekend or in the evening than during working days; morning meetings may be useful for shift workers; and providing childcare may allow parents with children to attend.
- Stakeholders should have their direct costs such as payment for transportation covered if events are some distance from people's homes, or transport can be provided by the project. People should also be provided with appropriate food and drink.
- The overall accessibility of a meeting venue for disabled stakeholders should be assessed.
- The stakeholder analysis should identify any groups who are only present part of the time. As an example, some people may be labor migrants and live away from the local community.
- Some people may be seasonal users of land and resources, such as some nomadic or pastoralist groups, or people who collect fish from seasonal flood waters.
- 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 the elderly or disabled.
- 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.
- Some stakeholders might be more comfortable putting forward any issues or questions in advance, including anonymously, that they wish to have addressed at meetings.

Key points to cover during public consultation events include:

- If applicable, be clear about the **project scope** that the consultation relates to. For example, if a transmission line is needed for a project (it is an associated facility) but is being built by a separate government agency, explain how/if the consultation event covers that transmission line.
- Explain **objectives** of the discussion, how the event will be structured, and the 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 consultations play in decision-making.
- 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 for managing project benefits and impacts.
- 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 empathize. 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.

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.

5. Grievance Mechanisms

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

The consultant will ensure that the design of a grievance mechanism is proportionate to project risk and complexity and addresses 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
- Serve as an accountability mechanism through which Executing Agencies continuously account for project actions and people can seek and obtain remedy when needed.

The consultant will make sure that the established grievance mechanism:

- Is integrated into the project's Environmental and Social Management System (ESMS)
- 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.

6. 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; seeking broad consensus where possible; and continuing to engage with those who may be opposed to the project and considering ways of addressing their concerns where appropriate.

In some high-risk circumstances – for example in projects affecting Indigenous Peoples – FPIC may be required.[14] Even in these situations, "agreement" does not necessarily mean unanimity of opinion. It may be achieved even when some individuals or groups within

[14] For a more detailed discussion on Indigenous Peoples and consent, see Annex II.

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 consent 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 implantation, as well as how their inputs have contributed to application of a mitigation hierarchy (i.e., avoiding, minimizing, or compensating for adverse impacts).

7. 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 rapidly 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 [15]
- 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. [16]
- Future communication channels and the expected consultation process, including access to remedy through a grievance mechanism.

[15] Individual names should not be registered if there is concern that people may feel intimidated or fear reprisals. In such cases, a general description of the types of stakeholders present is sufficient.

[16] Where there is concern about negative reactions or retaliation against specific views, consideration should be given to applying the "Chatham House" rules, whereby views are documented and may be made public, but not attributed to specific individuals or groups.

8. Baseline Data, Action Plans, and Management Systems

The consultant will collect data to provide a meaningful comparison between "before and after" project intervention. While such comparisons can only be done during or even after project implementation, the baseline data and benchmarking should be established during project preparation. Engagement with stakeholder groups should therefore be supplemented by more rigorous studies such as socioeconomic 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 include discussions and may involve consultations with various stakeholders as part of the data collection process. The consultation process itself should be seen as an integral part of obtaining and verifying the baseline data needed to plan, implement, and evaluate a project. Such studies should also be done as part of the ESIA process, and they should be completed before specific plans such as Resettlement Action Plans or an overall Environmental and Social Management Plan (ESMP) 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 the community when it comes to replacing things like schools, temples, or other community assets.

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

The consultant will engage in a sensitive and respectful dialogue with the sub-groups to verify the validity and reliability of survey data with local stakeholders. This should take people's perceptions into account, and not just "objective" impacts and interests. While many positive or negative impacts 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. Examples of 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 capital provides systems of reciprocity and human security
- How patterns of vulnerability, inequality, and social exclusion affect different groups in different ways, for example women, the elderly, ethnic minority groups, the disabled, and others
- Degrees of trust and confidence in government and other institutions relevant in the project context

It is important to involve affected stakeholders actively in the design and implementation of remedial measures. The consultation should specifically cover draft action plans, such as Resettlement Action Plans. Before these are finalized, key stakeholders in particular groups that 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. In addition to strengthening the viability and likely success of remedial mechanisms, a participatory approach can also reduce dependency and a sense of being victimized, or of being passive recipients of support mechanisms designed and provided by others.

The consultant will engage 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.

The management system must also include provisions for data protection and confidentiality. These will be in accordance with ongoing stakeholder engagement (e.g., confidentiality needs identified for engagement forums, including any use of digital tools), provisions in the grievance mechanism, and in accordance with the legal and best practice framework for the project. As the default, personal data should not be shared with third parties unless required by law or authorized by the stakeholder/person/complainant.

9. Documentation and Public Disclosure

To verify whether or not an engagement process is meaningful, 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 an initial recording step and entry into an overall log:

- Whenever possible an attendance record and minutes of consultation events should be kept, using a consistent template, 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.

- A stakeholder list should be created and maintained by the consultant, including contact details.

- A stakeholder engagement log/register should be created and maintained by the consultant, logging the engagement activities undertaken (type, location, topics, with whom, etc.), resultant actions, and status of those actions.[17]

- Photography, video, or audio recording should be used 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.

- There should be clear evidence accessible to all that agreement has been reached in cases where consent or agreement is required.

10. Ongoing Stakeholder Engagement During Implementation

The consultant should inform people affected by the project on a regular basis about progress with implementation plans that concern them. The consultant should ensure that stakeholders have an opportunity to engage with project authorities without fear of intimidation or retaliation and have access to the grievance mechanism. 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 for identifying new stakeholders that may emerge during the course of project implementation.

The engagement process should be carefully monitored during implementation and seen as an ongoing dialogue with stakeholders. Meaningful engagement can identify problems and help resolve them before they turn into major conflicts. Consideration should also be given to establishing a structured process of participatory monitoring. This means

[17] An example register can be found in EBRD (2023).

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. 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.

Reprisal Risk Management

The Environmental and Social Policy Framework (ESPF) reflects the IDB's zero tolerance of "retaliation, such as threats, intimidation, harassment, or violence, against those who voice their opinion or opposition to an IDB-financed project or to the Borrowers." [18] Stand-alone ESPF standards on labor, gender equality, community health and safety, and stakeholder engagement also place obligations on Borrowers to proactively identify and prevent or mitigate risks of reprisals against project stakeholders. 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 the land, resources, or livelihoods of poor or vulnerable people.

The IDB has developed the Reprisal Risk Management Technical Note (IDB 2022) to increase awareness of risks of retaliation among both IDB staff as well as Borrowers and Executing Agencies. It also supports IDB staff in their supervisory and advisory role vis-à-vis IDB projects and the environmental and social capacity of Borrowers and Executing Agencies, as well as Borrowers and Executing Agencies, in identifying, evaluating, and addressing risks of retaliation over the course of project design, implementation, monitoring, and closure. By building on the requirements of the Bank's ESPS 10, in particular, the Technical Note provides a framework to identify, assess, prevent, and mitigate risks of reprisals, and to respond to allegations that reprisals have occurred in the context of public sector projects. The Technical Note should be referred to during development of the Stakeholder Engagement Plan.

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.

Outputs and Schedule of Deliveries

The activities above may be partly or fully overlapping, happen in stages, and be iterative.

[18] IDB, 2020. Environmental and Social Policy Framework, Part 1, Section 7.2.

Professional judgment and experience are needed to determine the right approach, and stakeholders should have the time and opportunity to react to draft versions of documents.

The consultation team is expected to submit to [the client] a set of deliverables as described below (note that this list might vary depending on the extent of outsourcing the Borrower is intending):

- A draft stakeholder analysis (full version, rather than the summarized/extracted version to be included in the SEP)
- A draft stakeholder engagement plan
- A final stakeholder engagement plan
- Copies of all external engagement materials prepared by the consultant
- All records of stakeholder engagement and information disclosure undertaken, documented in accordance with the final SEP (e.g., meeting minutes and other records, stakeholder register and log)
- All records of grievance management in accordance with the SEP
- Stakeholder engagement summary reporting per the requirements of the SEP.

Each document deliverable must be prepared in [language(s)]. Each deliverable will be submitted to [the 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., international financial institution 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 [the client].

Management Arrangements

The estimated level of effort required for this assignment is [number of days] working days (starting immediately upon signature of the contract to [end of contract date]). This estimate is only indicative and additional follow-up work may be required up to [period for potential follow-up].

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 processes, social impact assessments, community participation
- Good analytical skills
- Some experience working in a 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.

Example of Terms of Reference for Development of a Stakeholder Engagement Plan

Note: These Terms of Reference (TOR) are for the first draft Stakeholder Engagement Plan (SEP) for a project, that is, only minimal external engagement will have been previously conducted. For example, a workshop with a small group might have been undertaken to start to identify priority issues, along with perhaps some early meetings with local officials.

Introduction and Summary

Purpose: These Terms of Reference provide guidance for development of a SEP for a project, such as those financed by an international financial institution. The primary objective of the project is to enhance the lives of identified beneficiaries. 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, as well as 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 (ESIA) process will identify most of the key issues. The consultation process itself will add information and understanding, avoiding and mitigating risks.

Objective of the assignment: To design a SEP for a meaningful engagement process that will provide information and recommendations to avoid and mitigate potential adverse impacts through alternative designs of the project. The plan 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: Responsible for the following elements:

- Undertake an identification of priority issues and stakeholder analysis working with the wider project team

- Develop a SEP.

Scope of Work

1. Stakeholder Analysis and Identification of Priority Issues

The stakeholder analysis and the identification of priority issues should happen in parallel, where one informs the other. Both primary and secondary data sources may be used, and the analysis should be verified or modified with additional information from the consultation process itself. For example, the stakeholder analysis should be informed by the ESIA process (at whatever stage it has reached for this initial development of the SEP, with a plan included in the SEP for its ongoing influence). 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.

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 (e.g., online searches, strategic environmental assessments, local ESIAs, local authority plans/documents and websites, local and national registers of civil society organizations (CSOs), and discussions with key informants (e.g., local government and community representatives). A good approach may be to organize a discussion or workshop and invite a multi-disciplinary group of people with knowledge of the setting to draw up an initial list of stakeholder categories, key issues, and suggestions for how the stakeholder engagement should be undertaken. This can be complemented by project team local knowledge and visit(s) to the project-affected area. In addition to project authorities, academics and representatives of local NGOs often have good insights and can help in the analysis.

Groups and individuals do not fall into discrete categories; the same people can be both positively and negatively affected by a project, depending on what the issues are. For example, there may be adverse impacts related to noise, pollution, and increased traffic for groups that also benefit from local community development.

In identifying priority issues for engagement with stakeholders, it is useful to group risk in four categories in terms of potential adverse impacts from or to the project: cause, contribution, context, and performance and capacity.[19]

i. **Cause** (also commonly referred to as “direct” impacts in the ESIA): Risks of adverse impacts a project may cause directly, and that are attributable to the project, may include:

    » Land acquisition and involuntary resettlement
    » Impacts on natural resources including land and water
    » Risks to Indigenous Peoples
    » Gender-related impacts, including gender-based violence
    » Impacts on cultural heritage
    » Risks to workers and laborers
    » Risks to local communities related to health, safety, security, and impacts of labor influx and immigration.

ii. **Contribution** (also commonly referred to as “indirect or cumulative” impacts in the ESIA): These are risks that a project may contribute to adverse impacts, where other factors and third parties outside of the project’s direct control area are also contributing factors (e.g., increased pollution in a watershed where there are many other sources of pollution. This may include cumulative impacts, or risks related to associated facilities. It may also involve risks in supply chains of goods and services, such as labor conditions (e.g., child labor or forced labor) in the case of contractors and

[19] The first three of these are in part informed by the 2011 UN Guiding Principles on Business and Human Rights, which uses the terms Cause, Contribution, and Linkage. The “Context” category in the present publication is broader than the “Linkage” definition in the UN Guiding Principles.

sub-contractors. Adverse impacts of this nature may fall outside of a project's direct area of influence and take place at different points of time, and the project authorities may have limited leverage when it comes to addressing these risks.

iii. **Context**: There are risk factors that the project neither causes nor contributes to, but which are part of the project baseline, and are risk factors with which the project is associated or linked, and which may exacerbate project-specific risks to people or the environment, or to the project's success. They can also constitute significant reputational and financial risk to the institution involved, for example, a project may be perceived to be complicit in human rights abuses if it is seen to benefit from abuses committed by others. Risks in this category include:

   » Conflict, fragility and violence

   » Human rights abuses

   » Gender inequality

   » Political instability

   » Ethnic and religious tensions

   » Legal protection and the rule of law

   » Potential for elite capture, opposition, or distortion of project by influential stakeholders

   » Corruption and weak governance

   » Natural disasters and climate effects

   » Legacy issues involving past history, which people perceive to be associated with the current project in one way or another, or which may affect project outcomes in various ways.

iv. Performance and capacity: Performance-related risks have to do with the ability of the Borrower to plan, coordinate, and implement the various aspects of the project, including the stakeholder engagement process. Factors related to performance include skills, experience, resources, and commitment.

A specific stakeholder analysis shall be undertaken and documented. The main objective of the stakeholder analysis is to clearly identify all stakeholders in the project, including people adversely affected by project impacts, or unfairly excluded from project benefits, with an emphasis on poor and vulnerable groups.

