Introduction

Promotion of infrastructure and sustainable development projects is a key focus area for the New Development Bank. While infrastructure projects play a pivotal role in driving economic development and enhancing people's well-being, it is equally important to recognize that they can also have adverse effects on communities and other stakeholders. These impacts may include disruptions to local ecosystems, increased traffic congestion, noise pollution, and changes in land use patterns. Consequently, a holistic approach to infrastructure development necessitates a thorough understanding of the stakeholders involved, their perspectives, and their specific concerns related to the projects.

The term stakeholder refers to individuals, communities, or groups who: (i) are affected or likely to be affected by a project, referred to as project-affected persons; and (ii) may have an interest in a project, referred to as other interested parties. Stakeholder engagement is a broad, inclusive, and continuous process between a Project Developer and those potentially impacted that encompasses a range of activities and approaches and spans the entire life of a project.

Establishing and maintaining an effective stakeholder engagement aims to help improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. To formalize these efforts, a formal plan is often developed to:

- Identify stakeholders.
- Build and maintain constructive relationships with them.
- Assess their level of interest and support for the project.
- Ensure stakeholders' views are considered in project design and environmental and social performance.
- Promote and facilitate effective and inclusive engagement with project-affected parties throughout the project lifecycle on issues that could potentially affect them.
- Ensure timely, understandable, accessible, and appropriately formatted disclosure of project information on environmental and social risks and impacts to stakeholders.
- Provide project-affected parties with accessible and inclusive means to raise issues and grievances.
- Enable Project Developers to respond to and manage such grievances.

Absence of an effective stakeholder engagement plan, or failure to maintain a good stakeholder engagement plan may not only result in non-compliance with the country systems and project loan agreements, the project designs or decisions made may misalign with community needs, which will induce resistance from affected communities, and/or local authorities, interest groups (e.g., NGOs, media), and it in turn can lead to legal disputes, project delays, overbudget and reputational damage of both the Bank and the Project Developer.

Success Factors in Stakeholder Engagement

1. Timeliness. Project Developers shall engage stakeholders at the early stage in the project development process and carry out such engagement throughout the project lifecycle. Without prior established relationships and channels of communication, a conflict or crisis that suddenly arises will put the project at an immediate disadvantage in trying to manage the situation. Project Developers shall focus on the whole picture or hold a long-term view for establishing and maintaining good stakeholder engagement mechanism, rather than allowing short-term interests to jeopardize their broader benefits to operate in the area.

2. Information Transparency. All other activities, from consultation and informed participation to negotiation and resolution of grievances, will be more constructive if stakeholders have accurate and timely information about the project, its impacts, and

any other aspects that may have an effect on them. To this end, it's essential to ensure the accessibility of information by thinking how the intended recipient will most readily receive and comprehend the information. This requires the project to provide meaningful information in a format and language that is adequate, easily understandable and tailored to the target stakeholder group. In addition, it's crucial to leave sufficient time between the information disclosure on the benefits and disadvantages of the project and the commencement of consultations so as to ensure enough time for people to think about the issues and weigh the pros and cons.

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An energy production plant was proposed to be constructed on the land of Group 1 of Village ST, requiring the temporary occupation of agricultural land from a number of farmers in the short term. If the trial production would prove to be valuable, the land might be permanently acquired afterward. The project team disclosed and communicated the land use plan to the community, initially receiving a positive attitude. However, a week later, the residents of Group 1 were furious upon seeing the land marking results. They destroyed the marked lines and halted the project team's work.

The residents realized that the access road for the plant would update an existing road passing through Group 2, despite the entire land occupation occurring on Group 1's land, which also had an existing road. The technical team of the project just simply assumed their original plan was more cost-effective.

In this case, the project developer failed to provide adequate and timely information to the target community. They introduced the project layout but only focused on the land use area, neglecting to provide a comprehensive overview of the project. Additionally, they didn't allow sufficient time for the community to process the information.

3. Meaningful Consultation. While Project Developers are exploring various methods to make their consultations effective within specific project contexts, common ground has been established on the key elements that constitute a meaningful consultation. Except for those as above discussed, other elements that Project Developers shall consider for a meaningful consultation encompass:

- Inclusivity: Ensuring all relevant stakeholders, including marginalized groups, can participate and have a say in decisions about actions that could affect their lives.
- Respect: Acknowledging and valuing the values and perspectives of all parties involved, without discrimination because of their culture, race, ethnicity, age and gender.
- Two-Way: Facilitating open, two-way communication where both sides have the opportunity to exchange views and information, to listen, and to have their issues addressed.
- Free: Ensuring the consultation is undertaken in an atmosphere free of intimidation or coercion.
- Consideration: Solemnly considering stakeholders' feedback and demonstrating how it has influenced project decisions.
- Feedback: Providing stakeholders with information on how their input was used and the outcomes of the consultation.

4. Special Attention to Vulnerable Group. The Project Developer shall identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be disadvantaged or vulnerable, or who are deemed disadvantaged or vulnerable, or who may face systemic barriers to stakeholder engagement based on discrimination or social exclusion, and who may need different or separate forms of engagement.

5. Proportionate Stakeholder Engagement. Although stakeholder engagement is generally applicable to all projects, Project Developers shall design their engagement strategies in line with the needs of their respective projects and make sure the stakeholder engagement plan is commensurate with the project's risks and adverse impacts, and the project's phase of development. There is no one-size-fits-all approach when it comes to engagement. For example, a Project Developer that constructs railway stations may need to do more consultation than those that just involve procurement and installation of goods for existing facilities.

