

Stakeholder Engagement in IUCN projects

1. Introduction

The purpose of this Guidance Note is to complement the requirements established in the Environmental and Social Management System (ESMS) Policy Framework with regards to the ESMS Principle on Stakeholder Engagement and the Principle on Accountability, the latter establishing requirements on disclosure and grievance. As such it will provide specific guidance related to different steps in the project cycle provide instruments and establish procedures requirements.

It further integrates principles and recommendations from other IUCN policies and frameworks, more specifically from the Project Guidelines and Standards (PGS) and from the Natural Resource Governance Framework (NRGF)¹.

The Guidance Note also reflects requirements and good practice recommendations on stakeholder engagement and on information disclosure put forward by the Global Environmental Facility (GEF) as part of the GEF Public Engagement Policy and associated Guidelines² and by the Green Climate Fund (GCF)³. As such the Guidance Note is an essential instrument for ensuring agency compliance.

A number of other good guidance handbooks and manuals on stakeholder engagement exist such as the IFC Handbook on Stakeholder Engagement⁴ or OECD's sector guidance documents⁵ that are accepted as substantially equivalent. IUCN would also accept policies on Stakeholder Engagement from executing partners if they offer equivalent standards.

2. Stakeholder engagement in the ESMS Manual

The ESMS Manual establishes stakeholder engagement as one of the eight principles that govern the ESMS. The principle highlights the importance of meaningful, effective and informed participation of stakeholders in the development and implementation of projects. Engagement is critical to understanding the views and interests of different stakeholders on issues related to the project, flagging gaps and opportunities, establishing a constructive relationship or project roles with relevant parties and enabling stakeholders to take ownership of the project; it is also a vital element for promoting transparency and accountability, effective participation and inclusion. In practical terms, stakeholder engagement can be understood as an overarching term that encompasses a range of activities and interactions with stakeholders throughout the project cycle;

¹ Available at: <https://www.iucn.org/monitoring-and-evaluation/standards-and-guidelines> and at <https://www.iucn.org/commissions/commission-environmental-economic-and-social-policy/our-work/knowledge-baskets/natural-resource-governance>

² GEF Public Engagement Policy (available at https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.05.Rev._01_Stakeholder_Policy_4.pdf) and Guidelines on the implementation of the Policy on Stakeholder Engagement (available at: (https://www.thegef.org/sites/default/files/documents/Stakeholder_Engagement_Guidelines.pdf))

³ GCF, Comprehensive Information Disclosure Policy of the Fund (decision B.12/35) available at https://www.greenclimate.fund/documents/20182/319135/GCF_Information_Disclosure_Policy.pdf/3f725d99-85e9-4d1d-aa9c-2f7ad539e4e6

⁴ IFC, 2007, Stakeholder Engagement, A good practice handbook for companies doing business in Emerging Markets, available at https://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES

⁵ OECD, 2017, Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector; OECD, 2015, Stakeholder Engagement for inclusive Water Governance.

defining and implementing such activities and interactions reflects an essential aspect of good project management.

In addition, the ESMS Manual stresses the importance of considering stakeholder engagement as a procedural right of people living in the project's area of influence. Following the rights-based approach, meaningful participation in the formulation and implementation of a project must be seen as a genuine right of individuals and communities whose lives might be affected, positively or negatively, by the project. Therefore, the ESMS requires projects to design a dedicated stakeholder engagement process in order to ensure that:

- stakeholders' concerns are captured and potential risks are adequately identified;
- groups and peoples whose lives might be affected by the project are properly consulted to verify and assess the significance of any impacts;
- affected groups and communities participate in the development of mitigation measures, in decision making regarding their operationalisation, and in monitoring their implementation.

It is important to understand that it is this second consideration (stakeholder engagement as procedural right) that establishes stakeholder engagement as a fundamental principle for guiding the ESMS procedure for identifying, assessing and managing environmental and social risks. However, the Guidance Note will cover both, stakeholder engagement as tool to good project management and as principles for the ESMS procedure.