For planning purposes, these stakeholders can be generally grouped into three broad categories for the purposes of stakeholder engagement:

- People (or groups) affected by the project
- Other stakeholders, who can be further broken down into:
    - Those with a specific decision-making responsibility as part of project approval in the Executing Agency or with respect to a certain law that applies to the project, for example, Executing Agency staff, contractors, or government agencies responsible for project approvals
    - Those who are not responsible for approval decisions but have an interest in the project that will be considered by these project approval processes.

This grouping is helpful as it informs the process of engagement that will be most meaningful with each group.

It may not be necessary to engage separately with all affected, involved, or interested stakeholders. The degree of effort involved should be proportionate to project risk.

Key stakeholder groups shall be broken down into relevant sub-categories, grouped further by the types of impacts and disaggregated by gender (e.g., adversely affected persons and groups including local populations, workers and their representatives, government policymakers and local authorities, civil society, 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:

i. Assess defining characteristics. This will include social dimensions, organizational strength, formal or informal power and authority, organizational capacity, etc.

ii. Assess expected, or potential project impact on, or interest in the project, and the stakeholders' potential support for or opposition to the project. This may include the 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.

iii. 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.

Environmental and Social Performance Standard 9 (ESPS 9) requires that all Bank-financed projects develop an analysis of the risks and potential negative impacts that a project may have on gender equality and, if any are identified, to adopt the necessary measures to avoid, minimize, mitigate, and compensate for them. 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 gender-differentiated control of assets, productive resources, employment opportunities, and decision-making. This includes the difference in control between men and women, which is a common point of differentiation. Baseline data and data used in monitoring and impact evaluation should be disaggregated by gender and other relevant stakeholder categories.

2. Stakeholder Engagement Plan

The stakeholder analysis then informs the content of the SEP. The SEP will be proportionate to the nature and scale of the project and its potential risks and impacts in accordance with ESPS 10. The form of consultation should be tailored to the nature of the project, its contextual risks, and present circumstances, safeguarding the health and safety of its participants.

The SEP should guide the engagement process with different groups. The SEP will at a minimum contain the following elements:

- Project description
- Regulatory Framework for stakeholder engagement and information disclosure regulatory and international financial institution framework
- Summary of previous stakeholder engagement and issues raised
- Main categories and sub-categories or groups 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) [20]
- 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.). This should cover all project phases, though most detail is likely to be known for the upcoming project phase
- How a grievance mechanism will operate

[20] While the stakeholder analysis may consider the importance and influence of a stakeholder for internal use, some of this information may not be appropriate for disclosure in a SEP, as it is for internal planning.

- How stakeholder engagement implementation will be monitored and evaluated and what external reporting will be produced

- Contact details for stakeholder and responsibilities for stakeholder engagement

The amount of consultation may differ at different project stages. For example, affected people may wish to receive monthly updates on the project during construction on issues such as worker influx, grievance mechanisms, and health and safety. At a later stage, when construction is completed, quarterly or annual updates may be sufficient.

The SEP should also consider the need for engagement for the ESIA process, including any surveys to be undertaken.

It is important to involve affected stakeholders actively in the design and implementation of remedial measures. The consultation should specifically cover draft action plans, such as Resettlement Plans. Before these are finalized, key stakeholders, particularly groups that 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.

When project designs are not finalized for all parts of the project before it is approved, the SEP will include provision for consultation with stakeholders during implementation, before final decisions are made. In case of any significant project changes, relevant stakeholder groups should also be informed and consulted.

The SEP will also include plans to 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, including monitoring of implementation.

The principle of proportionality should guide the degree of effort, and the stage of project development and the proposed methods and approaches to engaging with stakeholders should be consistent with legal and policy requirements and timing for the project. In projects with low or no risk, the engagement process can normally be limited to simple disclosure and information dissemination, but must crucially still include provision of a way for stakeholders to request additional information or to convey their concerns and recommendations. 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. Within the overall system, effort would also be proportionately applied to the various stakeholder groups in this way, for example, focusing most effort on the most negatively affected communities or groups.

Complex circumstances such as situations involving resettlement or impacts on Indigenous Peoples require special attention and have particular requirements. Increasing numbers of institutions, including the IDB, are adopting the principle of Free, Prior, and Informed Consent (FPIC) for Indigenous Peoples in specified high-risk circumstances. FPIC is required under the following circumstances: [21]

- Impacts on lands and natural resources traditionally owned or under customary use
- Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or customary use
- Significant impacts on cultural heritage essential to the identity, cultural, ceremonial, or spiritual aspects of Indigenous Peoples
- Commercial use of cultural heritage (tangible and intangible)

The consultant will work with the wider Borrower team to determine whether FPIC does apply. A separate scope of work will then be developed to meet the specific requirements of FPIC.

The engagement process should be carefully monitored during implementation and seen as an ongoing dialogue with stakeholders. Consideration should 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.

The SEP will include a commitment to be regularly updated. Once the consultation process is under way, the stakeholder analysis and engagement plan should be updated based on information provided by the stakeholders, and the engagement 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 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

[21] See Annex II for additional guidance on the application of FPIC for traditional peoples

- How the project intends to engage with the various stakeholder groups during the remainder of project preparation, and during implementation.

Natural review points include before the start of each project phase, such as before implementation begins and at a minimum annually.

3. Prior Information

The SEP will describe the plan for provision of prior information, including the time given to stakeholders to review and discuss the information among themselves before the consultation event.

The information must be provided in a manner and format that is understandable, easily accessible, and culturally appropriate, and it must consider stakeholders' knowledge and access to digital platforms. For that purpose, technical information on a website is rarely meaningful as background information. Instead, the information should be made available in:

- Appropriate locations

- Appropriate formats

- The official language(s) of the country and any additional local languages where any person or groups will be disadvantaged in their access to engagement, including any vulnerable groups

- Plain language and non-technical summaries or verbal communications or through the use of images may be needed to further explain, and also if some of the stakeholders are illiterate.

Meaningful stakeholder engagement typically combines several of these tools to maximize the number of stakeholders that will be able to access the information, including use of any appropriate existing forums.

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.

- **Information tailored to the different stakeholder groups**, to the extent possible, as different groups are likely to be affected differently.

- If they are available, **technical studies and reports**, for example information from ESIAs. 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.

- 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. If those consulted are among decision-makers related to the project, they should be informed about what they are being asked to endorse or approve.

In addition, 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.

4. Appropriate Forums and Methods for the Consultation Process

The consultant will ensure that all of the relevant stakeholder groups and sub-groups identified in the stakeholder analysis are represented and have 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 in order to identify relevant stakeholders within the various groups and categories.

The consultant will consider whether orientation sessions or awareness and sensitivity training for participating project authorities should be organized. This should be done to ensure that participating authorities 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.

The consultation process will often require several separate events and different formats to be meaningful, 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 and the use of any appropriate existing forums should be considered. Examples may include:

- If a project is spread over a large geographic area, consultations and discussions should be held in different locations to ensure that as many people as possible can attend.

- Separate conversations may be needed with women or groups who may be less able than others to express their views in a larger forum.

- There may be temporal or practical 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; morning meetings may be useful for shift workers; and providing childcare may allow parents with children to attend.

- Stakeholders should have their direct costs such as payment for transportation covered if events are some distance from people's homes, or transport can be provided by the project. People should also be provided with appropriate food and drink. However, people should not be paid to attend consultation events.

- The overall accessibility of a meeting venue for disabled stakeholders should be assessed.

- The stakeholder analysis should identify any groups who are only present part of the time. As an example, some people may be labor migrants who live away from the local community.

- Some people may be seasonal users of land and resources, such as some nomadic or pastoralist groups, or people who collect fish from seasonal flood waters.

- 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.

- Some stakeholders might be more comfortable putting forward any issues or questions in advance, including anonymously, that they wish to have addressed at meetings.

Key points to cover during public consultation events include:

- If applicable, be clear about the project scope that the engagement relates to. For example, if a transmission line is needed for a project (it is an associated facility) but is being built by a separate government agency, explain how/if the consultation event covers that transmission line.

- Explain the **objectives** of the discussion, how the event will be structured, and the 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 consultations play in decision-making.

- 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 for managing project benefits and impacts.

- 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 empathize. 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.

Meetings and events should be held in locations where and in ways in which a maximum of people can attend freely.

Reprisal Risk Management

The ESPF reflects the IDB's zero tolerance for "retaliation, such as threats, intimidation, harassment, or violence, against those who voice their opinion or opposition to an IDB-financed project or to the Borrowers."[22] Stand-alone Environmental and Social Policy Framework (ESPF) standards on labor, gender equality, community health and safety, and stakeholder engagement also place obligations on Borrowers to proactively identify and prevent or mitigate risks of reprisals against project stakeholders. 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.

[22] IDB, 2020. Environmental and Social Policy Framework, Part 1, Section 7.2.

The IDB has developed the Reprisal Risk Management Technical Note (IDB 2022) to increase awareness of risks of retaliation among both IDB staff as well as Borrowers and Executing Agencies. It also supports IDB staff in their supervisory and advisory role vis-à-vis IDB projects and the environmental and social capacity of Borrowers and Executing Agencies, as well as Borrowers and Executing Agencies, in identifying, evaluating and addressing risks of retaliation over the course of project design, implementation, monitoring, and closure. By building on the requirements of the ESPS 10, in particular, the Technical Note provides a framework to identify, assess, prevent, and mitigate risks of reprisals, and to respond to allegations that reprisals have occurred in the context of public sector projects. The Technical Note should be referred to during development of the SP.

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.

5. Grievance Mechanism

The grievance mechanism should be established based on the analysis of priority issues through the assessment process described above. The consultant will ensure that the design of a grievance mechanism 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 to prevent escalation of problems into social conflict
- Serve as an accountability mechanism, where project Executing Agencies continuously account for project actions and people can seek and obtain remedy when needed.

The consultant will summarize the grievance mechanism in the SEP, including all avenues to submit grievances.

6. Feedback to Stakeholders and Transparency in Decision-Making

The SEP will describe how records of stakeholder engagement will be kept and how feedback to stakeholders will be provided.

Systematic records of all consultation events and discussions will be retained, summarized, and shared with participants as rapidly as possible in a format accessible and understandable by all. In addition, the SEP will explain how stakeholders' contributions will contribute to project decision-making.

The data management system must include provisions for data protection and confidentiality. These provisions will be in accordance with ongoing stakeholder engagement (e.g., confidentiality needs identified for engagement forums, including any use of digital tools), provisions in the grievance mechanism, and the legal and best practice framework for the project. As the default, personal data should not be shared with third parties unless required by law or authorized by the stakeholder/person/complainant.

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

- A record of location, time, and who participated [23]
- 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 [24]
- Future communication channels and the expected consultation process, including access to remedy through a grievance mechanism

Whenever possible, an attendance record and minutes of consultation events should be kept, using a consistent template, 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.

Outputs and Schedule of Deliveries

The consultation team is expected to submit to [the client] a set of deliverables as described below. Note that this list might vary depending on the extent of outsourcing the Borrower is intending, for example, whether the consultant will provide the stakeholder register and log template or is just adding to the Borrower one that is already established. The deliverables are:

- A draft stakeholder analysis (full version, rather than the summarized/extracted version to be included in the SEP)

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[23] Individual names should not be registered if there is concern that people may feel intimidated or fear reprisals. In such cases, a general description of the types of stakeholders present is sufficient.

[24] Where there is concern about negative reactions or retaliation against specific views, consideration should be given to applying the “Chatham House” rules, whereby views are documented and may be made public, but not attributed to specific individuals or groups.

- A draft stakeholder engagement plan
- A final stakeholder engagement plan
- All records of any stakeholder engagement undertaken for the purposes of design of the SEP, documented in accordance with the final SEP, for example, meeting minutes and other records, and [either] the template for or the actual up-to-date stakeholder list, including contact details, and the stakeholder engagement log for the engagement activities undertaken (type, location, topics, with whom, resultant actions, and status of those actions etc.).

Each deliverable document must be prepared in [language(s)]. Each deliverable will be submitted to [the 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, that is, international financial institution 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 [the 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 processes, social impact assessments, community participation.
- Good analytical skills
- Some experience working in a 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 an Engagement Process

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

1. › How many resources (budget, staff capacity, other) will be allocated to the engagement process?
   › Who will develop the Stakeholder Engagement Plan (SEP) and when?
   › How will stakeholder engagement be incorporated into your Environmental and Social Management Plan (ESMS)?
   › Which additional institutional capacity could make design and or implementation of stakeholder engagement more effective?

2. › What is your experience in planning and/or conducting stakeholder engagement?
   › Are you reliant on any third parties to conduct parts of the engagement or monitoring and how will this be managed?

3. › Which stakeholder groups have you identified during the initial analysis?
   › How did you engage with stakeholders to undertake this analysis?
   › Who are the beneficiaries, who are the groups adversely affected, and who are the other stakeholders? The detail of this will ultimately be included in the SEP.

4. › Have you identified any potential vulnerable groups? Please describe to ensure their possible participation. The detail of this will ultimately be included in the SEP.

