



Environmental and Social Requirement 10

Stakeholder engagement



Stakeholder engagement

Introduction

1. This Environmental and Social Requirement (ESR) recognises the importance of open and transparent engagement between the client, its workers, worker representatives, local communities and persons affected by the project and, where appropriate, other project stakeholders as an essential element of good international practice and corporate citizenship. Such engagement is also a way of improving the environmental, social and overall sustainability of projects. Effective community engagement, in particular, appropriate to the nature and scale of the project, promotes sound and sustainable environmental and social performance and can lead to improved financial, social and environmental outcomes, together with enhanced community benefits.
2. Stakeholder engagement is central to building strong, constructive and responsive relationships, which are essential to the successful management of a project's environmental and social risks and impacts. It is an inclusive and ongoing process, which is most effective when initiated at an early stage of the project and is an integral part of the assessment, management and monitoring of environmental and social risks and impacts of the project.

Objectives

3. The objectives of this ESR are to:
 - outline a systematic approach to stakeholder engagement that will help clients build and maintain a constructive relationship with their stakeholders
 - provide a means for effective and inclusive engagement with project stakeholders throughout the project cycle
 - ensure that appropriate environmental and social information is disclosed and meaningful consultation is held with the project's stakeholders and, where appropriate, that feedback provided through the consultation is taken into consideration
 - ensure that grievances from stakeholders are responded to and managed appropriately
 - ensure that stakeholder engagement is conducted in a manner that protects the privacy and safety of stakeholders and is free from retaliation.

Scope of application

4. This ESR applies to all projects. At a minimum, all projects will carry out stakeholder identification, determine engagement and consultation requirements, and develop and implement a grievance mechanism. Further stakeholder engagement, as outlined in this ESR, will be undertaken, proportionate to the nature and scale of the project, its stakeholders and its potential environmental or social risks and impacts.
5. The client will identify and engage with stakeholders as early as practical in the environmental and social assessment process as an integral part of the project's planning and implementation and continuing during the development and implementation of environmental and social management systems (ESMSs) and environmental and social management plans (ESMPs), as outlined in ESR 1. This ESR will also be read in conjunction with the requirements of ESR 2 on engaging with workers and ESR 4 on engaging in emergency preparedness and response. In the case of projects involving involuntary resettlement or economic displacement, affecting Indigenous Peoples or having an adverse impact on cultural heritage,

the client will also apply the special disclosure and consultation requirements set out in ESR 5, ESR 7 and ESR 8.

Requirements

6. Stakeholder engagement will involve the following elements: stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, meaningful consultation, implementation of a grievance mechanism, and ongoing reporting to relevant stakeholders.
7. The client will take measures to ensure the engagement process is conducted free from any form of manipulation, interference, coercion, intimidation or retaliation against stakeholders.
8. Where the EBRD's appraisal or monitoring identifies salient risks of retaliation or risks to the safety of stakeholders in connection with the project or client, the client will include within a stakeholder engagement plan (SEP) the measures proposed to prevent and mitigate these risks and will develop a process to investigate allegations or occurrences of such activities.
9. The client will conduct stakeholder engagement to provide stakeholders with access to timely, relevant, understandable and accessible information in a meaningful, effective and culturally appropriate manner.
10. The engagement process will be gender responsive and inclusive of all relevant stakeholders, including vulnerable people and underrepresented groups.
11. The client will take appropriate measures to ensure the protection of personal data and the privacy of stakeholders during stakeholder engagement.
12. Stakeholder engagement will begin as early as possible in the project's development and will continue throughout the project lifecycle. The nature and frequency of stakeholder engagement at all phases of project development will be proportionate to the nature and scale of the project, its potentially adverse environmental or social risks and impacts, as defined in ESR 1, and the level of stakeholder interest. The client will comply with the applicable requirements of national law with respect to public information and consultation, including those laws implementing host-country obligations under public international law.
13. The client will define clear roles, responsibilities and authority, and will designate specific human and financial resources for the implementation and monitoring of stakeholder engagement activities and grievance management, including the involvement of any third parties.