3. Definitions

Stakeholders are persons or groups who may have an interest ("stake") in the outcome of a project, are likely to be able to influence the project and/or who are potentially impacted by the project, whether positively or negatively. Examples of stakeholder are local communities, farmers, Indigenous Peoples, national or local government authorities, traditional or religious leaders, civil society organizations, private sector entities and the academic community, comprising women, men, girls and boys.

Stakeholder engagement means a process involving stakeholder identification and analysis, planning the actual forms of engagement and implementing the actions. Engagement strategies include dissemination/disclosure of information, consultation and participation – during all phases of the project cycle as well as for addressing grievances and on-going reporting to stakeholders.

Dissemination/disclosure of information is making relevant project documents and activities available to the public in a manner that the documents are accessible to Civil Society Organizations (CSO) and other stakeholders.

Consultation involves information exchanges with stakeholders with the objective to obtain public feedback on the analysis, design features of the project, implementation and monitoring/evaluation and/or other decisions.

Stakeholder participation is when stakeholders collaboratively engage in the identification of the project concept and its objectives, selection of sites, design and implementation of activities, and monitoring and evaluation of project outcomes.

Project-affected people includes those likely to be affected by the project because of the actual impacts or potential risks to their physical environment, health, security, well-being or livelihoods; these may be individuals or groups, including local communities.

4. Guiding principles

The process of stakeholder engagement must be guided by the following principles:

- Stakeholder engagement begins as early as possible in the project planning process to gather initial views on the project proposal and inform design;
- Engagement actions are targeted to the audience taking into account the different access and communications needs of various groups and individuals, especially those who are vulnerable or disadvantaged;
- There should be sufficient emphasis on the local level (local communities, traditional leaders etc.) and for local civil society organizations (not only big international NGOs);
- Engagement is carried out on a continuous basis, throughout the project cycle and as environmental and social (E&S) risks and impacts may arise;
- Consultations are based on the prior disclosure and dissemination of relevant, objective, meaningful and easily accessible information in a timeframe that enables consultations with stakeholders in a culturally appropriate format;
- Consultations must be carried out in a non-discriminatory and gender-responsive manner, free of external manipulation, interference, coercion, discrimination and intimidation;
- In accordance with the ESMS Principle on the Protection of Vulnerable Groups, consultations should be responsive to the needs and interests of disadvantaged and vulnerable groups;
- Stakeholder feedback is encouraged and responded to - particularly as a way of informing project design and of identifying potentially affected people which would then need to be engaged in order to assess risks and develop mitigation measures;

5. Intensity of stakeholder engagement

Stakeholder engagement is considered both a tool for ensuring good project management and a fundamental principle for guiding the ESMS procedure for identifying, assessing and managing environmental and social risks. With regards to the latter it is important to understand that the level or intensity of stakeholder engagement should be commensurate to the concerns expressed or expected from stakeholders and the magnitude of potential risks. The general logic of stakeholder engagement is that there is an inverse relationship between the breadth/extent of audience reach and the depth of engagement as the level of risk increases as visualised in Figure 1:

- Level 1: all stakeholders at a project site should be provided general relevant information about the project.
- Level 2: Stakeholders who could potentially be affected by project activities must be consulted during the Environmental and Social Assessment process to verify and assess the significance of adverse impacts.
- Level 3: At this level, fewer people may be involved but they are more deeply involved. If risks and negative impacts are confirmed and judged as significant, affected stakeholders are not only consulted but also thoroughly involved in project design, including in the development of mitigation measures, and later in monitoring their implementation.
- Level 4: If project activities take place on land, waters or territories to which stakeholders have recognised rights, a process of achieving free, prior and informed consent is needed.

Free, prior and informed consent is the most rigorous and intense form of engagement as it entitles stakeholders to actually determine the outcome of decision making that affects them rather than merely being involved in the decision making process.

The visualization illustrates the general logic of engagement, but in practice the four levels are often less clear-cut. Engagement strategies should be well tailored to individual stakeholder groups to reflect their concerns and their rights to land and natural resources and might need to be combined with awareness-building, empowering and capacity-strengthening activities. The latter are especially important for affected individuals and communities in a politically weak position (e.g., Indigenous Peoples or vulnerable groups) and may require special mechanisms to facilitate full participation and consultation.