5. › How will the process be respectful of people's views and create a space for them to raise their concerns openly? For example, what information will be disclosed, in what format, and with how much time for consideration prior to the associated consultation?
   › 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 sub-groups such as vulnerable and marginal groups?
   › What specific measures will you take to help ensure that stakeholders are not subject to retaliation? The detail of this will ultimately be included in the SEP.

6. › Which type of grievance mechanism will be established for the project?
   › How are people involved in its design? How will they be informed about it? The detail of this will ultimately be included in the SEP.

7. › Which type of baseline data will be used for monitoring and evaluation?
   › Is it disaggregated by gender and other vulnerable groups?
   › How will stakeholders be involved in identifying key performance indicators?

8. › How will data received during stakeholder engagement be managed, including considerations of data privacy?

9. › What are the key issues and concerns raised by stakeholders so far?
› Which stakeholder group(s) expressed their 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.
› What are the key design milestones you need to consider?

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

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

Grievance Assessment Tool

Project Cycle	
Preparation and Eligibility Stage	
Action Steps	**Guiding Questions**
› Survey the landscape at the most relevant level for the project (sector, sub-sector, local level, Executing Agencies, regulators, traditional, formal or informal settings) and identify where people potentially affected by projects would go to voice their concerns.[25] › Assess the potential for grievances (complaints and complainants), access points, and adequacy of existing the grievance mechanism's operations (if one already operates). › Characterize the local conflict management culture (e.g., adversarial, judicialized, traditional, etc.) › Assess current grievance/complaint handling and response capacity at the relevant level (i.e., closest to people potentially affected by projects). › Identify most risky areas (from both project and safeguards perspectives). › Map key stakeholders and stakeholder organizations (or rely on the Social Impact Assessment, consultation, or previous stakeholder mapping, if credible) to identify actors, issues and triggers.[26] › Assess gaps, linkages and the grievance mechanism system's capacity to respond effectively and in a timely manner to added challenges by the project. › Talk with the Borrower and key stakeholders to identify options for establishing or strengthening the project grievance mechanism (e.g., options and pros and cons) and determine the roadmap towards implementing the grievance mechanism for the project. › Document Borrower's decision regarding which grievance mechanism will be used for project-related complaints	› What grievance mechanisms 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 people affected by projects? › What are the most likely complaints, and by whom? At which point? What does the Stakeholder Analysis say? › What is the level of risk for the overall operation, and from the safeguard perspective? › What is the nature of impacts (e.g., health, security, environmental, livelihoods, cultural) on affected populations? › What are the informal or traditional systems related to or in conjunction with the activities/ actions and expected results in the project/ sector? › If it is a multi-sectoral or multi-works operation, is there a "priority" sector/component? In which sector/component is a grievance mechanism a "must have"? If all are 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 grievance mechanism fully operational? What is missing? If it is not working, identify key reasons.

[25] As part of the Stakeholder Analysis, consultations, Social Impact Assessment, Environmental Impact Assessment, or other assessment.

[26] 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.

Project Cycle	
Analysis and Approval Stage	
Action Steps	**Guiding Questions**
› Review and assess goals, purpose, funding, and readiness of the grievance mechanism for the project. [27] › Identify further improvements, location, scope, responsible body or bodies, and escalation options. [28] › Take a closer look at the grievance mechanism's (i) policy, procedures, and normative framework, (ii) ease of access, (iii) principles and performance indicators, and (iv) capacity to redress and take timely corrective action. › Discuss options and limitations with Borrower and stakeholders. › Confirm Borrower's decision to support new grievance mechanism, or to customize or strengthen existing one(s). › Agree on a Plan of Action, including steps to build up or strengthen the grievance mechanism; set performance indicators, and ensure relevant linkages with other traditional or informal complaints handling systems.	› Do people know that they can use the grievance mechanism 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 grievance mechanism? › What is the level of accessibility of the grievance mechanism (actual or planned) insofar as project needs? › Where could people go if the project-level grievance mechanism does not respond to them? › What is the actual leverage of the grievance mechanism? Does the project executing unit in charge of the grievance mechanism have the necessary technical and institutional capacity? › Has necessary project funding taken into account funding for grievance mechanism activities? › Does the Plan of Action have all the elements to (i) ensure operability of the grievance mechanism as soon as project activities begin or earlier; (ii) make incremental but measurable progress; and (iii) establish clear responsibilities and timelines? › What is the status of implementation and degree of progress of the Grievance Mechanism 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)?

[27] 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 upon for establishing or strengthening the project grievance mechanism.

[28] 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 upon for establishing or strengthening the project grievance mechanism.

Project Cycle		
Approval and Implementation Stage		
	Action Steps	**Guiding Questions**
Strengthening and/or establishing grievance mechanisms	› Evaluate completion of the Plan of Action [29] › Review and further support functionality/operability of the grievance mechanism › Confirm steps taken to strengthen and customize existing grievance mechanism to the added challenges posed by the project › Confirm essential principles embedded in day-to-day operations (see principles test below) › Test adequacy of arrangements and predictability of system [30] › Gauge public perception and credibility › Enhance system's responsiveness where needed	› Has project funding been allocated to grievance mechanism activities? › Is the grievance mechanism registering complaints? › Where evident, identify causes for low levels of complaints received/registered. › Is the grievance mechanism reporting periodically? › Do current arrangements respond to desired reputation and credibility? › What is the percentage of complaints logged vis-à-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 do potential complainants learn about the project-level grievance mechanism? › Do they find it credible, impartial, and legitimate? › Do they understand how the project-level grievance mechanism works?
Institutional commitment	› Foster institutional commitment and institutionalize the grievance mechanism › Resource the grievance mechanism (tools and money) › Build capacity, trust and credibility › Confirm staffing actions and proposed training programs	› Do the project's management and staff recognize and value the grievance mechanism process as a means to improve project performance and enhance 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 the handling of grievance redress/complaints a priority for the sector/institution? › Are grievance-mechanism-related legal covenants necessary? If so, are they in place?

[29] 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 upon for establishing or strengthening the project grievance mechanism.

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

Project Cycle		
Preparation and Eligibility Stage		
Action Steps		**Guiding Questions**
Effectiveness of the project-level grievance mechanism	› Clear roles and responsibilities established › Simple, accessible, and fair procedures in place and the grievance mechanism is fully operational › Pre-determined, fixed criteria but flexible understanding of each issue and contextual circumstances › Adequate levels of accountability are part of the grievance mechanism › Linkages to formal decision-making structures and second-tier options › Ability to manage eligibility, investigate, and provide remedy › Equipped to monitor, collect, and process data › The grievance mechanism has a commensurate response capacity to potential/actual complaint filing	› Is the project-level grievance mechanism truly accessible for potential users? › Is it responsive to the needs of all complainants? › Is the backstage of sorting and referrals well organized? › Is the project-level grievance mechanism able to resolve and provide remedy? › Does it have the necessary means to operate efficiently? › Does the project-level grievance mechanism 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 the grievance mechanism have the capacity to respond to multiple demands?
Principles Test		
Accessibility	› 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 grievance mechanism › Fear for reprisal is identified in a timely manner and properly managed	› Is the grievance mechanism 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 grievance mechanism appropriately advertised and communicated to project-affected people? › How are retaliation and reprisal managed if and when they have occurred?
Predictability	› Grievance mechanism processes and procedures are well spelled out, communicated, and publicly available	› Does the grievance mechanism offer a clear procedure with timeframes 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?
Transparency	› Presence of a public log registry	› Are the grievance mechanism's procedures and outcomes transparent enough to meet the interests and concerns of people affected by projects?

Project Cycle		
Preparation and Eligibility Stage		
	Action Steps	**Guiding Questions**
	› Grievance mechanism reports are accessible and publicly available › Results of investigations and/or remedy provided are publicly available › Systemic issues are adequately disclosed in a timely manner › Access to information is guaranteed	› Are specific action steps taken within a transparency framework? › Is there a tracking system available and open to the public?
Fairness and Independence	› The grievance mechanism 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 grievance mechanism process. › The grievance mechanism process is conducted independently from third-party influences	› Does the grievance mechanism operate independently from all interested parties › Are efforts to level the playing field being made as part of the grievance mechanism process? › What is the risk of external interference?
Integrity	› Ethical principles are embedded in the work of the project-level grievance mechanism operators › The project-level grievance mechanism is reliable, and operators are bound by clear principles and standards previously established	› Are these principles followed? › Are communities and individuals enabled to voice their concerns freely? › Is the grievance mechanism positioned and trusted as an impartial body?
Responsiveness	› Procedures and actions taken by the project-level grievance mechanism include, at a 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)	› Does the grievance mechanism provide timely acknowledgement? › Is the project-level grievance mechanism equipped to address the issues raised by complainants? › Is communication with complainants and decision-makers a centerpiece of the project grievance mechanism process? › Is the grievance mechanism well equipped to provide responses/remedy, and contribute to the resolution of complaints?

Grievance Assessment Flow Chart

Identification → **Elegibility** → **Analysis** → **Approval** → **Implementation**

Project preparation → **Grievance mechanism legal covenants**

Identification

Include grievance mechanism considerations in SIA, and EIA TOR

Project preparation

- Review key stakeholder analysis documents
- Apply the grievance mechanism

Grievance mechanism legal covenants

- Status of progress of Grievance Mechanism Plan of Action
- Review operability of the mechanism and report in project documents

Implementation

- Strengthening measures are in place
- Principles test
- Institutional commitment
- Simple, accessible, and fair procedures in place and the grievance mechanism is fully operational
- The mechanism is responsive

Grievance Mechanism Monitoring and Evaluation Example Indicators

Principle application	Key indicators	Guiding questions
Accessibility	› Number of claims › Survey results as to awareness of the mechanism and its ease in being reached by people affected by projects › Costs for complainants.	› Is access to the grievance mechanism unobstructed for people affected by projects as well as stakeholders to submit complaints? › Are disadvantaged/vulnerable groups provided with the means to effectively understand and access the project-level grievance mechanism? › Does the project-level grievance mechanism reach out and adequately communicate to project-affected people and other interested parties? › How are retaliation and reprisal risks managed if and when they occur?

Principle application	Key indicators	Guiding questions
Transparency	› 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.	› Is the grievance process data accessible by complainants? › Does the grievance mechanism disclose reports useful for interested parties? › Is there a case tracking system accessible by the public?
Independence	› Criteria for selection and process to appoint grievance mechanism staff › The mechanism's operating procedure permits impartiality and independent judgment › Oversight in place, free of political interference	› Is the grievance mechanism free of interference, political or otherwise? › Are the operating costs of the grievance mechanism inserted in the institutional/ project budget? › Is the resolution of claims within the grievance mechanism's purview, and in which case not? › Do grievance mechanism staff enjoy job stability?
Rights- Compatibility	› 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	› Are some complainants afraid to use the system? › Is the grievance mechanism 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	› 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	› Is the choice of accessing the grievance mechanism by people affected by projects as well as other project stakeholders free and informed? › Have satisfaction surveys been conducted and acted upon? › Does the grievance mechanism use trust-building measures (such as expert opinion, mediation, joint fact finding, etc.)
Predictability	› Data on completion of grievance processes on time › Evidence of effective communications with system users › Surveys indicating that users know the rules and timeframes of the processes	› Are there time-bound operating procedures available and accessible by people affected by projects as well as other project stakeholders at all times? › Are there case reports available? › Is the grievance redress process communicated and published periodically

Principle application	Key indicators	Guiding questions
	› Data showing that complainants are kept informed of progress in ongoing cases (e.g., tracking system).	in the main languages spoken by people affected by projects? › Is there a running case tracking system?

Performance	Key indicators	Guiding questions
Capacity to resolve issues	› Data on resolved complaints › Escalation procedure and a decision-making level enabled to provide remedy › High percentage of registered grievances that do not escalate outside the grievance mechanism › Types of agreements	
Capacity to deal with multicultural issues, and multi- party conflicts	› Access in multi-lingual environments › Caters to specific needs of Indigenous Peoples affected by projects › Linkages between informal/ traditional and grievance mechanism systems. › Access to third-party experts and other independent means to help resolve issues.	
Grievance mechanism systems are in place	› Well informed and operational website › Logging and tracking system screen and referral systems are part of the mechanism › Robust reporting system	
Grievance mechanism responsiveness	› Complaints are addressed and responded to on time › Disruptions to project activities have decreased › Number and quality of dialogue processes sponsored by the mechanism.	› Is the grievance mechanism enabled to respond to internal and external clients? › Have the number of judicial or administrative complaints about the same type of issues decreased over time? › Is the grievance mechanism able to identify trends, root causes of complaints, and systemic issues?
Stakeholder buy-in	› Number of stakeholders using the grievance mechanism › Levels of stakeholder satisfaction › Feedback received regarding grievance mechanism operations	› Is a wide range of stakeholders using the grievance mechanism? › Are there awareness-raising activities? › Is the complainant engaged throughout the grievance process?

Performance	Key indicators	Guiding questions
	› The grievance mechanism enables complainants to raise concerns and to engage in solution-seeking processes.	› Is the grievance mechanism rationale communicated to people affected by projects and other interested parties? › Are there open communication channels with complainants at all times? › Does the grievance mechanism receive feedback from stakeholders?

