

## PR 10: Information Disclosure and Stakeholder Engagement

### Introduction

1. The EBRD considers stakeholder engagement as an essential part of good business practices and corporate citizenship, and a way of improving the quality of projects. In particular, effective community engagement is central to the successful management of risks and impacts on communities affected by projects, as well as central to achieving enhanced community benefits.

2. On environmental matters in particular, the Bank supports the approach of the UNECE Aarhus Convention, which identifies the environment as a public good. The Convention affirms the public's right to be informed as to the state of that environment and what emissions and discharges are being released into it; the right to meaningful consultation on proposed projects or programmes that might affect the environment; and the right to complain if they believe that the environment is not being adequately taken into account.

3. Stakeholder engagement is an ongoing process involving (i) the client's public disclosure of appropriate information so as to enable meaningful consultation with stakeholders, (ii) meaningful consultation with potentially affected parties, and (iii) a procedure or policy by which people can make comments or complaints. This process should begin at the earliest stage of project planning and continue throughout the life of the project.

### Objectives

4. This Performance Requirement ("PR") outlines a systematic approach to stakeholder engagement that will help clients build and maintain over time a constructive relationship

with their stakeholders, in particular the locally affected communities. The process of stakeholder engagement is an essential component of the appraisal, management and monitoring of environmental and social issues associated with the client's investments. Therefore, this performance requirement should be read in conjunction with PR 1.

Specific objectives of PR 1 and PR 10 are as follows:

See table opposite.

### Scope of application<sup>1</sup>

5. The Bank will agree with the client how the relevant requirements of this PR will be addressed as part of the client's overall environmental and social appraisal process, Environmental and Social Action Plan (ESAP) and/or Management System (outlined in PR 1).

### Requirements

6. Stakeholder engagement will be free of manipulation, interference, coercion, and intimidation, and conducted on the basis of timely, relevant, understandable and accessible information, in a culturally appropriate format.

7. The nature and frequency of stakeholder engagement will vary from project to project, depending on the risks to and adverse impacts on the affected communities, the sensitivity of the sector and environment, and the level of public interest. In order to tailor the engagement to the specifics of the clients and the project, it is essential that all clients seeking EBRD finance undertake the steps outlined in paragraphs 8 to 10 early in the environmental and social appraisal process. As part of its own due diligence, the Bank will assess the level of information disclosure and consultation conducted by the client against the requirements of this PR and may require additional

<sup>1</sup> In addition, special provisions on emergency preparedness and response are covered in PR 4.

| Environmental and Social Appraisal and Management (PR 1)   | Information Disclosure and Stakeholder Engagement (PR 10)   |
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| <ul style="list-style-type: none"> <li>• To identify and assess environmental and social impacts and issues, both adverse and beneficial, associated with the project.</li> <li>• To adopt measures to avoid, or where avoidance is not possible, minimize, mitigate, or offset/compensate for adverse impacts on workers, affected communities and the environment.</li> <li>• To identify and, where feasible, adopt opportunities to improve environmental and social performance.</li> <li>• To promote improved environmental and social performance through a dynamic process of performance monitoring and evaluation.</li> </ul> | <ul style="list-style-type: none"> <li>• To identify people or communities that are or could be affected by the project, as well as other interested parties.</li> <li>• To ensure that such stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of information disclosure and meaningful consultation.</li> <li>• To maintain a constructive relationship with stakeholders on an ongoing basis through meaningful engagement during project implementation.</li> </ul> |

engagement. The requirements of national law with respect to public information and consultation, including those laws implementing host country obligations under international law<sup>2</sup> must always be met.

### Engagement during project preparation

#### *Stakeholder identification and analysis*

8. The first step in successful stakeholder engagement is for the client to identify the various individuals or groups who (i) are affected or likely to be affected (directly or indirectly) by the project (“affected parties”), or (ii) may have an interest in the project (“other interested parties”). Resources for public information and consultation should focus on affected parties, in the first instance.

9. As part of the stakeholder identification process, the client will identify individuals and groups that may be differentially or disproportionately affected by the project

because of their disadvantaged or vulnerable status. The client will also identify how stakeholders may be affected and the extent of the potential (actual or perceived) impacts. Where impacts are perceived, additional communication may be required to provide information and reassurance of the assessed level of impacts. An adequate level of detail must be included in the stakeholder identification and analysis so as to enable the Bank to determine the level of communication that is appropriate for the project under consideration. Employees are always considered stakeholders.