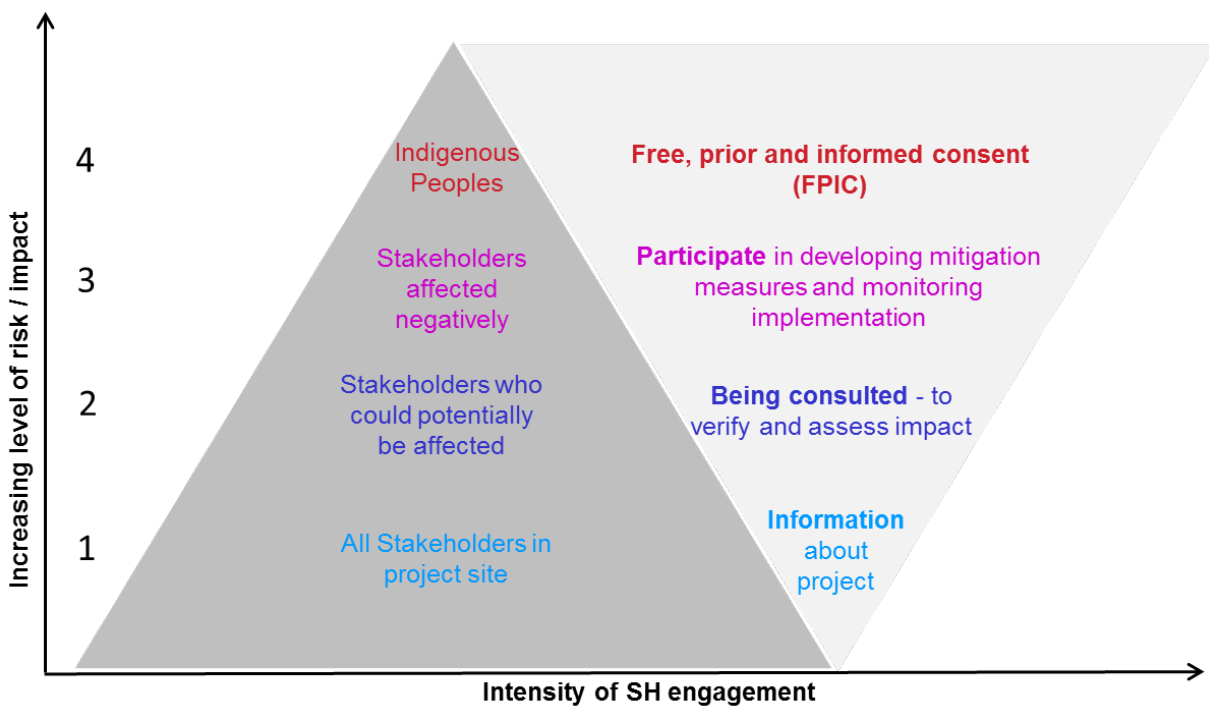


Figure 1: Intensity of stakeholder engagement

6. Stakeholder engagement throughout the project cycle

6.1. Project preparation

Stakeholder analysis

The first step to prepare for stakeholder engagement is the development of a stakeholder analysis. A stakeholder analysis is the process of identifying a project's key stakeholders, assessing their interest in the project, the ways in which these stakeholders may influence the project's outcomes and how they might be impacted by project activities, positively or negatively.

A stakeholder analysis provides the foundation for planning stakeholder engagement throughout the project cycle – who should be involved in the preparation of the project, but also later during

implementation and monitoring and evaluation of project results. A stakeholder analysis will also help decide who to involve during specific ESMS steps such as a risk assessment.