Engagement planning

14. The client will identify and document stakeholders, defined as (i) the various individuals or groups (or their legitimate representatives) who are affected or are likely to be affected (directly or indirectly) by the project's activities and operations, (affected parties), or (ii) individuals or groups who may have an interest in the project (other interested parties).
15. The client will identify those affected parties (individuals or groups) who are vulnerable people in accordance with ESR 1. Based on this identification, the client will further identify stakeholders who require different or separate forms of engagement because:
 - of their ability or willingness to participate in the engagement process, including due to fear of reprisal
 - they may experience differential or disproportionate project risks, impacts or access to benefits
 - they have different concerns and priorities about project risks, impacts, mitigation mechanisms and benefits.

An adequate level of detail will be included in the stakeholder identification and analysis, taking into consideration any contextual risks identified in line with ESR 1, so as to determine the engagement approach that is appropriate for the project.

Stakeholder engagement plan

16. For projects that are likely to be associated with adverse environmental and/or social risks and impacts, the client will develop and implement an SEP or an equivalent documented process, proportionate to the

nature and scale or the risks, impacts and development stage of the project. The SEP (or equivalent) will be developed and disclosed by the client as early as available, in accordance with the requirements of paragraph 22, to inform stakeholders and allow them to provide feedback. In addition, for any project that requires an environmental and social impact assessment (ESIA), the SEP will apply the disclosure and consultation requirements for Category A projects outlined in paragraphs 30 to 34 of this ESR.

17. The SEP will describe how engagement with identified stakeholders will be carried out throughout the project lifecycle, including the timing and methods of engagement, the information to be disclosed, disclosure language(s) and the type of information to be sought from stakeholders. The SEP will be tailored to take into account the main characteristics (including gender) and interests of the project-affected parties and other interested parties and distinguish between the different levels and methods of engagement that might be appropriate for each, as well as the specific requirements for vulnerable people and groups. The level of detail needed will be determined on a case-by-case basis. Resources available for stakeholder engagement will be outlined within the SEP. The SEP will be regularly reviewed and updated as necessary during the project lifecycle, as project risks, impacts and stakeholder information needs may change. When significant changes are made to the SEP, the client will disclose the revised version in accordance with the requirements of paragraph 22 (information disclosure section).
18. When the stakeholder engagement depends substantially on community representatives,¹⁰⁹ the client will make reasonable efforts to verify that such persons do, in fact, represent the views of affected communities and that they are facilitating the communication process by communicating the information to their constituents and conveying their comments to the client or authorities, as appropriate. In some circumstances, such as engagement with project-affected vulnerable people, reliance on representatives of these communities will be the preferred option to avoid the risk of harm to individuals who may otherwise not wish to be publicly identified.
19. Where stakeholder engagement is the responsibility of the relevant government authorities, the client will collaborate with the relevant government authority to the extent permitted to achieve outcomes that are consistent with this ESR. Where there are gaps between local regulatory requirements and this ESR, the client will identify engagement activities to supplement the formal regulatory process and, where appropriate, commit to supplementary actions.
20. In cases where the exact location of the project is not known, the SEP will take the form of a framework approach as part of the client's overall ESMS. It will outline general principles and a strategy to identify stakeholders and plan for an engagement process in accordance with this ESR, which will be implemented once the location is known.
21. Clients with multi-site operations and projects involving general corporate finance, working capital or equity financing will adopt and implement a corporate SEP. The corporate SEP will be commensurate with the nature of the client's business and its associated environmental or social risks and impacts, and the level of stakeholder interest. The SEP will be rolled out to facilities in a timely manner. It will include procedures and resources to ensure that adequate stakeholder engagement is conducted at facility level, and that stakeholders proximal to client facilities or affected by its business activities receive information on the client's environmental and social performance and grievance mechanism.