10. In the case of Category A projects the client will engage in a scoping process with identified stakeholders to ensure identification of all key issues to be investigated as part of the Environmental and Social Impact Assessment (ESIA) process. The scoping process will also

<sup>2</sup> For example, the Aarhus and Espoo Conventions.

facilitate development of a Stakeholder Engagement Plan for the project. As part of the scoping process, stakeholders should be able to provide comments and recommendations on the draft Stakeholder Engagement Plan and any other scoping documents.

### ***Stakeholder engagement plan***

11. The client will inform the EBRD how communication with the identified stakeholders will be handled throughout project preparation and implementation, including the type of grievance procedure (see paragraphs 24–26) envisaged. Different levels of engagement and consultation might be appropriate for affected parties and other interested parties. The client should develop separate processes for worker engagement and engagement with affected communities; engagement with workers about working conditions, including occupational health and safety, and the workplace relationship must follow the requirements of PR 2 at a minimum. Where stakeholder groups are identified as disadvantaged or vulnerable, dedicated approaches and an increased level of resources may be needed for communication with such stakeholders so that they fully understand the issues that are potentially affecting them. Clients should also inform the EBRD of any information provided or consultation activities conducted prior to approaching the EBRD for financing.

### ***Information disclosure***

12. Disclosure of relevant project information helps stakeholders understand the risks, impacts and opportunities of the project. If communities may be affected by adverse environmental or social impacts from the project,

the client will disclose to them the following information (“the Information”):

- the purpose nature and scale of the project
- the duration of proposed project activities
- any risks to and potential impacts with regard to environment, worker health and safety, public health and safety and other social impacts on communities, and proposed mitigation plans
- the envisaged consultation process, if any, and opportunities and ways in which the public can participate
- time/venue of any envisaged public meetings, and the process by which meetings are notified, summarised, and reported.

13. The Information will be disclosed in the local language(s) and in a manner that is accessible and culturally appropriate, taking into account any vulnerable people (for example ethnic groups or displaced persons). For projects with potentially significant adverse social or environmental impacts, disclosure should occur early in the environmental and social appraisal process.

14. If an Environmental and Social Action Plan (“ESAP”) has been agreed, the client will disclose the ESAP for a Category A project to the affected parties. In all other cases, the client will disclose a non-technical summary. The ESAP/summary will be disclosed in accordance with paragraph 13, and also on the client’s web site, if any. Additional information may need to be disclosed on an ongoing basis, as the project progresses, in case of any material changes in the nature of the project or its impacts, or if material new risks and impacts arise.

### **Meaningful consultation**

15. The need for and nature of any specific consultation will be agreed with the EBRD based on the stakeholder identification, analysis and detailed project description, and depending on the nature and magnitude of current and potential adverse impacts on workers and affected communities. Where workers and/or affected communities are, or may be, subject to significant risks or adverse impacts from a project, the client will undertake a process of meaningful consultation in a manner that provides the affected parties with opportunities to express their views on project risks, impacts, and mitigation measures, and allows the client to consider and respond to them.

Meaningful consultation:

- should be based on the disclosure of relevant and adequate information including, where appropriate and relevant, draft documents and plans, prior to decisions being taken when options are still open
- should begin early in the environmental and social appraisal process
- will focus on the social and environmental risks and adverse impacts, and the proposed measures and actions to address these
- will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.

16. The consultation process will be undertaken in a manner that is inclusive and culturally appropriate. The client will tailor its consultation process to the language preferences of the affected parties, their decision-making process, and the needs of any disadvantaged or vulnerable groups. The consultation will also include, beyond the affected parties, any groups or individuals who have been identified as other interested parties. The consultation process will

be documented as part of the public commitment of the client. The client will inform those who have participated in the public consultation process in a timely manner of the final decision on the project, associated environmental and social mitigation measures and any benefits of the project for the local communities, along with reasons and considerations on which the decision is based, and the grievance or complaint mechanism or process available.

### **Disclosure and consultation on Category A projects**

17. Projects classified as Category A could result in potentially significant and diverse adverse future environmental and/or social impacts that cannot be readily identified, assessed and mitigated and therefore require a formalised and participatory assessment process. Disclosure and consultation requirements are built into each stage of this process. Clients shall ensure meaningful dialogue with affected parties and facilitate their informed participation in the decision-making process, in accordance with paragraphs 12 to 16 above. Informed participation involves organised and iterative consultation, leading to the client's incorporating into their decision-making process the views of the affected parties on matters that affect them directly such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Vulnerable people may need special attention and could require resources to understand the impacts and to allow meaningful input.