An initial list of stakeholders is often done through a brainstorming exercise based on general knowledge about the project context. The initial list is then expanded as more information about the social context comes up through interviews with key informants (e.g. government representatives, local CSO representatives, experts etc.), consultations with already identified stakeholders, and site visits. It is crucial to add stakeholders and communities from the sites where the project would be implemented and ensure that no relevant groups are inadvertently excluded, e.g. marginalized, disadvantaged or vulnerable groups. Attention may also be required in identifying potential indigenous people stakeholders, in particular in countries where indigenous groups may not be recognized by national governments.

The stakeholder analysis should describe stakeholders at relevant geographical scales (national, regional and local) and cover government, private sector and civil society organizations relevant to the project activities as well as social groups that are not formally organized.

The identification process must also be updated and refined as the project gets further defined and new project activities might be added.

It is useful to present the key findings of the stakeholder analysis in a matrix with columns for the respective topics (interests, influence and impact of project). A template is attached as Annex 1. Depending on the context and nature of the project the list of stakeholders may be very large. This is why prioritization is often critical in order to decide with whom to engage. This prioritization should consider the stakeholder's influence on the project (to what extent might they be critical for the project's success) and their interest in the project, but also the way how they are potentially impacted by the project. Prioritization can be done using a numeric scale (see template).

Consultation during project preparation

The findings of stakeholder analysis, e.g. the understanding of stakeholder's interests, influence and potential of being affected by the project, will inform the decision on which stakeholders to consult during project preparation. The purpose of the consultation at this stage is to understand their needs, seek their views, input and potential concerns on the approach and design of the project, harness their knowledge and expertise, and forge partnerships for project implementation.

When organizing consultations, it is critical to observe the guiding principles outlined in section 4. Consultations should be gender responsive and free of manipulation, interference, coercion, discrimination and intimidation as well as responsive to the needs and interests of disadvantaged and vulnerable groups. Consultations can be organized with individual stakeholder groups, but often a workshop setting where multiple stakeholders and communities are gathered at the same time are very effective. However, it will need to be ensured that disadvantaged or marginalized groups (including people with lower ability to articulate their views) receive sufficient attention. Hence separate meetings might be needed, also in a context where social norms would otherwise prevent effective participation or women.

Consultations should be held as early as possible to allow identification of potential impacts on stakeholders in the project's area of influence and the roles stakeholders may play in the project. It can also help flag issues, gaps and opportunities in project design at a time when adjustments are

most easily made. For consultations to be meaningful, relevant information should be communicated in relevant local language(s) prior to the consultation within a timeframe that enables consultations with stakeholders in a culturally appropriate format.

Where potential impacts or risks are identified, the consultation will serve to verify and understand significance of impacts, make changes to project design to avoid impacts or jointly develop mitigation measures. The intensity of consultation is proportionate to the level of risks as visualized in Figure 1. This includes consultations associated with the preparation of required safeguard documents and processes such as social and environmental assessments, a gender analysis or equivalent socio-economic assessment. Where Indigenous Peoples are present, consultations need to be even more robust and follow the principles of free, prior and informed consent (FPIC), as indicated in Figure 1.

Consultation carried out during the project preparation phase should be documented in order to demonstrate that all relevant stakeholders (as specified by the stakeholder analysis) have been consulted. The following details should be provided:

- Type of information disclosed, in what forms and languages (e.g. brochure, reports, radio etc.) and how it was disseminated;
- Location and dates of any meetings undertaken to date;
- Individuals, groups and/or organizations that have been consulted;
- Key issues discussed, and key concerns raised;
- Responses to issues raised, including any commitments or follow-up actions and reporting back to stakeholders.

This can be done in form of a narrative description or using a tabled format where the information is organized by stakeholder groups (see template attached in Annex 2). Particular importance should be given to document summaries of consultations carried out during the preparation of required safeguard documents. Where relevant, the scope of the consultations should be specified, e.g. indicating the number of individuals reached/consulted and disaggregated by gender (e.g. in community consultations).

Stakeholder engagement plan (SEP)

One key output of the project preparation phase is the stakeholder engagement plan (SEP) that describes how the identified stakeholder will be further engaged during project implementation. The SEP is a planning tool that looks into the future to catalyse and organize stakeholder engagement and assure that it effectively takes place in line with the requirements of this Guidance Note and overarching ESMS Policy.