Information disclosure

22. Where the project has environmental and social impacts, the client will disclose relevant project information, as soon as available, to help stakeholders understand the risks, impacts and opportunities of the project. The client will provide stakeholders with access to the following information:
 - the purpose, nature, scale and duration of the project
 - risks to and potential impacts on stakeholders, proposed mitigation plans highlighting potential risks and impacts that might disproportionately affect vulnerable people or disadvantaged groups, and different measures to mitigate them

¹⁰⁹ For example, community and religious leaders, local government representatives, civil society representatives, politicians, teachers and/or others representing one or more affected stakeholder groups.

- the envisaged stakeholder engagement process, if any, and opportunities and ways in which stakeholders can participate
- the time and venue of any envisaged public consultation meetings, and the process by which meetings are notified, summarised and reported
- the process by which any grievances will be managed
- project benefits and opportunities.

This information will be disclosed in the local language(s) and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project, vulnerable people, or groups of the population with specific information needs (including disability, literacy, gender, mobility, differences in language or accessibility).

23. For higher-risk Category B projects, prior to a financing decision by the EBRD, clients will prepare, publicly disclose and provide to the Bank for public disclosure environmental and social documentation consistent with the requirements and timelines of the Bank's Directive on Access to Information.¹¹⁰
24. Throughout the life of the project, the client will provide information to identified stakeholders on an ongoing basis. The frequency, method and information to be provided will be appropriate to the nature of the project and its adverse environmental and social risks and impacts, the stakeholder(s) and the level of interest, as specified in the ESRs.

Meaningful consultation

25. The client will undertake meaningful consultation, based on the nature and scale of the project's adverse risks and impacts and the level of stakeholder interest. If the client has already engaged in such a process, it will provide adequate documented evidence of such engagement.
26. Meaningful consultation is a two-way process that:
 - will begin early in the project planning process to gather initial views on the project proposal and inform project design, in accordance with the mitigation hierarchy
 - encourages stakeholder feedback, particularly as a way of informing project development and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts
 - continues on an ongoing basis throughout the life of the project, including as risks and impacts arise and mitigation measures are implemented
 - is based on the prior disclosure and dissemination of relevant, transparent, objective and easily accessible information in a timeframe that enables consultations with stakeholders and allows their input to influence the project
 - is undertaken in a culturally appropriate format, in relevant local language(s), is understandable to stakeholders and takes into consideration stakeholders' decision-making processes
 - is conducted in good faith by the participants on both sides and considers and responds to feedback
 - supports active and inclusive engagement with a diverse range of project-affected parties, including those who are experiencing vulnerability, marginalisation and/or discrimination or are under-represented, and includes tailored measures to ensure their effective participation, as appropriate
 - is free from external manipulation, interference, coercion, discrimination, intimidation and retaliation
 - is documented by the client.
27. The client will inform those who have participated in the public consultation process in a timely manner of the final decision on the project, any associated environmental and social mitigation measures, any benefits of the project to local communities, and the reasons and considerations on which the decision is

¹¹⁰ The EBRD Access to Information Directive provides that for these projects the Bank disclose an SEP and non-technical summary, with a description of the environmental and social action plan, including any actions relevant to affected people and local communities, prior to consideration of the project by the Board of Directors or delegated approval body.

based. This information will include a summary of the feedback received and a brief explanation of how it was taken into account, or the reasons why it was not, and the grievance mechanism available.

28. The client will undertake meaningful consultation on an ongoing basis throughout the life of the project and respond to and address stakeholders' opinions and concerns as they arise. Consultation activities will be required at key stages in the project cycle on the effectiveness of mitigation measures and/or on issues of stakeholder concern, including as identified through the project grievance mechanism.
29. Where appropriate, the client will also seek feedback from affected parties on the effectiveness of the impact mitigation measures.