Report Summarizing the Engagement Process

This template provides an outline with questions and relevant information that may be used to complete a summary report of how the stakeholder engagement process has been undertaken. It will typically be prepared as part of overall plans, studies, and other documentation submitted as a package to the relevant financial 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.	› 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 socioeconomic 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	› On what occasions/at what times/how often does the Executing Agency engage with stakeholders in relation to social and environmental risks (e.g., whether at certain points in a project cycle, on a regular basis through an advisory group, management–union dialogue, or community dialogue table) in response to legal or other requirements and stakeholder requests? › How has the commitment to ongoing consultation and engagement with stakeholders during project implementation been reflected in project plans and

Supporting Question	Objective and Guidance	Relevant Information to Include
		legal agreements? For example, has a participatory monitoring process been established?
3. What goals were set for engagement processes (e.g., to convey information, hear views, obtain feedback, work in collaboration, reach agreements, transfer control over decision-making, resources and activities to stakeholders)	To convey the rationale and objectives of the consultation plan.	› The 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 sub-categories of stakeholders; nature of their stake in the project, key characteristics, how the project engaged with each of the different groups › Examples of how the 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, including 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) › Basis upon which communities have agreed (e.g., acceptance of benefits provided, understanding and acceptance of how potential adverse impacts will be avoided, reduced, or mitigated) › Specific subgroups of stakeholder engaged, in particular women, the elderly, disabled, and youth
4. Which stakeholders has the project team engaged with?	To provide concrete examples and 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	› 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 › The number of stakeholders and stakeholder groups or consultation events that took place during the consultation process

Supporting Question	Objective and Guidance	Relevant Information to Include
	for what general purposes may be more appropriate. Examples may be drawn from settings ranging from 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	› Possible changes made to the engagement plan and the reasons why › Written and verbal feedback to groups summarizing project initiatives related to concerns › Tailored feedback to different subgroups when applicable
5. Which formats of engagement are prioritized and why?	To convey that the form of consultation was tailored to the nature of the project, and based on the stakeholder analysis and engagement plan.	› 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 that 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
6. How did the views of stakeholders influence the design and plementation of the project?	To demonstrate, through concrete examples, the extent to which the engagement process with stakeholders serves the intended purpose of informing about and addressing the identified environmental and social risks	› 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, or a change in design based on a negotiation with subgroups) › Reasons for a decision not to incorporate or

Supporting Question	Objective and Guidance	Relevant Information to Include
		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
7. How has the project established a Grievance Redress Mechanisms, and how is it functioning?	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 a negative impact.	› Means through which the project receives complaints or concerns related to project impacts › Type of grievance 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

Example of a Stakeholder Engagement Plan

Notes
This is a fictional example of a Stakeholder Engagement Plan (SEP) for an Urban to Rural Road Project in Costa Rica involving involuntary resettlement and potential impacts on Indigenous Peoples

Proportionality: This example 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 one example. While the example gives overall guidance, it is not intended to be a substitute for applying judgment and experience based on project or program environmental and social risks and impacts, or for referring to relevant legal, policy, and procedural requirements in specific contexts and corporate requirements. The principle of proportionality should therefore guide the degree of effort. In projects with low or no risk, the engagement process might be largely comprised of simple disclosure and information dissemination, but crucially still include provision of a way for stakeholders to request additional information or to convey their concerns and recommendations. 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. In any case, the stakeholder engagement and information disclosure process should be ongoing and iterative throughout the project cycle, starting as early as possible, for example, during project identification and early stages of preparation and approval.

Moreover, the same project will affect different groups differently. For some groups, simple information dissemination will be sufficient, even if the project overall is considered a substantial or high-risk project. A project will typically apply multiple platforms of engagement at different levels of intensity with different stakeholder groups or around different issues. Within the overall system, effort will also be proportionately applied to the various stakeholder groups in this way, for example, focusing most effort on the most negatively affected communities or groups. In order to ensure equal and fair access to the process, extra efforts should be made to ensure that vulnerable groups are not disadvantaged, and to recognize that adverse impacts may affect them more severely than others.

Borrowers should try to coordinate international best practice requirements for engagement with national requirements to the extent possible to avoid stakeholder confusion and fatigue.

This example has been developed for an up to "substantial" risk project. There is a community of Indigenous Peoples within the project-affected area, however, no potential Free, Prior, and Informed Consent (FPIC) triggers have been identified to date.

Format: The SEP should be written in plain language, be as concise as possible, and help stakeholders understand (i) how to get information and (ii) how to provide feedback. Insert detailed actions for a minimum of the next 12 months, and as much detail as possible for subsequent periods. Activities can be given a date or phrased such as "construction start plus x weeks" where more precise information is not yet known.

Programs: An increasingly common type of project is one 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 engagement. Disclosure of final studies or summaries of consultation are also not feasible in such situations. Instead, a two-tier approach is recommended:

- Tier 1: Consultations on the overall project design, and its procedures for selecting and implementing sub-projects, should be conducted 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.

- Tier 2: As individual sub-projects or phases of the project are decided on, the principles and elements of meaningful engagement discussed in this publication should be applied in each setting. 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 takes stakeholder views into account.

Large area/linear projects: An element of judgement is also required where a project is distributed over a very large area, perhaps several hundred kilometers:

- Engagement might need to be described more conceptually to begin with, until the detail and timing by community can be known, with a commitment to generate engagement action plans as the project develops (e.g., a stakeholder engagement action plan per construction spread).

- Engagement can be generally described, for example, as "all stakeholders directly affected by land acquisition will automatically be included in an invitation to a small group meeting in addition to any general project engagement processes."

Advisory notes in the example SEP below are provided in text boxes, followed by example text.

Stakeholder Engagement Plan

"Road Project, Town T to Village V, Country C"

Preparation and Approval Phase (Pre-construction)

[Month and year]

Introduction

The government-owned company Roads S.A. plans to build a 60 km section of road between Junction 2 of the Town T ring road and Village V (the "project").

Roads S.A. is applying to the Inter-American Development Bank (IDB) for a loan to finance the project.

This document is a Stakeholder Engagement Plan (SEP) describing the planned stakeholder engagement process for the project.

As defined by the IDB Environmental and Social Policy Framework (ESPF),[31] stakeholder refers to individuals, or groups, including local, downstream, and transboundary communities, who (i) are affected or likely to be affected by the project ("project-affected people"), and (ii) may have an interest in the project ("other stakeholders").

Stakeholder engagement involves the following steps: (i) stakeholder identification and analysis, (ii) planning how the engagement with stakeholders will take place, (iii) disclosure of information, (iv) consultation with stakeholders, (v) addressing and responding to grievances, and (vi) reporting to stakeholders.

How Roads S.A. has planned or is planning to undertake these steps is described in this SEP.

For stakeholder engagement to be meaningful it must include appropriate information disclosure and meaningful consultation, that is, a two-way process that establishes the needs, values, and concerns of the public, provides a genuine opportunity to influence decision-making, and uses multiple and customized methods of engagement that promote and sustain fair and open dialogue.

This SEP describes the plan during the remaining pre-construction phase and a higher-level plan for the construction and operation phase of the project. The SEP will be updated throughout the project phases to ensure that it continues to include the most appropriate

[31] More information on the ESPF is available at https://www.iadb.org/en/who-we-are/topics/environmental-and-social-solutions/environmental-and-social-policy-framework

engagement plan, including as needed to respond to feedback that significantly influences this plan at the start of each project phase (next phase update therefore being prior to the start of construction), and at a minimum yearly. Stakeholder feedback on this plan received during engagement activities will, however, also be considered in real time, that is, consideration will not wait until an SEP update. Roads S.A. will be using other daily project management tools to consider feedback and plan the specific details and logistics for engagement and feedback into project decision-making.

1. Project Description

Try to avoid
Too much baseline information; the SEP should focus on information for project-affected people and communities at a high level.

The project is in the eastern part of the country (see Figure 1.1, project location ringed in black) and is a 60 km road section through the administrative entity "Municipality X." The project will increase transport safety and efficiency to the more rural part of the municipality. This will be achieved through modern road design and the additional road capacity. This is part of the national plan for road infrastructure upgrading.

The project starts at Junction 2 of the Town T ring road. The road will largely follow the route of the existing one-lane rural road, though several new bridges over water crossings will be required to accommodate the second lane that will be added for the first 30 km of the route. The route is largely comprised of agricultural land with scattered villages, before ending at the western edge of Village V, where it joins with the existing road network.

The road will have a design speed of up to 80 km/h and be about 25 meters wide where there are four lanes. The design has considered the need to maintain access to local roads.

The layout and routing of the project, overlain on current land use, is shown in Figure 1.2. This shows the preliminary basic design, which includes preliminary routing and layout.

Some land will need to be purchased for the project. The detailed design will confirm the exact project land needs and then the land survey and acquisition process will begin from there. Initial consultation on land access needs is included in the SEP, as detailed design is expected to be available by the time of these meetings.

Construction is scheduled to start in the first or second quarter of 2027, with construction completed by the end of 2028. The number of workers predicted to be employed for construction is not yet known, however, this analysis is under way and will be presented as part of planned engagement activities.

Figure 1.1. Project Location

2. Stakeholder Engagement Regulatory Framework

Try to avoid
Content being either too generic or overly detailed; the goal is to highlight what might be most relevant for the reader, for example, the Environmental and Social Impact Assessment (ESIA) Law requires a 30-day public consultation period on the ESIA, advertised in the national newspaper 30 days in advance, when the public can submit comments on the ESIA findings in person or in writing, and how those comments are then considered.

Some form of public consultation in relation to project planning, approval, and implementation is required by law in most countries.

Stakeholder engagement in a country such as Costa Rica applicable to the project is mainly connected to the preparation of relevant spatial planning documents, the land acquisition process, and the ESIA process.

The environmental and social effects of the project will be assessed under the Law on Environment. The project has been determined as requiring an environmental impact assessment under national legislation and as a Category A project under the IDB's ESPF, and thus requires a formalized and participatory ESIA process.

The project requires the acquisition of land and assets resulting in economic displacement and potentially limited physical displacement. The land acquisition process will be undertaken in accordance with the requirements of national legislation for projects in the public interest and those of the IDB.

2.1. Relevant Stakeholder Engagement Requirements

Table 1 shows as an example, the key legislation that enshrines Costa Rican national requirements and international conventions related to stakeholder engagement. Table 2.2 presents Costa Rica's legal framework requiring project stakeholder engagement.

Table 2.1. Main National Legislation Containing International Requirements

Key National Legislation	International Convention/Requirements
Ley Orgánica del Ambiente (Law No. 7554): Governs environmental protection and procedures for Environmental Impact Assessments (EIAs), including public consultations.	Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention, February 1991); Costa Rica ratified the Espoo Convention in 1999.
Ley de Planificación Urbana (Law No. 4240): Focuses on urban planning, zoning, and procedures for public consultations in land use planning.	Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters (Aarhus Convention, June 1998)–The Aarhus Convention grants the public rights regarding access to environmental information; Costa Rica ratified the Aarhus Convention in 1999.
Regulations from Secretaría Técnica Nacional Ambiental (SETENA): Manages and regulates the EIA process.	Directive on Access to Environmental Information (2003/4/EC).

Key National Legislation	International Convention/Requirements
Escazú Agreement (2018): Strengthens public access to environmental information and participation in decision-making processes regarding environmental matters in Latin America and the Caribbean.	The Escazú Agreement promotes transparency and access to justice on environmental matters, emphasizing the rights of vulnerable populations and local communities. Costa Rica ratified this agreement, and it entered into force in 2021.

Table 2.2. Key Legal Framework in Costa Rica Requiring Stakeholder Engagement for the Project

Legislative Area	Key Parts of the Regulatory Framework	Summary of Stakeholder Engagement Requirements
Preparation of project documentation and strategic studies (including urban planning and Environmental Impact Assessments)	**Ley Orgánica del Ambiente (Law No. 7554) and Ley de Planificación Urbana (Law No. 4240)**	Public disclosure and consultation activities are required for both the planning and environmental processes under Costa Rican law.
Environmental Impact Assessment (EIA)	**Regulations by SETENA:** Procedures for public involvement through EIA studies.	Legislation requires that potential impacts of public and private projects be assessed, and that the public be consulted before development consent is granted.
Land acquisition (expropriation)	**Law on Expropriation**	Affected landowners are to be consulted and invited to hearings under the national framework.
Public participation and access to information in environmental matters	**Escazú Agreement (2018)**	Strengthens public participation in environmental decision-making, ensuring that local communities, including vulnerable groups, are informed and consulted throughout the project's life cycle.

The **Ley Orgánica del Ambiente (Law No. 7554)** defines the rules and procedures for:

- Public disclosure of information related to environmental impacts.
- Public participation, ensuring that stakeholders can engage in discussions and provide written opinions during different phases of the Environmental Impact Assessment (EIA).
- Access to justice mechanisms, allowing the public to submit appeals and influence decision-making.

Practical procedures Include:

- The public is informed through media (including national newspapers and digital platforms), where the draft EIA study will be available for review, specifying timeframes for comments (typically 30 days).

- Public hearings are held in a local venue (such as city hall), within 28 days prior to the meeting.