Deciding which stakeholders to continue engaging with during implementation and the purpose of engagement should be based on the stakeholder analysis and on the outcomes of the consultation process, but can also build upon past consultations or collaborations. Developing the SEP will consider the stakeholder's interest in the project and their ability to influence the project and contribute to its success, as well as the potential likelihood of the stakeholder being affected by project activities.

Engagement can take different forms depending on the stakeholder, the purpose of engagement and what types of decisions the stakeholder will be included. If the purpose is to engage them in

strategic decisions on project management or governance, the inclusion in a steering committee is recommended. If the stakeholder is expected to provide inputs to thematic decision, he might be included in an advisory group on this topic. The stakeholder could also be expected to provide input into major agreements (e.g agreement on benefit sharing). Another role could be to participate in project monitoring in order to give timely feed-back or to flag potential conflicts that might require attention. Also the involvement in programmatic activities or in events that complement programmatic activities is possible. However, it is important to note that a SEP is not to be confounded with decisions about roles and responsibilities of executing partners in project implementation.

IUCN encourages active involvement of a wide range of stakeholders – particularly women (as individuals or groups), civil society organizations (CSO), representatives of the local communities and local groups, customary landowners, indigenous peoples, the private sector and other relevant groups (minorities, elderly, youth, or marginalized groups). Some vulnerable groups may require additional preparatory activities or capacity building to participate in such meetings.

Where stakeholders might be negatively affected by the project, the engagement process is determined by the ESMS/safeguards procedures⁶ – including who to engage, what outputs to obtain etc. Also, some projects might need to comply with national regulations and requirements on public involvement including public consultation and disclosure requirements as part of environmental impact assessments (EIA), or with requirements established by a donor. Such regulations and requirements need to be summarized in the SEP as well as other relevant international obligations.

The scope, size and level of detail of the SEP may vary according to the nature of the project, the number of stakeholders, the potential impact of the project and the likelihood of grievance. However, it is critical that the SEP clearly describes the actions on stakeholder engagement and includes the following minimum elements:

- The stakeholders, their relevant interests, and why they are included
- Methods and actions to achieve meaningful consultation and inclusive participation, including information dissemination
- Roles and responsibilities for implementation of the SEP
- The timing of the engagement throughout the project cycle
- The budget for stakeholder engagement throughout the project cycle and, where applicable, for related capacity-building to support this engagement
- Key indicators of stakeholder engagement during project implementation, and steps that will be taken to monitor and report on progress and issues that arise

The methods and actions for engagement may vary according to the target audience but should be proportionate to the nature and scale of project as well as to potential concerns or risks. Methods for disclosing information may include:

- Newspapers, radio, television;
- Brochures or leaflets or posters displayed in public locations;
- Non-technical summary documents and reports.

Examples of consultation methods are:

⁶ See ESMS Manual for details on ESMS / safeguard procedures, available at: www.iucn.org/esms.

- Interviews with stakeholder representatives and key informants;
- Surveys, polls and questionnaires;
- Public meetings and/or focus groups with specific groups;
- Traditional mechanisms for consultation and decision making.

The SEP should also explain how engagement measures will be resourced, who of the executing entities will be responsible for the engagement and timing and/or frequency. This information may be best presented in form of a succinct table as shown in Annex 3, where the different engagement strategies are listed by stakeholder group. However, it is often useful to provide further information, for instance about key stakeholder events and milestones, a summary of how stakeholders are involved in the governance of the project, how the SEP is monitored, how stakeholder events are documented (e.g. registry of meetings) and what level of disaggregation is required (e.g. by gender, social groups etc). The SEP should also describe how stakeholders can access information about project activities (including clear procedures to request information), how feedback is received and how ongoing communications with stakeholders will be achieved. Another option for presenting the SEP is to describe the engagement strategy following the outline provided in annex 4.

