

EIB Guidance Note 5: Stakeholder Engagement

Comments by EPLO:

The EIB's review of the Environmental and Social Practices Handbook Guidance Note 5 on stakeholder engagement is a welcome development as it offers the opportunity for the EIB to:

- reassess its current practices regarding stakeholder engagement and learn from past experiences;
- ensure that conflict sensitivity is integrated as a key theme into the guidance note and EIB lending practices;
- clarify to project promoters what is expected of them regarding stakeholder engagement, information disclosure and public consultation; and
- provide EIB staff guidance to support them when they are assessing whether project promoters have fulfilled their responsibility regarding stakeholder engagement.

To support this important process, EPLO would like to put forward recommendations focusing on:

- 1) Integrating conflict sensitivity
- 2) Ensuring verification and evaluation mechanisms

1) Integrating conflict sensitivity

In its Environmental and Social Principles and Standards, the EIB states that it will “not finance projects that give rise to conflicts or intensify existing conflicts” (para 47). For the EIB to meet this commitment it has to conduct its lending in a way that is sensitive to conflict. This means that it firstly should seek to minimise the risk of generating conflict (do no harm) and secondly should consider how it can promote peace within its activities. To be able to do that, the EIB needs to understand the context in which it operates, understand the interaction between its intervention and the context, and act upon the understanding of this interaction, in order to avoid negative impacts and maximise positive impacts.

Stakeholder engagement can be a valuable tool enabling the EIB to assess the context in which a project is planned and is a necessary prerequisite for the EIB to be able to ensure that the projects it is supporting does not cause or fuel existing conflict. To further enhance the ability of stakeholder engagement to be used in this respect, EPLO would like to suggest the following changes to the guidance note:

In the section headed Objectives we would propose a new bullet point to be inserted between the existing bullet points 3 and 4 as follows:

- To ensure that the potential for conflict arising from the project is identified at an early stage, that different stakeholders with significantly different views and interests in the project are identified and included in the process of stakeholder engagement during the whole project cycle from initial scoping to operational phase.

In the same section and within bullet point 1, we would include after the words ‘the affected communities’ the following words in parentheses (including communities and groups opposed to the proposed project).

2) Ensuring verification and evaluation mechanisms

The usefulness of the stakeholder engagement will depend on how the project promoter carries out the process and what kind of information the EIB uses to verify that the project promoter has discharged its due diligence. It is therefore important that the guidance note specifies what validation the EIB will consider to assess whether the project promoter has fulfilled its responsibility. Without concrete examples what constitutes verification for e.g. 'access to relevant information in a timely manner' it will be difficult for EIB staff to judge whether this requirement has been fulfilled. We would therefore encourage the EIB to develop a check-list similar to the screening questions that are included as an Annex to the other EIB guidance notes.

Such a check list should specify:

1. When certain information has to be provided and certain activities have to be carried out in relation to the EIB's own project cycle to ensure that findings from engagement with stakeholders contribute to and are part of the EIB's own project appraisal and that concerns can be addressed early-on in the process;
2. What will serve as verification for the following requirements included in the guidance note:
 - Scoping process with relevant stakeholders
 - Provision of relevant information in a timely manner
 - Effective and meaningful consultation
 - Incorporation of view and concerns of the affected communities into the project design
 - Establishment of grievance mechanism

The International Finance Corporation has developed an example of indicators and validation methods for informed consultation and participation process which could be insightful in this respect. It is included in its guidance note on the assessment and management of environmental and social risks and impacts and available [here](#).

EPLO would like to make the following suggestions regarding possible verification for requirements for the project promoter.

Requirement for project promoter	Verification	Timeline
Scoping process with relevant stakeholders	Matrix of stakeholders (affected communities, local authorities, trade unions, etc); Stakeholder Engagement Plan (as in Annex1)	Initiation phase
Provision of information in a timely manner	Project promoters materials containing all information listed in the guidance note; Project promoters strategy to distribute the information, including specification for groups that are more difficult to reach;	Initiation phase

Effective and meaningful consultation ¹	<p>Project promoters record of discussions and consultation with stakeholders (including consultation on Stakeholder Engagement Plan);</p> <p>List of stakeholders that participated in consultations (with reference to matrix of stakeholders mentioned above);</p> <p>Project promoters timetable detailing when public consultation and disclosure of information will occur, with which stakeholder groups, at what stage of the project process/project cycle and through what formats (as per Stakeholder Engagement Plan);</p> <p>EIB's own verification of project promoter's documentation on stakeholder consultation (e.g. contacting and meeting stakeholders etc);</p>	Appraisal phase
Incorporation of view and concerns of the affected communities into the project design	Document detailing the views and concerns of affected communities and stakeholders including specification on how they were addressed in the project design;	Appraisal phase
Establishment of grievance mechanism	Provision of information regarding the available grievance mechanism;	Approval phase

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¹ Promoters should be obliged to take all precautionary measures to ensure that participation in consultations will not result in any harm for the stakeholders involved. For instance, depending on the context, the public disclosure of names of people that have participated in consultations may put them at risk and should therefore be avoided.