- Comments from all stakeholders are processed, and the EIA study is revised accordingly. A report justifying which comments were adopted or not adopted is submitted with the updated EIA draft to relevant authorities.

Availability of key documents: The Ministry of Environment (MINAE) and the Secretaría Técnica Nacional Ambiental (SETENA) are responsible for ensuring the public disclosure of all key documents, including:

- Notification of intention for project implementation

- EIA screening and scoping decisions

- Disclosure of the EIA study

- Reports on EIA study adequacy and decisions on project approval.

Grievances: The main laws that provide mechanisms for grievances and appeals include:

- Ley Orgánica del Ambiente (Law No. 7554)

- Law on Expropriation

- Law on Construction.

The grievance process ensures the public's right to file complaints and appeals, either through local processes managed by SETENA or through judicial mechanisms.

In addition, Costa Rica adheres to the Aarhus Convention, ensuring public access to information, participation in decision-making, and access to justice on environmental matters.

Finally, it is important to mention that the Escazú Agreement promotes transparency and access to justice on environmental matters, emphasizing the rights of vulnerable populations and local communities. Costa Rica ratified this agreement, and it entered into force in 2021.

2.2. IDB Requirements

The IDB is committed to open and transparent engagement with project-affected stakeholders consistent with the principles of the Regional Agreement on Access to Public

Information in the Escazú Agreement, in accordance with its commitments in the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) and in accordance with International Labour Organization Convention 169, the United Nations Declaration on the Rights of Indigenous Peoples, and the Organization of American States Declaration on the Rights of Indigenous Peoples. This is reflected in the ESPF and Environmental and Social Performance Standard 10 (ESPS 10) stakeholder engagement and information disclosure.

ESPS 10 applies to all IDB-financed projects and encompasses stakeholder engagement throughout the project cycle. Associated guidance describes principles and content that should be present for a stakeholder engagement process to be considered "meaningful," including appropriate provision for grievance management.

The ESPF reflects the IDB's zero tolerance for "retaliation, such as threats, intimidation, harassment, or violence, against those who voice their opinion or opposition to an IDB-financed project or to the Borrowers."[32] Stand-alone ESPF standards on labor, gender equality, community health and safety, and stakeholder engagement also place obligations on Borrowers to proactively identify and prevent or mitigate risks of reprisals against project stakeholders, including project-affected people and project workers.[33]

The IDB requires its Borrowers to design and implement an SEP in accordance with ESPS 10. The form of engagement should be tailored to the nature of the project, its contextual risks, and safeguarding the health and safety of its participants.

This SEP has been developed in line with these requirements and in consideration of the categorization of the project as Category A by the IDB, requiring a participatory ESIA process.

The land acquisition process will be undertaken in accordance with the requirements of national legislation for projects in the public interest and those of the IDB, in particular, ESPS 5 Land Acquisition and Involuntary Resettlement.

Potential impacts on Indigenous Peoples mean the process will also be undertaken in accordance with the requirements of ESPS 7 Indigenous Peoples.

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[32] IDB, 2020, Environmental and Social Policy Framework, Part 1, Section 7.2.

[33] The ESPF defines project workers as (i) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (ii) people employed or engaged through third parties to perform work related to core functions of the project for a substantial duration (contracted workers); and (iii) workers engaged by the Borrower's primary suppliers (primary supply workers). This includes full-time, part-time, temporary, seasonal, and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

3. Summary of Previous Stakeholder Engagement

Try to avoid
Content being too detailed. For example, pictures of meetings, full lists of participants, minutes, and other outputs from engagement are more appropriate for a stakeholder engagement report. Some detail can be appended if needed, for example, if the project is well advanced and there is a long list of engagement activities, but in general such detail is best avoided. If a record of the referenced engagement is still in the public domain, a reference can be added in the text for stakeholders to find it if they would like to.

A summary of previous stakeholder engagement activities is provided in Table 3.1.

Table 3.1. Summary of Previous Stakeholder Engagement Activities

Date of the Event/ Activity	Document/Study/ Step	Summary of Stakeholder Engagement Activities	Summary of Comments/ Feedback Received
1 Jan 2023 – 31 March 2023	Draft Road Infrastructure Plan of Country C to 2035; Summary of the Plan; Comment Register; Grievance Register; Advertising materials	Public disclosure of the Road Infrastructure Plan of Country C. Stakeholder consultations were held in 15 regional centers, including Municipality X. Workshops were held for local government representatives, public services, business owners, and NGOs. The final event was a public consultation meeting at Municipality X's city hall, advertised online and via noticeboards. Public comments were collected for 30 days	No written comments were submitted specifically relating to the project road section. During public consultations, most comments concerned potential land loss and construction safety. Participants supported road safety and speed improvements. Public consultation had 65 participants: 25 women, 40 men.
15 Feb 2023	Workshop materials, project documentation, presentation slides	A public consultation was held at the municipal capital city hall. The workshop was advertised through the municipal website, social media, and local noticeboards. Representatives of local governments, schools, healthcare institutions, business owners, and NGOs attended. Attendees were given a chance to ask questions and engage in discussions on the Road Infrastructure Plan and the Project's details.	Concerns were raised about land loss and construction safety, but there was overall support for improvements to road safety and speed management. No specific written comments on the project section were made.
10 Aug 2025	Project description, timelines, Q&A materials	Roads S.A. met with the Council Leader and head of municipal infrastructure at Town T. The Project's section between Town T and Village V, as outlined in the Road Infrastructure Plan to 2035, was presented. Financing via the IDB was discussed. A question-and-answer session followed, and ongoing communication lines were confirmed. A multi-disciplinary workshop for early stakeholder identification and the ESIA process was proposed.	No concerns were raised during the meeting, and all parties agreed to maintain open communication. Stakeholder identification and analysis were seen as important for project development.

Date of the Event/ Activity	Document/Study/ Step	Summary of Stakeholder Engagement Activities	Summary of Comments/ Feedback Received
Oct 2025	Project description, land use maps, stakeholder analysis, potential timelines, regulatory guidelines	Roads S.A. facilitated a multi-disciplinary workshop for early stakeholder identification and analysis, attended by representatives from the Town T Council, Ministries of Transport and Environment, and the Institute of Indigenous Affairs. Project descriptions and land use maps were presented, and the workshop focused on identifying stakeholders and assessing potential risks and impacts of the project.	Concerns were raised about local water source protection, loss of fertile land, safety due to traffic and labor influx, restricted access to businesses, and potential impacts on a local shrine on the western edge of Village V. These concerns were taken into account, and further engagement with stakeholders was planned.

In summary, stakeholder concerns identified to date include:

- Potential loss of agricultural land
- Protection of local water sources, with specific concerns about contamination and ecosystem disruption
- Public safety during construction, especially with heavy machinery moving through local communities
- Labor influx and its potential impact on local housing, resources, and social dynamics
- Restricted access to local businesses and disruption of traffic patterns during construction
- Increased traffic and potential safety risks once the road is operational
- Possible environmental impacts on protected areas or culturally significant sites near the project.

4. Stakeholder Analysis and Engagement Forums and Methods

Try to avoid
Too much "analysis" on a stakeholder's importance/influence; this should be for internal use only.

Stakeholder refers to individuals, or groups, who are affected or likely to be affected by the project or may have an interest in the project. Identifying stakeholders and analyzing how the project might affect them allows a project to initially plan how to engage with stakeholders. The engagement itself then provides information to update that analysis as stakeholders themselves provide information and preferences on potential impacts and methods of engagement, so it is an ongoing process.

Stakeholder identification has been conducted based on:

- Analysis of information about the potentially affected area using existing data sources such as other ESIAs from the project area
- A visit to the project area
- Analysis of information about the communities in the project area of influence using existing data sources such as the municipal plan and website
- Some early consultations with government bodies with responsibilities related to the project
- Analysis of local service providers whose assets may be affected by the project and/or who may have to provide services for the project (emergency services, owners and operators of public utilities, local police, etc.)
- Analysis of existing civil society organizations (CSOs), including community-based organizations (CBOs), faith-based organizations (FBOs), and NGOs at the national and local levels using existing data sources such as the national register of CSOs.

The stakeholders identified to date and the planned engagement methods are shown in Table 4.1. The methods consider providing the best access for stakeholders, for example, holding a community meeting in the local village hall rather than requiring travel to the town. The project welcomes suggestions on how to improve the proposed methods (please see contact information for Roads S.A. in Section 8). The project will continue to investigate whether there are any existing community forums that might be used for these activities.

The engagement methods at the national level focus on official correspondence, multi-stakeholder workshops, or working groups, and, where necessary, one-on-one meetings, while engagement methods for the community levels will use a wide range of approaches to help ensure access for stakeholders.

The project recognizes that certain, more vulnerable, stakeholders might experience impacts differently from other stakeholders.[34] The following characteristics of potential vulnerability have generally been identified to date and are listed here rather than within each cell in the table, for efficiency:

- Single-headed households, particularly the elderly or those with dependent children and any families dependent on one income with dependents with chronic illness.

[34] An example register can be found in EBRD (2023).

- Persons who depend on the affected land for incomes/livelihoods and for whom it is the only land they own or use, including informal users.

- Those whose socioeconomic status is low

- Disabled people living in affected communities

- Illiterate persons who may have difficulties accessing information about the project and other important documents.

Other vulnerable groups will be added as identified through the project engagement process, including land asset inventory and socioeconomic surveys.

Engagement activities will be used to gather information and feedback on how different stakeholders are affected and will take into consideration logistical and cultural factors such as language, physical access, literacy levels, and time availability of all stakeholders.

Engagement is currently planned to be undertaken in the national Country C language, and the language of Minority Ethnic Group A. Information disclosure on the Roads S.A. website will also include a version in English.

The information that is conveyed and activities that need to be undertaken prior to consultation events will include, at a minimum:

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

- Stakeholders should be asked in which format and manner they find information most useful. This could be through illustrations, role plays, videos, or 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, and describing the meeting facilities and services available, such as provision of food and drink, childcare, and provision of access for the disabled access. Meeting invitations will provide contact details for stakeholders to request any additional measures that would better enable their participation. The project will consider these earnestly and suggest (by reply to stakeholders when they provide their details) alternate means of engagement for a given stakeholder when possible.

- What people's rights and responsibilities are under the project, and how they can contribute to project design and implementation. If those consulted are among decision-makers related to the project, they will be informed about what they are being asked to endorse or approve.

- Proactively communicating the zero-tolerance policy for reprisals to all project stakeholders and any specific measures taken for a consultation event in this regard, including around confidentiality. This will consider the method of recording the meeting and names of those attending as well as any need to show ID to enter meeting locations such as government buildings (this need will be avoided where possible).

At a minimum, prior information should be provided at least a week before a consultation event.

As standard during public consultation events, and as general principles for all consultation, Roads S.A. will:

- Explain objectives of the discussion, how the event will be structured, and expected follow-up
- Propose an agenda for the discussion, or formal protocol as needed
- Proactively communicate the project's zero-tolerance policy for reprisals to all project stakeholders and any specific measures taken for a consultation event in this regard
- Summarize the information about the project that people have been provided prior to the consultation event
- Describe the role the consultations play in decision-making, including providing an indication of the scope of possible change
- Ensure 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 for managing project benefits and impacts
- Provide sufficient time for people to express their views – consider holding follow-up discussions if needed
- 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.

All engagement activities are documented. The following documentation will be used, adapted as needed for purposes of confidentiality or reprisal risk management:

- Whenever possible, an attendance record and minutes of consultation events will be kept, using a consistent template, and signed by participants and representatives of project authorities.

- A stakeholder list will be maintained for internal project planning purposes.

- A stakeholder engagement log/register will be maintained for internal project planning purposes, logging the engagement activities undertaken (type, location, information provided, topics, with whom etc.), feedback and questions received, resultant actions and status of those actions. [35]

- A grievance log will be maintained that records all grievances received, management actions taken, and whether a grievance has been closed out in accordance with the process described in Section 7 below, for internal project planning purposes.

Feedback on consultation: As is standard following public consultation events, and as general principles for all consultation, timely feedback to stakeholders about how their comments and concerns are being addressed will include:

- A record of location, time, and who participated [36]

- 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.

The project also reflects stakeholder views in general project information updates, relevant studies and action plans for public disclosure such as the ESIA, the Resettlement Plan, and associated management plans.

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[35] An example register can be found in EBRD (2023).

[36] Individual names will not be registered if there is concern that people may feel intimidated or fear reprisals. In such cases, a general description of the types of stakeholders present is sufficient.

Table 4.1. Identified Project Stakeholders and Engagement Methods

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
A. Project affected people – expected project beneficiaries			
Road users (general public)	Faster, more reliable transport. Better access to services such as health, education and medical facilities	For each group and relevant sub- groups add [several examples are given throughout the tables here]: Brief description of socioeconomic status, cultural factors, location, size, organizational capacity and nature of influence, vulnerability or social exclusion – for example, gender-differentiated access to project benefits *(this list should be considered for all stakeholder categories)*	Information disclosure; for example, through web pages, local postings of information, newspapers and radio. The project will maintain an open communication channel to receive and respond to queries and concerns, both during project preparation and implementation 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		Focus group meetings, sample interviews
People obtaining work in construction and maintenance	Increased income locally, reduced need for labor migration		Focus group meetings in addition to interviews during data collection for socioeconomic survey
Local land and property owners	Increases in property values, expanded market opportunities		Individual meetings with a sample of property owners; data collected during land asset and socioeconomic survey
Contractors and sub- contractors	Contracts during construction and road operations, including for maintenance	Sector track record managing similar projects including 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 This will include information through the project website and government procurement processes. The selected construction contractor will be required to submit a recruitment and procurement plan including means to advertise any employment or supplier opportunities locally.