It is good practice to enclose the documentation of consultations carried out during the project preparation phase (as described in the previous chapter) in the SEP. The SEP itself should be publically disclosed so that the relevant stakeholders are aware of these activities and know in advance when they will have access to information, when their inputs or consent is expected etc. Disclosure should be done with due respect to confidentiality, where necessary, to protect stakeholders from harm.

While the SEP is a planning tool that is prepared during the design stage, it is usually updated on a regular basis throughout the implementation phase.

Grievance

IUCN has an institution-wide ESMS grievance and redress mechanism in place to address stakeholders' complaints related to issues where IUCN projects have failed to respect ESMS principles, standards, and procedures. The aim of the grievance mechanism is to provide people or communities fearing or suffering adverse impacts from a project with the assurance that they will be heard and assisted in a timely manner. While the generic mechanism is described in a respective Guidance Note available on IUCN website⁷, each project needs to tailor this system to their particular conditions and audience. This project-level grievance mechanism explains the processes for submitting grievances, recording, resolving and escalating grievances, as well as for providing feedback and monitoring any agreed corrective actions. The SEP needs to make reference to the project-level grievance mechanism and outline how stakeholders will be informed about the mechanism in a culturally appropriate way.

For GEF-funded projects, the executing entity in the field on behalf of IUCN will ensure that signage displaying clear and legible information for anyone to contact IUCN in case of concerns or complaints is erected on each project site. The executing entity will also ensure that students and personnel in at least one school near the project site are given leaflets with information on the

⁷ www.iucn.org/esms.

project's nature and objectives, as well as clear guidance on how to contact IUCN in case of concerns or complaints over any negative impacts of the project.

Disclosure during project preparation

In line with the ESMS Principle on Accountability it needs to be ensured that stakeholders have access to timely, relevant and understandable information about the project and the planned activities as well as clear procedures to request information. For the preparation phase this means that disclosure of project information must occur in a form and language appropriate to the relevant stakeholders (e.g. in form of a short fact sheet) and in a reasonable timeframe prior to project approval to allow stakeholders to process this information and – if applicable – raise concerns. Where safeguard instruments have been developed, these are subject to the respective disclosure provisions of each standard.

It is good practice to present the SEP along with the project design at a validation workshop held with stakeholders prior to finalization of the project to jointly review the SEP and its completeness. As disclosure requirements are valid not only for the project preparation phase but for the entire project cycle, a table is presented in chapter 7 that summarizes the requirements together with the respective timeframes.

6.2. Project Implementation

Stakeholder engagement during project implementation essentially means executing what has been defined in the SEP and monitoring and reporting on the implementation of the engagement actions. However, the SEP should not be understood as a static document but should be adjusted to respond to changes or emerging needs. It is good practice to schedule a review of the existing SEP at project start, in particular when there has been a lapse of time between approval and start of the project. The review might highlight the need to change or adjust the SEP, such as by adding new stakeholders, adjusting engagement methods or project roles etc. This is best done as part of the project's inception workshop in order to ensure stakeholders' buy-in. Reviewing the SEP during the inception workshop is also a good moment to inform stakeholders about the grievance mechanism; establish or concretize further partnerships to support project implementation; and ensure stakeholders are engaged in respect to environmental and social issues related to the project and informed about actions taken in response to their input.

Monitoring implementation of the SEP is done according to the methodology established in the SEP and reports are publically disclosed. It is important to note that monitoring of environmental and social risks is a separate process guided by the Environmental and Social Management Plan (ESMP) which in itself establishes appropriate measures for consulting affected groups.

7. Disclosure of Information

The table below summarizes the disclosure requirements along the project cycle⁸.