6. Documentation and Disclosure. Project Developers shall document and disclose the record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received, and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

Creating an Effective Stakeholder Engagement Plan

Stakeholder engagement includes a range of activities and interactions over the life of a project. Establishing and implementing an effective Stakeholder Engagement Plan (SEP) is considered as a good practice, guiding Project Developers to schedule and strategically undertake their actions throughout the process. These can be divided into seven components:

i. **Stakeholder Identification and Analysis.** Stakeholder identification identifies the project stakeholders, their degrees of interest and concerns, and level of influence they could have on the project. It also analyses stakeholders for prioritizing consultation by mapping the area of influence of different types of E&S impacts. Priority should be given to individuals and groups in the project area who are directly and adversely affected.

ii. **Stakeholder Engagement Planning**. A SEP normally outlines stakeholder engagement undertaken and to be undertaken, clarifies the country system requirements and institutional arrangements, identifies the

necessary resources and timelines, entails the stakeholder analysis and identification, describes the stakeholder consultation and participation mechanisms for different types of stakeholders at different phases of a project cycle to address E&S risks and impacts, tells how outputs from meaningful consultation and participation will be documented and disclosed. The SEP shall reflect how concerns and recommendations will be addressed in project design and mitigation measures. It serves as a guiding document for stakeholder engagement and adaptive management and specify the phases of a project cycle where stakeholder engagement will be needed.
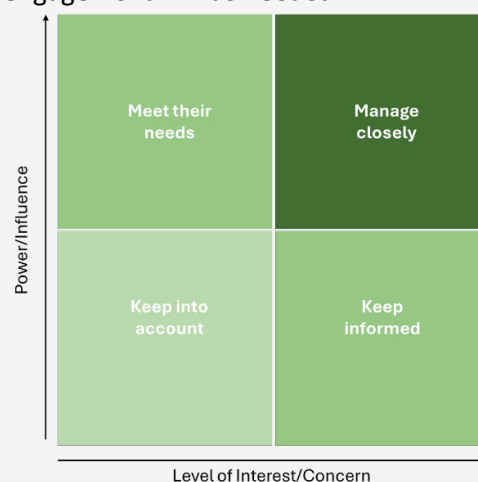
iii. **Information Disclosure and Consultation.** The Project Developer shall provide stakeholders on: (i) the purpose, nature, and scale of a project; (ii) the expected duration of proposed project activities; (iii) an analysis of project alternatives, potential E&S risks and impacts on communities within the project-affected area, and the proposals for avoiding, minimizing, or mitigating E&S risks and impacts, including the differentiated measures taken for disadvantaged or vulnerable groups; (iv) the proposed stakeholder engagement process highlighting the different ways in which stakeholders can participate and have their views considered in the process; (v) the time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported; and (vi) the process and means by which concerns and grievances can be raised and will be addressed. The Project Developer shall

undertake a process of meaningful consultation.

iv. **Grievance Redress Mechanism**. The Project Developer shall establish and maintain a fair and effective grievance redress mechanism for stakeholders to receive and facilitate timely resolution of affected peoples' concerns and grievances about the project's environmental and social performance throughout the project lifecycle. Existing national mechanisms for grievance redressal may be used if such national mechanisms are deemed appropriate.

v. **Implementation and Monitoring.** The Project Developer shall continue to conduct stakeholder engagement in accordance with the SEP throughout the lifecycle of projects. Project Developers shall also consider involving external monitors where they can enhance transparency and credibility.

vi. **Feedback.** Project Developers shall report back to stakeholders on environmental and social performance. Once consulted, stakeholders shall be updated in a defined timeframe which suggestions will be taken on board, what measures will be taken to address their concerns, what is the timeline, why the other suggestions cannot be considered.

vii. **Management Functions.** Project Developer shall build and maintain sufficient capacity within the unit and project to manage processes of stakeholder engagement, track commitments, and report on progress. To this end, it requires the Project Developers in place resources (time, budget, personnel) proportionate with the project environmental and social impacts.

In cases where the exact location of the project is not known, but it is reasonably expected to have significant impacts on local communities, Project Developers shall prepare a Stakeholder Engagement Framework (SEF), as part of its management program, outlining general principles and a strategy to identify Affected Communities and other relevant stakeholders and plan for an engagement process that will be implemented once the physical location of the project is known.

Useful Tools and Resources

IFC Stakeholder Engagement Handbook, 2007	
www.ifc.org/stakeholderengagement	
By: IFC	This handbook provides a comprehensive overview of good practices in stakeholder engagement, including the tools to support the delivery of effective stakeholder engagement and experience of example projects in stakeholder engagement.

World Bank, ESS10 of the Environment and Social Framework, 2017	
https://www.worldbank.org/en/projects-operations/environmental-and-social-framework	
By: World Bank	It requires all projects supported by the World Bank will follow ESS 10, It also defines the objectives, scope of application and requirements for stakeholder engagement in World Bank projects.

Asian Development Bank (ADB), ESS10 of the Environment and Social Framework, 2024	
https://www.adb.org/sites/default/files/linked-documents/esf-complete-set.pdf	
By: ADB	The ADB ESS10 outlines its objectives, scope of application and requirements for stakeholder engagement in ADB projects.

International Association for Public Participation	
www.iap2.org	
By: International Association for Public Participation (IAP2)	IAP2 is the preeminent international organization advancing the practice of public participation, promoting and advancing public participation / community engagement globally through targeted initiatives that are guided by culturally adaptive standards of practice and core values.