18. In the case of projects involving an EIA/SIA, clients shall ensure that the disclosure and consultation are carried out in accordance with paragraphs 12–17. Information disclosed must include a full EIA/SIA report in accordance with the Bank's requirements.<sup>3</sup> In addition, the consultation process must meet the timing

<sup>3</sup> An EIA/SIA format, consistent with the EU EIA Directive, will be available from the EBRD.

requirements for EBRD disclosure detailed in paragraph 3.4.1 of the Bank's Public Information Policy (PIP), as well as any applicable requirements under national EIA law and other relevant laws. The EIA/SIA must stay in the public domain throughout the life of the project, but can be amended, from time to time, with additional information.

19. In the case of projects involving involuntary resettlement, affecting Indigenous Peoples or cultural heritage, the client will also apply the special requirements of PR 5, PR 7 and PR 8.

20. Where local communities are, or are likely to be, severely and permanently adversely affected by a project but do not commensurately benefit from it, the client shall engage with the affected communities in a meaningful way to examine options for community development programmes that would benefit them.

#### **Engagement during project implementation and external reporting**

21. Throughout the life of the project, the client will provide ongoing information to identified stakeholders, commensurate to the nature of the project and its associated environmental and social impacts, and the level of public interest. This ongoing engagement should build upon the channels of communication and engagement established during the due diligence process. In particular, clients should use appropriate community engagement practices to disclose information and receive feedback on the effectiveness of the implementation of the mitigation measures in the ESAP as well as the affected communities' ongoing interests and concerns about the project. Additional information may need to be disclosed at key stages in the project cycle, for example before construction commences, or prior to start-up of operations.

22. Where affected communities have been identified during project preparation, the client will provide them with periodic reports on progress with implementation of the ESAP, on issues that involve ongoing risk to or impacts on them, and on any issues that the consultation process or grievance mechanism has identified as of concern to those communities. These reports will be in a format accessible to the affected communities, and their frequency will be proportionate to the concerns of affected communities, but not less than annually. If there are material changes to the project which results in additional adverse impacts or issues of concern to the affected communities, the client will inform them how these impacts and issues are being addressed in the updated ESAP. If these additional adverse impacts on affected communities are significant and diverse, the Bank may, on a case-by-case basis, require additional consultation activities in line with paragraphs 15 to 20. The client is encouraged to release this information also on their web site for the benefit of other interested parties.

23. In addition, the client is also encouraged to publish regular reports to their external stakeholders on their environmental and social performance, for example as part of their Annual Report or other public document, as a separate publication, or on their web site.

#### **Grievance mechanism**

24. The client will need to be aware of and respond to stakeholders' concerns related to the project in a timely manner. For this purpose, the client will establish a grievance mechanism, process, or procedure to receive and facilitate resolution of stakeholders' concerns and grievances about the client's environmental and social performance. The grievance mechanism should be scaled to the risks and potential adverse impacts of the project.

25. The grievance mechanism, process, or procedure should address concerns promptly and effectively, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution. The mechanism, process of procedure must not impede access to judicial or administrative remedies. For projects to which PR 5 or PR 7 applies, the client will ensure that there is an independent, objective appeal mechanism. The client will inform the affected communities about the grievance process in the course of its community engagement activities, and report regularly to the public on its implementation, protecting the privacy of individuals.

26. Grievance mechanisms for workers will be separate from public grievance mechanisms and must be in accordance with PR 2.

### **Corporate finance**

27. Clients with multi-site operations in receipt of general corporate finance, working capital or equity financing will adopt and implement a corporate stakeholder information and communication programme including a grievance mechanism in line with paragraphs 22 and 25 above. The stakeholder engagement programme will be commensurate to the nature of the company's business and its associated environmental and social impacts, and the level of public interest. The programme should be rolled out to facilities in a timely manner. It will include procedures and resources to ensure that adequate stakeholder engagement is conducted at the facility level, and that stakeholders proximal to its facilities receive information on the relevant facility's environmental and social performance. At least annually, clients will produce public reports on their social and environmental performance, including a non-

technical summary of any agreed ESMS/ESAP and progress made with the implementation of the ESMS/ESAP, against agreed indicators and targets. For any investment projects that would be categorised A under the EBRD Environmental and Social Policy the client will apply the stakeholder engagement process outlined in paragraphs 6–20.