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
B. Project-affected people – those who might 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			
1. Rural landowners with title whose property will be acquired. 2. Owners of businesses or houses who will lose their assets.	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. Socioeconomic status varies; some may be at risk of becoming destitute if losing agricultural land, while others may be better off farmers	General information will be provided as in B.2. In addition, focus groups and individual interviews as part of land and asset and socioeconomic surveys; disaggregated by gender. Note that this may require intra-household analysis to document different livelihood situations of men and women A concise guide to land acquisition and compensation, as non-technical as possible, will be made available to these stakeholders in their local language Provision of options for different support/compensation mechanisms, support and advice. Information on rights, access to remedy. Follow-up by phone/email/mail and in-person as needed.
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.	As in B.1.1. above
Encroachers on public land, for example, cultivation within the road right-of-way	Land required for upgrading of road; loss of income from cultivation	Small and medium-sized agriculturalists; socioeconomic status varies, some may be at risk of becoming destitute if losing agricultural land, while others may be better-off farmers	As in B.1.1. above
Squatters with houses, small shops, etc. on public property;	Houses and buildings may need to be relocated for upgrading of road;	Generally poor and marginal groups, but may in some cases be wealthier (e.g., slum lords)	As in B.1.1. above. Possible use of NGOs or other organizations where stakeholders are reluctant to immediately

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
B. Project-affected people – those who might be adversely affected by project			
B.1. Involuntary resettlement: loss of assets and/or livelihoods			
B.1.2. Groups and individuals without legal or formally recognized rights to land and other assets			
for example, urban and peri-urban slum dwellers	loss of income from small businesses		identify themselves to the project for fear of legal repercussion, for example
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 and seasonal land users	Potential loss of income from agricultural land or business	*Add characteristics*	As in B.1.1. above
B.2. Other risks and impacts			
B.1.3. Groups and individuals in the project's area of influence			
Residents and amenity users within the project area of influence, including from: › Town T › Village X (located adjacent the existing road between Town T and Village V) › Village Y (located adjacent the existing road between Town T and Village V) › Village V	Potential impacts include those related to footprint, including effects on a local shrine, and from construction, such as effects on community health and safety from heavy vehicles and labor influx, noise and dust, impacts on water quality, and increased local traffic during operation	*Add characteristics* Specific potentially vulnerable groups identified to date are children walking/travelling to and from school who could be exposed to construction safety risks Town X Council is the most local level of municipal government with local implementation of governance duties, and it acts as a stakeholder representative in that regard No village representatives have been identified to date, but this will be analyzed further	Information disclosure: › Project website: for example, Environmental and Social Impact Assessment (EIA), Stakeholder Engagement Plan (SEP), Resettlement Plan, a guide to land acquisition and compensation, press media releases › Through the media: newspapers, as well as community social media pages, radio, TV › Leaflets. › Bulletin boards (located in affected settlements) Consultation: › Public consultation meetings (locations and timing for community meetings will be identified for maximum accessibility); those related to ESIA will be led by the Ministry of Environment as required by law and supported by Roads S.A.

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
B. Project-affected people – those who might be adversely affected by project			
B.2. Other risks and impacts			
B.1.3. Groups and individuals in the project's area of influence			
			› Sample interviews, focus groups, and workshops, as necessary, to supplement engagement for specific topics or to increase accessibility of engagement for certain groups. The project will investigate whether there are any existing community forums that might be used for these activities. To date, the Municipality X Women's Network has been identified. Vulnerable groups and/ or individuals will also be engaged with directly where possible to identify any specific accessibility needs. It is already anticipated that certain elderly and physically disabled stakeholders will need to be visited at home or provided logistical support for meetings and provision for their comfort. › Town T Council: official correspondence and meetings.
B.3. Impacts on indigenous groups			
Indigenous communi-ties affected by the project	In addition to potential positive or negative impacts described for other categories above, additional issues may emerge in consultations, such as threats to social cohesion, cultural norms, spiritual values of trees, cemeteries, etc.	*Brief description of socioeconomic status, cultural factors, location, size, organizational capacity and degree of influence, vulnerability or social exclusion –for example, gender-differentiated access to project benefits.* Of particular importance is understanding institutional structures, authority and	Prior information in accessible and culturally appropriate formats during project preparation. Consider language issues and potential use of local bilingual community members as interpreters and making use of visual information; time to consider; engagement through legitimate formal and informal institutional mechanisms for decision-making among indigenous groups, which may vary – chief and councils of elders, public meetings, with focus groups and individual interviews as part of census and socioeconomic surveys; disaggregated by gender and other relevant social identities within communities. The process should involve Indigenous Peoples' representative bodies and organizations where they exist Information on rights, access to remedy Provision of options for different support/compensation mechanisms, support and advice. Consider capacity-building and institutional strengthening as needed. Whenever any of the circumstances that require Free, Prior and Informed Consent (FPIC) is identified, consent

Stake-holder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/Methods
B.3. Impacts on indigenous groups			
		decision-making, capacity to engage in negotiations, and cultural values ascribed to land or resources, both tangible and intangible	must be obtained. If any of these circumstances is identified during project preparation, it will need to be followed by an agreed-upon, formalized process of reaching agreement through good faith negotiation. Based on early scoping, the potential for this appears low, but this will be a key element of the upcoming stakeholder engagement process. Should it be required, FPIC would apply to those aspects, activities, and components of the project that affect the Indigenous Peoples directly, rather than to the project as a whole Written and verbal feedback to groups, summarizing project initiatives related to concerns. Where relevant, tailor feedback separately or differently to groups and sub-groups 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
C. Other stakeholders (those with an interest in the project)			
C.1. Government			
National Government: › Ministry of Public Works › Ministry of Defense › Ministry of Justice › Ministry of Health › Ministry of Social Protection › Ministry of Environment › Ministry of Labor › Ministry of Housing › Ministry of Social Development › Ministry of Women and Gender Equality › Ministry of Transport › Ministry of Culture › Ministry of Finance › Ministry of Lands, including	Providing resources in their role granting regulatory approvals and monitoring and enforcing compliance with national legislation The national government is also likely to be a source of information for completion of studies such as the ESIA	*Add characteristics: In the case of government bodies, these might include degree of input expected to the stakeholder engagement process* *The nearest offices are likely in City X, several 100 kms from the project location*	Official correspondence and meetings, ESIA application, regulatory applications, site inspections as needed by approvals Communication will follow established procedures in line with regulations, where they exist The Ministry of Environment will distribute the draft ESIA to the applicable national government bodies for comment as part of its ESIA review role.

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
C. Other stakeholders (those with an interest in the project)			
C.1. Government			
Land Survey Department › Institutes of indigenous Affairs › Ombudsman's Office			
Municipal government: Municipality X, represented by the Town T Council, where the project will be implemented and including all relevant departments	Municipal government is responsible for the implementation of legislation and development plans and policies at the municipal level with respect to health, education, and economic development, and may have an approval or compliance monitoring role for potential project impacts in this regard. This includes issuing some construction permits The daily responsibilities of the municipal government such as infrastructure and waste management are also likely to interact with project activities at certain points Municipal government is also likely to be the level of government that local communities contact first regarding project activities. It is also likely to be a source of information for completion of studies such as the ESIA	*Add characteristics: In the case of government bodies, these might include degree of input expected to the stakeholder engagement process* *Municipal elections are scheduled for 2028*	Official correspondence and meetings Communication will follow established procedures in line with regulations where this exists
Public companies/ entities: National, municipal	Might have land or other assets that could be affected by the project, for	*Add characteristics: In the case of public companies, these might include how widely used/*	Official correspondence, including formal notifications and meetings

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
C. Other stakeholders (those with an interest in the project)			
C.1. Government			
(and local where present) emergency services, healthcare providers, and utility (energy, water, waste) owners and operators, police	example, for operating infrastructure such as the national electrical grid and public services such as health and emergency services. These activities might affect, or be affected by, project activities, including the project relying on the services provided by these entities	*present they are in the project's area of influence and whether the project expects to need to provide additional capacity for implementation of services (this might be a topic for engagement with them)*	Communication will follow established procedures in line with regulations where this exists
C.2. Civil society			
Preliminary list: › Country C Ecological Society › BirdLife Country C › City X university anthropology and archaeology departments › Women's Network › NGO X, focused on LGBTQ+ access to decision-making › Access Country C › National Citizens Association for Support of Persons with Disabilities › Youth Council of Municipality X › Small Business Association	All will be engaged based on their mandate. This will include activities such as supporting the project by helping to improve stakeholder access to the engagement process, identifying (including through provision of any baseline information held) and engaging on mitigation for impacts. Some organizations might start, or conclude, the engagement process in a position of opposition to the project if they believe certain impacts have not been appropriately mitigated	*Add characteristics: These might include how present they are in the project's area of influence and whether the project expects to need to provide additional capacity for implementation of services (this might be a topic for engagement with them)*	Information about the project (e.g., ESIA, SEP, Resettlement Plan, press releases), published on the Roads S.A. website Information through the media: newspapers, as well as electronic local and national media, radio, TV and leaflets. Public consultation meetings Focus group meetings and workshops Official correspondence and one-to-one meetings Potential agreements on collaboration, for example, through a Memorandum of Understanding, contracts, including for any facilitation role in the stakeholder engagement process
C.3. Workers and suppliers			
Contractors and primary suppliers, workers and their representatives	Once engaged to provide services or supplies to the project	*Add characteristics where known at this point*	Information primarily through the project website and government procurement processes, as this is a public works contracting process. Selected construction contractors will be required to submit a recruitment and procurement plan, including the means to advertise any

Stakeholder Category	Expected or Potential Project Impact/Interest	Characteristics	Engagement Forums/ Methods
C. Other stakeholders (those with an interest in the project)			
C.3. Workers and suppliers			
			employment or supplier opportunities locally. Internal human resource processes. These are outside of the scope of this SEP.
Note: In cases where the same stakeholders fall into both categories A (Project Beneficiaries) and B (Adversely Affected by the Project), such as local landowners who may benefit from increased property values but also face land acquisition impacts, these stakeholders should not be separated in terms of engagement. Instead, their dual role must be recognized and addressed holistically. This means considering both the benefits they may receive and the adverse impacts they may experience, ensuring that both aspects are covered during consultations, compensation discussions, and engagement methods. Specific engagement forums may need to include discussions on both their beneficiary and affected statuses to provide a comprehensive and fair response to their concerns.			

If you are a stakeholder who has not been identified in the table above but would like to be included in the stakeholder engagement for the project, please contact the project using the contact details provided in Section 8 of this SEP.

5. Stakeholder Engagement Program – Activities and Timing

For stakeholder engagement to be meaningful it must include appropriate information disclosure (so stakeholders have initial project information on which to base their feedback) and meaningful consultation that is a two-way process that establishes the needs, values, and concerns of stakeholders, provides a genuine opportunity to raise questions and opinions, preferences, concerns and grievances, and ultimately influences project decision-making. For example, the consultation could have an impact on the location of project elements or the design of stakeholder engagement and information disclosure or impact mitigation measures. Table 5.1 outlines the action plan for stakeholder engagement for the project prior to construction. Table 5.2 outlines the action plan for stakeholder engagement for the project construction phase. This will be updated as the project moves forward to include the more detailed actions during construction and operation. Internal human resource processes are outside the scope of this SEP.

Project-related documents provided by Roads S.A. and products of the IDB's due diligence will also be disclosed according to the IDB's Access to Information Policy. This documentation will reflect the assessment and proposed management of the key environmental and social risks and impacts of the project, such as the ESIA and Resettlement Plan, and will be provided in draft or final form. Final or updated documentation, including any new or additional social and environmental assessment report or management plan developed after project approval, will also be disclosed when available.

All activities are the responsibility of Roads S.A. unless otherwise stated.