Project Cycle	Documents to be disclosed	Applicable for	When and where disclosed
Project Concept	ESMS Screening Report	High- and moderate risk	IUCN website
Development of Project Proposal	Non-technical summary of draft ESIA report (including ESMP or other ESMS tools/plans)	High-risk	Prior to final stakeholder consultation, in accessible local channels by relevant stakeholders
	Final ESIA report (including ESMP or other ESMS tools/plans)	High- and moderate risk	IUCN website and local channels, at least 20 days prior to contract signing ⁹
	Summary of project proposal and of SEP	All projects > CHF 1,000,000	IUCN website and local channels, at least 20 days prior to contract signing
Implementation & Monitoring	ESMP monitoring reports	High-risk	IUCN website and local channels
	SEP reports	All projects	IUCN website and local channels
Evaluation	Findings of ESMP evaluation (as part of end-of-project evaluation)	High- and moderate risk	IUCN website

Table 1: Minimum requirements for disclosure of information

⁸ Note: ESMS = Environmental and Social Management System, ESMP = Environmental and Social Management Plan, SEP = Stakeholder Engagement Plan, ESIA = Environmental and Social Impact Assessment, The term ESIA is used to refer to all possible types of impact assessments (full or partial environmental and social impact assessment, social impact assessment etc) to be applied as instructed by the ESMS Screening.

⁹ For GCF: ESS Report and ESIA for category B projects must be disclosed a minimum 30 days before the Board date (120 days for category A projects) pursuant to the GCF Information Disclosure Policy (see footnote 3).

Annex

Annex 1: Stakeholder Analysis

Stakeholder Analysis				
Stakeholder (SH)	SH's role, main activities and capacity/ expertise in areas <u>related</u> to the project	Potential influence of the SH on the project	Potential impact of the project on the SH	Importance from 1 (low) to 5
Government agencies (at different levels)				
Local stakeholders				
<p>Here we list relevant stakeholder groups that are present in the project site at the community level; the list should be disaggregated where relevant (e.g. smallholders, micro business, resource users, cooperatives, women, youth, traditional leaders, displaced people, vulnerable groups, etc.); the entries should be as concrete as possible reflecting the specific context on the ground</p>				
Civil Society Organizations				
Private Sector				
International organizations				
Research & universities				
Etc.				

Annex 3: Stakeholder engagement plan (SEP) – specifying engagement measures by stakeholder

Stakeholder Engagement Plan – by stakeholder					
Stakeholder	Purpose of Engagement	Mechanism / process of Engagement	Responsible Entity	Resources	Frequency /Timing
Government agencies (at different levels)					
Civil Society Organizations					
Local stakeholders					
Private Sector					
International organizations					
Research & universities					
Etc.					

Annex 4

Stakeholder engagement plan (SEP) – outline chapters

- i. Project Stakeholders: List the key stakeholder groups who will be informed and consulted about the project. These should be based on the SH analysis and include persons or groups who:
 - Are directly and/or indirectly affected by the project
 - Have the potential to influence project outcomes.
- ii. Information sharing / disclosure: Describe what information will be disclosed, in what formats, and the types of methods that will be used to communicate this information to each of the identified groups of stakeholders. Methods used may vary according to target audience, for example:
 - Newspapers, posters, radio, television;
 - Information centres and exhibitions or other visual displays; and
 - Brochures, leaflets, posters, non-technical summary documents and reports.
- iii. Consultation methods: Describe the methods that will be used to consult with different stakeholder groups. Methods used may vary according to target audience, for example:
 - Interviews with stakeholder representatives;
 - Public meetings, workshops, and/or focus groups with a specific group;
 - Surveys, polls, and questionnaires
 - Participatory methods or traditional mechanisms for consultation and decision-making.
- iv. Engagement in governance/management of the project to enable their participation in strategic decisions: Describe the groups that will be engaged in governance or management mechanisms set-up for the project or in specific strategic decisions, provide the rationale for this role (e.g. their importance), explain the mechanisms (e.g. steering committee, advisory group etc).
- v. Engagement through programmatic activities: Describe the groups that will be engaged in the implementation of specific project activities or in events that complement programmatic activities; indicate the respective activities (could include a reference to the numbering).
- vi. Resources and Responsibilities: Indicate what staff and resources will be devoted to managing and implementing the Stakeholder Engagement Plan. Who of the executing entities and within the project team will be responsible for carrying out these activities? What budget has been allocated toward these activities?
- vii. Frequency and timing: Provide a schedule outlining dates and locations when various stakeholder engagement activities, including consultation, disclosure, and partnerships will take place.