Disclosure and consultation on Category A projects

30. Category A projects will require the client to carry out a formalised, participatory disclosure and consultation process that is built into each stage of the ESIA process, taking into account the stage of project development. This process will involve organised and iterative consultation, building on the steps outlined in paragraph 25 for meaningful consultation, leading the client to incorporate into their decision-making process the views of affected parties on matters that impact them directly.
31. The client will engage in a scoping process with identified stakeholders at an early stage of the ESIA process to ensure identification of key risks and impacts to be assessed as part of the ESIA. As part of the scoping process, stakeholders will be able to provide comments and recommendations on a draft SEP and other scoping documents.
32. Prior to a financing decision by the EBRD, the client will prepare, publicly disclose and provide to the Bank for public disclosure the ESIA and associated documentation consistent with the requirements and timelines of paragraph 4.2 of this Environmental and Social Policy.
33. The consultation and disclosure process will meet any applicable requirements under national environmental impact assessment laws and other relevant laws. The client will publicly disclose a summary of the disclosure and consultation process, including stakeholder feedback received, and the client's response to such feedback (consultation summary). The client will keep the ESIA in the public domain throughout the life of the project, but it may be amended with additional information from time to time or archived following project completion, as long as it is available in a timely manner on request.

External communication

34. The client will establish a procedure for external communications, proportionate to the risks and potentially adverse impacts of the project, which includes methods to receive and respond to external communications from project stakeholders.

Grievance mechanism

35. The client will need to be aware of and respond to stakeholder concerns about the project in a timely manner. For this purpose, the client will establish an effective¹¹¹ grievance mechanism as early as possible in the project development process, to receive and facilitate the resolution of stakeholders' concerns and grievances, in particular about the client's environmental and social performance
36. The grievance mechanism will be proportionate to the risks and potentially adverse impacts of the project, in particular:
 - The client will inform stakeholders about the grievance mechanism in the course of its engagement activities and take any feedback into consideration in its design and implementation.
 - The grievance mechanism will address concerns promptly and effectively, in a transparent manner that is culturally appropriate, rights compatible, free from manipulation, interference, coercion, intimidation and retaliation, and readily accessible to all affected parties at no cost.
 - Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to stakeholders' needs and concerns. The mechanism will also allow for

¹¹¹ As outlined by the criteria in Principle 31 of the [United Nations Guiding Principles on Business and Human Rights](#).

anonymous complaints to be raised and addressed and ensure the safety, privacy and protection of stakeholders' personal data.

- The grievance mechanism will be gender inclusive and responsive and will include tailored arrangements for stakeholders with specific needs, including vulnerable people.
- The grievance mechanism will include dedicated reporting channels, trained personnel, specialist support and response procedures for certain complaints, such as those relating to gender-based violence, child sexual abuse and exploitation (including child-sensitive reporting mechanisms), and harassment or retaliation.
- The grievance mechanism will include an appeals/recourse mechanism. The client will consider the provision of mediation to resolve grievances on projects where there are significant community concerns. The mechanism will not prevent access to judicial or administrative remedies.¹¹²
- Implementation of the grievance mechanism will be monitored and trends analysed on a regular basis to improve the operation of the mechanism.

Monitoring and reporting

37. The client will monitor the effectiveness of the engagement process and the grievance mechanism, as required in ESR 1. Monitoring will be undertaken to inform changes to the engagement process and grievance mechanism to improve their effectiveness, as required. For projects with potentially significant risks to or adverse impacts on affected communities, and in accordance with the level of stakeholder interest, the client may engage community members or other relevant stakeholders to participate in environmental and social monitoring activities, as outlined in ESR 1.
38. During project implementation, clients may be required to prepare, publicly disclose and/or provide to the Bank for public disclosure, environmental and social reports, as required, consistent with the requirements and timelines of the Bank's Directive on Access to Information.

Changes to project environmental and social risks and impacts

39. The SEP will include provisions for stakeholder engagement if there are changes at any stage of the project lifecycle that result in significant changes to its environmental or social risks and impacts. The client will disclose to stakeholders how these are being mitigated. If there are significant adverse risks and impacts, the client will be required to carry out additional consultation.

¹¹² Affected people may also raise concerns or grievances directly with EBRD management or with the EBRD Independent Project Accountability Mechanism (IPAM).