Table 5.1. Stakeholder Engagement Activity and Timing by Stakeholder Category – Pre-construction

Stakeholder Category	Activity	Method/Detailed Content and Timing
Roads S.A. anticipates construction will begin in Q2 or Q3 of 2027; pre-construction is the engagement until then		
Project-affected people – expected project beneficiaries		
Project-affected people – those who might be adversely affected by project		
Other risks and impacts		
Groups and individuals in the project area of influence		
Residents and amenity users of the towns and villages within the project area of influence Those who will be impacted by loss of assets and/or livelihoods due to involuntary resettlement (see the following part of the	Description of project and rationale, timeline of activities, Stakeholder Engagement Plan (SEP), key environmental and social impacts and mitigation measures, and description of ongoing environmental and social assessment processes	**NOTE**: These forums will be used to discuss both potential benefits and adverse risks and impacts of the project. Subsequent engagement can be undertaken separately if the need is identified during these initial activities. **By the end of March 2026:** The following documents will be available on the Roads S.A. website [hyperlink to company website]: › This draft SEP › ESIA scoping leaflet and a short video describing, in summary terms, the project; potential alternatives; the ESIA process; preliminary impacts and possibly mitigation measures identified; a description of the

Stakeholder Category	Activity	Method/Detailed Content and Timing
table for additional actions for this stakeholder category)	Activities for the Environmental and Social impact Assessment (ESIA) development	engagement process and the grievance process; and contact details › A guide to land acquisition and compensation Hard copies of the documents will also be available at the following locations (addresses provided in Section 8 of this SEP): › Roads S.A. › Town T Council offices. A schedule of meetings will also be set with any village stakeholder representatives, such as village councils, as these are identified, ideally ahead of community meetings and to help plan for those meetings, including timing and logistics that will best enable stakeholder access. Roads S.A. will enquire about any community social media that could be used for the engagement program and about any other means to aid information disclosure. Roads S.A. will also ask about existing community grievance mechanisms and how these might interact with the project grievance process. The project will continue to investigate whether any existing community forums could be utilized and update the stakeholder engagement plan with those forums where appropriate.
Residents and amenity users of the towns and villages within the project area of influence Those who will be impacted by loss of assets and/or livelihoods due to involuntary resettlement		**During April and May 2026 – ESIA scoping:** The goal of ESIA scoping is to obtain initial feedback on the project itself and potential alternatives; the scope for the ESIA; the SEP; and the grievance process. Specific activities will include: › Scoping workshops with selected stakeholders, potentially including selected representatives of residents such as the Council Leader of Town T or residents experienced in a topic, NGOs, government participants. This will provide input to the draft ESIA scoping report › Disclosure of the draft ESIA scoping report on the Roads S.A. and Town T Council website; hard copies will be available at the following locations as a minimum (addresses provided in Section 8 of this SEP): » Roads S.A. » Town T council offices › A hard copy of the scoping leaflet available at all meetings › Roads S.A. will also consider the use of images such as posters of typical construction activities to support engagement › Public meeting(s) on the draft scoping report to present the results of the scoping activities and allow for stakeholder feedback; it is proposed that a meeting will be held in the community hall of Town T and the village hall of Village V › The time and locations and meeting format and facilities for the planned public consultation meeting(s) will be disclosed on the Roads S.A. website, Town T Council website, community noticeboards, and using any other means deemed to be practical and beneficial, such as newspaper, radio, and TV › Meetings will specifically cover any potential effects on the local shrine on the W edge of Village V

Stakeholder Category	Activity	Method/Detailed Content and Timing
		› Inputs from scoping meetings are taken into consideration in the form of the final terms of reference for the ESIA **Anticipated Q4 of 2026, Q1 of 2027 – ESIA report development:** The ESIA public consultation process is the responsibility of the Ministry of Energy. It will organize the public consultation, disclose the ESIA, and issue invitations and coordinate the public meeting. Roads S.A. will also undertake certain supplemental activities as described below in accordance with IDB requirements and respond to requests for meeting format and facility adaptation, working with the MoE to determine possibilities, including provision of any additional funding required. During the development of the ESIA, there should be engagement on: › The purpose, nature, scale, and duration of project activities › Potential impacts on stakeholders as well as proposed mitigation plans highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and differentiate measures to mitigate these impacts › The envisaged stakeholder engagement process, including the time and venues for planned consultation meetings and the process by which meetings will be notified, summarized, and reported Specific activities will include: › Sample interviews, focus group meetings, or working groups with specific stakeholder groups or around specific project impacts, including identifying and potentially agreeing on mitigation measures. One example could be a working group of local stakeholders to discuss potential effects on cultural heritage; other examples could include a meeting for women, or a meeting focused on impacts from increased traffic. The ESIA predictions and engagement to this point will determine the final focus groups
		Once a draft ESIA is available, engagement to gain feedback on the draft will include: › Public disclosure of the draft ESIA and associated documents such as the SEP, using the same means for disclosure as for the ESIA scoping report; specifically for the draft ESIA, it must be available on the Internet and in hard copy form for a minimum of 30 days, and its availability advertised in the national newspaper the Telegraph at least 28 days ahead of public consultation meetings › Follow-up focus groups, likely with the same groups as for the draft ESIA development unless new stakeholders or topics have been identified › Public meetings on the draft ESIA; it is currently planned that a public meeting will be held in the community hall of Town T and the village hall of Village V › Any lessons learned during the scoping phase regarding optimizing stakeholder engagement

Stakeholder Category	Activity	Method/Detailed Content and Timing
		opportunities will be employed for the ESIA disclosure › The final ESIA will remain in the public domain (available on the Internet and by request from Roads S.A.) for the duration of the project. Information regarding the grievance procedure will also be widely disseminated to affected municipalities and local communities
Contractors and primary suppliers, workers	Contractor and supplier engagement activities Contractor selection will be undertaken in 2026 and 2027	Information primarily through the project website and government procurement processes, as this is a public works contracting process Selected construction contractors will be required to submit a recruitment and procurement plan, including the means to advertise any employment or supplier opportunities locally Official correspondence, meetings
Project-affected people – those who might be adversely affected by project		
Involuntary resettlement: loss of assets and/or livelihoods		
Stakeholders who will be impacted by loss of assets and/or livelihoods due to involuntary resettlement	The Resettlement Plan will set out the detailed engagement plan for consultation with those who will be impacted by loss of assets and/or livelihoods due to involuntary resettlement. Timing for the next 12 months is indicated in the next column by activity.	Activities will be combined with other planned engagements where possible to best make use of stakeholders' time. **By the end of April 2026:** Stakeholders will be invited to focus group meetings on the land acquisition process. Information and activities will include: › A concise non-technical guide to land acquisition and compensation, available in hard copy at the meetings, electronically on the project website, and accompanied by a short video version of the summary › A presentation and discussion of the detailed project footprint and affected land and assets; effects on access to land; mitigation measures; process for the socioeconomic survey or census by Roads S.A.; land and asset surveys by the Country C Land Survey Department; and the subsequent process of valuations of land and assets and draft entitlements matrix and types and method of compensation › Explanations will be provided of the revised access arrangements and access to the project (road) both during construction and operation, which will include the use of clear maps and a list of any overpasses and local service road access arrangements › Ask stakeholders if there are any particularly sensitive times to try to avoid access restriction, such as a harvesting window › Gather some key socioeconomic data, including livelihoods data, in order to inform proposed mitigation and compensation measures › Offer stakeholders an opportunity to discuss any land-related matters they would like **Approximately June to end of July 2026:** › Country C Land Survey Department conducts a field survey to verify data held in the public records and confirm affected land and assets. In parallel with

Stakeholder Category	Activity	Method/Detailed Content and Timing
		these activities, Roads S.A. will undertake one-to-one engagement and a socioeconomic survey with households whose residential structures are physically affected and with business owners whose businesses are directly affected to further inform mitigation and compensation measures. **Approximately August 2026 onward:** › Individual meetings to present proposed compensation for land expropriation › Disclosure of the Resettlement Plan in parallel with or as part of the ESIA. No confidential personal information (e.g., name, contact details, income, and compensation) shall be contained in Resettlement Plans, as these are intended for public disclosure. › Engagement then continues as detailed in the Resettlement Plan.
Impacts on indigenous groups		
Indigenous Peoples community identified in the project-affected area	Description of project and rationale, timeline of activities, SEP, key environmental and social impacts and mitigation measures, potential benefits and development opportunities, and description of ongoing environmental and social assessment processes. **Ongoing engagement activities will then be determined in discussion with the community, including activities for the ESIA and Sociocultural Analysis development.**	**January 2026:** Roads S.A. will request a meeting with the Chief and Council of the community. Along with a general introduction to the project, it is hoped that this or a subsequent meeting can include discussion on: › Whenever a community of indigenous peoples is identified within the project area of influence, a Sociocultural Analysis should be carried out to determine risks and potential negative and positive impacts on the Indigenous Peoples. This includes gathering specific baseline information of relevance to the community. If risks and impacts are identified, an Indigenous Peoples Plan (IPP) is prepared outlining the actions to minimize and/or compensate for adverse impacts in a culturally appropriate manner. › The Sociocultural Analysis and IPP can be part of the ESIA (and integrated into the Environmental and Social Management Plan - ESMP) prepared for the project, or it can be an independent document. Roads S.A. currently plans for this to be part of the overall project ESIA, but this is a topic for engagement as the assessment evolves. › The development of the Sociocultural Analysis and IPP naturally need to include the informed consultation and participation of the Indigenous Peoples, and Roads S.A., would like to discuss and ultimately document (either within an update to this SEP or as a separate protocol agreed upon with the indigenous community) what additional engagement activities and accessibility measures (such as location, timing, language and format) the community feels are appropriate for this, beyond those proposed for other residents in the area (as described elsewhere in this table). It is assumed some level of direct and separate engagement will continue in any case. › Roads S.A. will also ask about existing community grievance mechanisms and how these might interact with the project grievance process and any adaptations needed to make the project grievance mechanism more culturally appropriate.

Stakeholder Category	Activity	Method/Detailed Content and Timing
Other stakeholders (those with an interest in the project)		
Government		
National government	Activities required for regulatory approvals, including for the ESIA	Official correspondence and meetings, including for baseline information gathering, regulatory applications, site inspections as needed by approvals
Municipal government: Municipality X, represented by the Town T Council, where the project will be implemented and including all relevant departments	Update on the project timeline and activities Confirming roles and processes for engineering design, ESIA, and other purposes, including ideas for facilitating access to vulnerable groups and gender inclusion more broadly Sharing the SEP, key environmental and social impacts, and potential mitigation measures Subsequent meetings will be planned in accordance with the outcome of this meeting	**In January 2026:** This meeting follows on from the early stakeholder identification and analysis workshop held in October 2025. A meeting will be held with representatives of the municipal administration responsible for infrastructure development, including environmental and social issues. Continued official correspondence and meetings are likely to include the provision of information on project progress and issues that concern local communities, for example, timing of activities, traffic management, health, safety, and security issues, emergency response, waste management, and so on. Meetings will specifically cover any potential effects on the local shrine on the W edge of Village V Communication will follow established procedures in line with national or local regulations, where these exist Official correspondence, including formal notifications and meetings in line with regulatory and procedural requirements, where these exist
Other public entities: national, municipal emergency services, healthcare providers, utility (energy, water, waste) owners and operators	Discussion of project plans to prepare/apply for and coordinate activities during construction and operation	Timing of advance notice and information requirements to these stakeholders for specific construction activities to be agreed upon
Civil society		
Other organizations: non-governmental organizations (NGOs), community-based organizations (CBOs), faith-based organizations (FBOs), media	Description of project and rationale, timeline and activities, SEP, key environmental and social impacts, and relevant mitigation measures. Activities for ESIA scoping, development and disclosure, including potential activities related to baseline information-gathering	**Outreach to begin in January 2026** Roads S.A. will contact the CSOs listed in Section 5 regarding topics such as improving access to stakeholder engagement in its mandate, for example, NGO Access Country C to access its local expertise and also consider adaptations to the engagement plan Individual meetings and official correspondence as needed Before finalization and disclosure of the ESIA: focus groups on information- gathering for the project baseline, including biodiversity, identifying impacts, and potentially agreeing on mitigation measures

Table 5.2. Stakeholder Engagement Activity and Timing by Stakeholder Category – Construction

Stakeholder Category	Activity	Method/Detailed Content and Timing
Construction is planned to start in Q2 or Q3 of 2027, and be completed by the end of 2028 Specific timings for engagement will generally be determined as an outcome of pre-construction engagement and be reflected in an updated Stakeholder Engagement Plan (SEP) at that time		
Residents and amenity users of the towns and villages within the project area of influence Those who will be impacted by loss of assets and/or livelihoods	Ongoing engagement on project timeline and updates on construction activity Advertisement of employment or supply opportunities Information on impact mitigation measures, including those in the transport management plan and the community and health, safety and security plans.	Roads S.A. (possibly via the construction contractor(s)) will: › Provide safety briefings to communities before construction begins › Inform affected communities on the progress of construction, including about any construction activities that may affect them, in advance of the activities, including any significant anticipated impacts and proposed mitigation measures, seeking feedback on the success of implementation of these measures Mechanisms will include leaflets and information boards installed at project borders, including contact details and reminding stakeholders of the grievance mechanism available These updates will also be posted on the Roads S.A. website and Town T council website Construction signs and safety messages will be in place Individual or focus group/small group meetings to continue to identify or monitor impacts per the Project Environmental and Social Management System. Official correspondence as needed
Community of Indigenous Peoples identified in the project-affected area	Ongoing update on project timeline and activities, including plans for stakeholder engagement and the grievance mechanism Any additional activities as agreed upon during pre- construction engagement	Methods and timing as agreed upon during pre-construction engagement
National government	Activities required for ongoing regulatory requirements	Official correspondence and meetings, regulatory applications, and inspections, as needed
Municipal government, represented by the Town T Council	Ongoing update on project activities, including plans for stakeholder engagement Any additional activities as agreed upon during pre-construction engagement	Methods and timing, as agreed upon during pre-construction engagement

Stakeholder Category	Activity	Method/Detailed Content and Timing
Public companies/ entities	Continued coordination	Official correspondence, including formal notifications and meetings
Other organizations: non-governmental organizations (NGOs), community-based organizations (CBOs), faith-based organizations (FBOs), media	Updates on project activities as needed	In addition to the disclosure and public consultation measures outlined in this table, individual meetings and official correspondence as needed (based on agreements on engagement made during pre-construction or as new issues arise)
Contractors and primary suppliers, workers	Contractor and supplier engagement activities	Official correspondence, meetings, site visits Engagement as per the contractor recruitment and procurement plans

The project is designed to be in operation for at least 20 years. The SEP will be updated to reflect plans for stakeholder engagement during operation at least three months ahead of the start of the operational period and disclosed on the Roads S.A. and Town T Council website and in any other locations and formats, as agreed upon during engagement to that point to maximize accessibility for stakeholders.

Engagement requirements for the operation will largely be determined as an outcome of pre-operation engagement and will include undertaking any monitoring commitments and ongoing reporting of project environmental and social performance. Tools will include, but not necessarily be limited to, digital tools such as use of the project website, regulatory meetings and meetings as committed to during engagement to date, and in response to any changing project circumstances. The grievance mechanism will continue to be available.

5.1. Engagement on Project Closure

The SEP will be updated for the closure period near the end of the operational period. Stakeholders will be kept informed and consulted on any transition arrangements and end-of project impacts.

Stakeholders can already submit their recommendations for engagement for any phase using the contact details in Section 8.

6. Grievance Mechanism

Even with a meaningful stakeholder engagement approach and robust information disclosure, grievances and complaints may arise with the project activities.

A project-level grievance mechanism for stakeholders (project-affected people and interested parties) is available for them to submit grievances related to project activities. The mechanism is the process through which project-level grievances are received, assessed, acknowledged, investigated, and responded to. The grievance mechanism is presented in Figure 6.1.

The grievance mechanism is free to use by complainants and accessible to all stakeholders affected by project activities, including those activities undertaken by Roads S.A. directly and its contractors and sub-contractors. At all times, complainants are also able to seek administrative and legal remedies in accordance with laws and regulations.

Grievances/complaints can be reported either verbally or in writing. A copy of the Project Grievance Registration Form is available at the end of Section 8 and is also currently available in the national language of Country C, the language of Minority Ethnic Group A, and English. The form is available on the project website [www.RoadsSA.Project.com], from project staff and contractors, at public consultation meetings, at the project offices, and at the Town T Council offices. Project staff and contractors can assist complainants in completing the form if they require it.

Grievances/complaints can be submitted in person, by phone, via post, or by email using the contact information provided in Section 8. All grievances and complaints will be responded to either verbally or in writing in accordance with the preferred method of communication specified by the complainant, if contact details of the complainant are provided.

All grievances will be registered and acknowledged within seven days of receipt and responded to within 30 days. Individuals who submit their grievances have the right to request that their name be kept confidential.

Anonymous grievances and complaints can be submitted. The grievance mechanism will maintain confidentiality of any personal information shared and protect the privacy of complainants. Grievances/complaints will be handled discreetly and carefully to protect complainants from the risk of reprisal. The project will not tolerate actions of retaliation and will investigate any allegations of retaliation.

If the complainant does not agree with the project's proposed resolution, there is an appeals process available to seek redress. The first level of appeal is comprised of further review by the Project Grievance Review Committee to reach an acceptable proposed resolution. If the complainant is still not satisfied with the proposed resolution, then an impartial third party will be part of a further appeal process to try and reach an acceptable resolution with the complainant.

Roads S.A. will monitor the way in which grievances are being handled by its staff and, where applicable, contractor(s), and ensure they are properly addressed within deadlines specified above.

Roads S.A. will keep a log of all grievances (including those received and addressed by the contractor(s)), based on which grievance management reports will be produced. A high-level summary of grievances received and responded to will be disclosed on the project website. Any information disclosed will be anonymized to protect the identity and privacy of complainants and affected parties, and to protect against the risk of reprisals.

A separate grievance mechanism is available for workers of Roads S.A. and contractor(s).

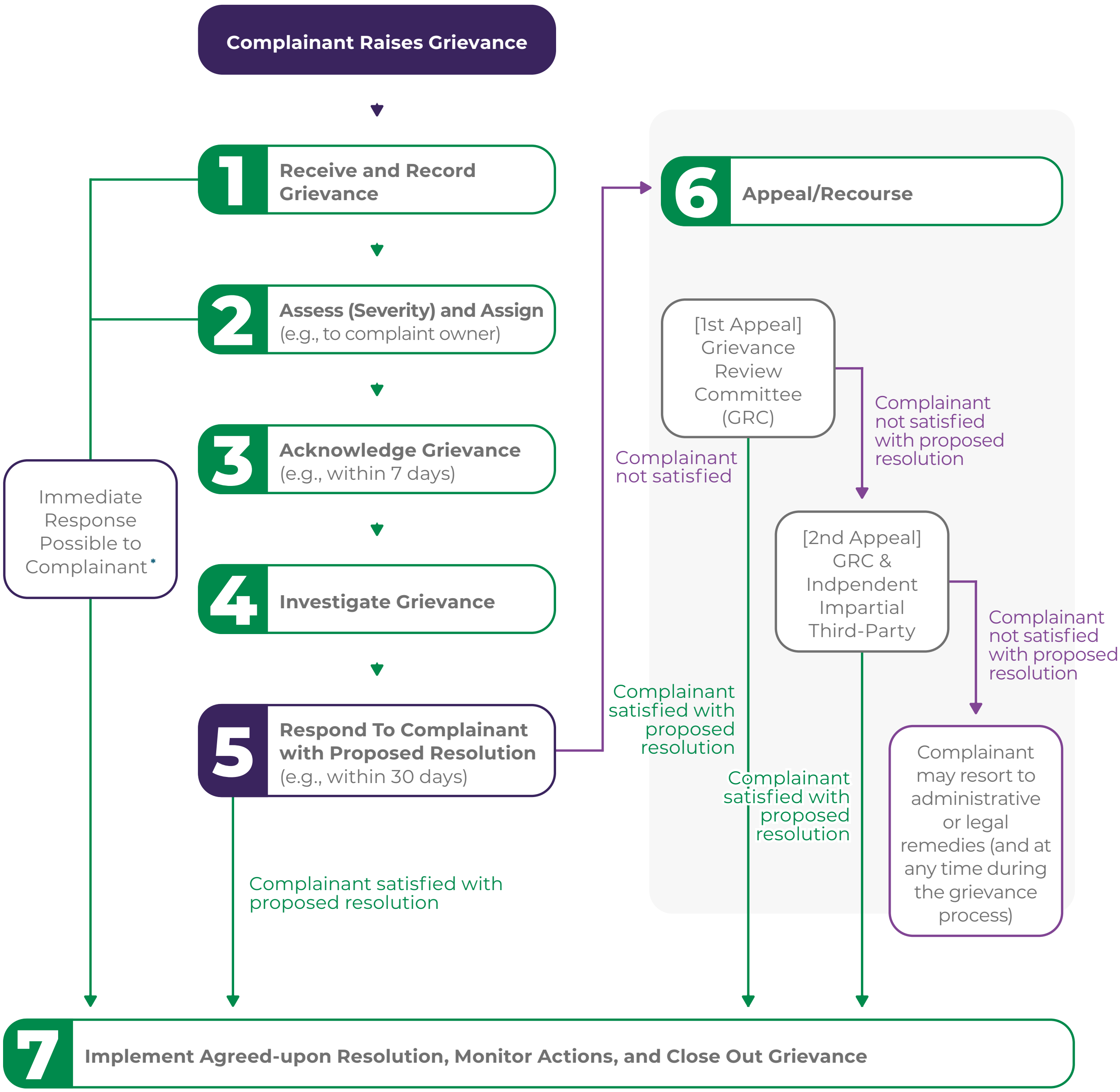
As an IDB-financed project, the following mechanisms are available to stakeholders to submit complaints:

- This project-level grievance mechanism – stakeholders are encouraged to contact the project first for information and grievances.

- The IDB Grievance Protocol (https://www.iadb.org/en/who-we-are/file-complaint/grievances-portal), which is available for stakeholders to submit grievances directly to the Bank on environmental and/or social issues. If a complainant is uncomfortable filing the complaint through the project-level grievance mechanism, the IDB provides this secure channel to address concerns and build solutions.

- The IDB Group's Independent Consultation and Investigation Mechanism (MICI) (https://mici.iadb.org/en/file-complaint). As a last-resort mechanism, stakeholders can direct their grievances to the MICI. This is not contingent upon having exhausted the recourse offered by the project's grievance mechanism. The MICI is the independent accountability office of the IDB Group, managing complaints about possible environmental and social harm arising from Group-financed projects.

Figure 6.1. Grievance Mechanism



* Sometimes on receipt and initial assessment of a grievance, it is possible for a project to identify a proposed resolution immediately. Where this is possible, an immediate response on the proposed resolution for the grievance should be given to the complainant.

7. Monitoring, Evaluation, and Reporting

Roads S.A. will monitor SEP implementation, evaluate the effectiveness of the SEP, and report to stakeholders on engagement activities and how their feedback has been considered in project decisions.

7.1. Monitoring and Evaluation

The following activities will be undertaken monthly, at a minimum, during pre-construction and construction and include engagement activities by both Roads S.A. and any Contractor(s):

- The Community Liaison Officer (CLO) will review stakeholder engagement records to:
    - Compare the percentage of planned versus actual stakeholder engagement activities broken down by stakeholder group
    - Determine the percentage of commitments made to stakeholders that are completed and on time
    - Check for proper completion of documentation
- Media monitoring of stories relevant to the project
- The CLO and the Social Specialist assigned by the Roads S.A. project will analyze trends in stakeholder feedback, including grievances, queries, or requests for access to information to determine if there are any recurring themes that might require additional actions.
- Regarding grievances, the CLO and the Social Specialist will also assess:
    - Efficiency of the grievance process: total number of grievances received by category and gender and number and percentage resolved; number and percentage of grievances acknowledged and resolved according to prescribed timeframes
    - Effectiveness of the grievance process: number of recurring grievances by category
- The CLO and the Social Specialist will attend at least monthly meetings with the Roads S.A. project executing unit manager to report on and discuss SEP implementation, including reviewing monthly monitoring results, grievance process effectiveness, and any limitations to implementation of the SEP and how these might be resolved.

7.2. External Reporting

In addition to ongoing feedback as described in Section 4, Roads S.A. will generate the following reports summarizing how stakeholder input has been considered in the project:

- Semi-annual reports on environmental and social performance. These will summarize the key themes that have been raised, including grievances, and how they have been considered. Any public reporting will respect confidentiality requirements.

At the end of the preparation phase, a report summarizing the engagement process to date will be prepared. The topics that will be addressed include:

- How did the project identify which stakeholders to engage with in relation to environmental and social impacts?

- Which stakeholders has the project team engaged with?

- When did the project engage with stakeholders?

- What goals were set for engagement processes (e.g., to convey information, hear views, obtain feedback, work in collaboration, reach agreements, and transfer control over decision-making, resources, and activities to stakeholders).

- Which formats of engagement are prioritized and why?

- How did the views of stakeholders influence project design and implementation?

- How has the project established a grievance mechanism, and how is it functioning? For example, 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; and significant examples of remedy given for an actual impact.

The above-mentioned reports will be published on the Roads S.A. and Town T council websites and hard copies placed in the Town T Council office as a minimum.

The SEP will be reviewed by the CLO, the Social Specialist, and the Roads S.A Project Executing Unit Manager at least annually, including a review at the end of the preparation (pre-construction) phase, and in the case of any project changes that might result in significant changes to the project's environmental or social risks and impacts, to assess whether:

- The stakeholder list is up to date
- Engagement activities and frequency are still appropriate
- Resourcing of stakeholder engagement remains appropriate.

The SEP for construction will be finalized and disclosed at least three months before the start of the construction phase.

8. Contact Details and Responsibilities

The first point of contact for stakeholders is the Community Liaison Officer (CLO).

The CLO is responsible for daily implementation of the SEP activities, such as arranging meetings with stakeholders, attending internal project planning meetings, training internal staff on their role in the implementation of the SEP, and reporting to stakeholders as described in Section 7. The CLO will be supported by the project Social Specialist, as described in Section 7. The CLO will also be supported by the Roads S.A Project Executing Unit Manager, who holds overall responsibility for stakeholder engagement.

The CLO contact details are:

[Name], Public Relations, Roads S.A

Address: 123 11th Avenue, City,

Tel (toll-free): +55 12 3456–7899

Email: [email address]

Should a stakeholder prefer to communicate with a member of Roads S.A staff of the same gender, Roads S.A will make staff available or explain to the stakeholder why this is not possible in this case and discuss any alternative arrangements for contact that will meet stakeholder needs.

Municipality X (as locally represented by the Town T Council)

The Municipality X office address and website are as follows: Town T Council

Address: Town Hall, 15th Street, Town T Tel: +15 111 2222

[Town T Council website address as hyperlink]

The Roads S.A website [Roads S.A website as hyperlink] will also provide these contact details for the project and contact details for any construction contractor representatives as they become available. Reminders of contact details will also be included at consultation events and on community noticeboards where available.

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