

Environmental and Social Sustainability Framework

## **Standard 2 – Stakeholder Engagement**

Draft – 15 December 2021

## STANDARD 2: STAKEHOLDER ENGAGEMENT

### INTRODUCTION

- 1 This Standard recognises the importance of stakeholder engagement, as a means to ensure respect for the rights to<sup>1</sup>: (i) access to information; (ii) public participation in decision-making processes; and (iii) access to justice.
- 2 Stakeholder engagement<sup>2</sup> is essential for the effective assessment, management and monitoring of environmental, climate and/or social impacts and risks, and contributes to the overall sustainability and better outcomes of projects. It enhances relevant stakeholders' benefits and understanding and, therefore, their support for projects.

### OBJECTIVES

- 3 This Standard outlines the promoter's responsibilities for the implementation of transparent and continuous engagement with project stakeholders<sup>3</sup>, with the key objectives of:
  - a. Adopting an inclusive and systematic approach to engaging constructively with stakeholders, namely persons and/or communities who are directly or indirectly affected by a project<sup>4</sup>, or those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively;
  - b. Ensuring that stakeholders have timely access to information on the project's environmental, climate and/or social risks and impacts in a manner that is culturally appropriate and understandable to all stakeholders, including those needing special measures or assistance;
  - c. Promoting and enabling the meaningful and free participation and input of stakeholders in project-related decision-making processes that may affect them, thereby seeking to build mutual trust and improving project outcomes;
  - d. Providing rights-holders<sup>5</sup> with effective means to raise grievances and access remedies, and promoting organisational accountability and continuous learning and improvement.
- 4 Where the stakeholder engagement process is the responsibility of the relevant competent authorities, the promoter shall collaborate with the responsible authority to seek to achieve outcomes that are consistent with this Standard.

### SCOPE

- 5 This Standard applies to a specific project, when its relevance is determined during the environmental impact assessment/environmental and social impact assessment (EIA/ESIA) process (as outlined in Standard 1), based on its likely environmental, climate, and/or social impacts and risks. Depending on such impacts and risks, specific requirements of this Standard apply throughout the EIB project cycle. The nature and extent of the stakeholder engagement shall be commensurate to the project's likely environmental, climate and/or social impacts and risks, taking into account the type and complexity of the project, sector and country context.

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<sup>1</sup> In line with the spirit and principles of the United Nations Economic Commission for Europe (UNECE)'s [Aarhus Convention](#) on access to information, public participation in decision-making and access to justice in environmental matters.

<sup>2</sup> Stakeholder engagement is an inclusive and iterative process that involves, in varying degrees, the identification and analysis of stakeholders, engagement planning, information disclosure, meaningful consultation, and a mechanism ensuring access to grievance procedures and remedy.

<sup>3</sup> Known as a "public participation process" (including access to information and consultation processes) in the applicable EU legal framework, e.g. Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment (EIA Directive) as amended by Directive 2014/52/EU amending, Directive 2010/75/EU on Industrial Emissions (Integrated Pollution, Prevention and Control) – Industrial Emission Directive, and I the Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC.

<sup>4</sup> Known as "public concerned" in the European Union as defined in the applicable EU legal framework, e.g. EIA Directive 2014/52/EU and Industrial Emissions Directive 2010/75/EU).

<sup>5</sup> Rights-holders are understood as all individuals and population groups that can make valid claims to fundamental rights from a human rights perspective. In the context of EIB projects, it refers to persons who are, actually or potentially, adversely affected by the project. It includes project-affected persons, local community members, workers, etc. As described in the [UN Guiding Principles on Business and Human Rights](#), organisations or entities, such as States, trade unions or religious institutions, are not human rights-holders, but may act in a representative capacity for individuals who are rights-holders.

- 6 This Standard shall be read in conjunction with the requirements set out in the other EIB Environmental and Social Standards whenever applicable, paying special attention to engagement with vulnerable, marginalised, and/or discriminated-against groups, Indigenous Peoples, workers and their representatives, as well as engagement in the context of involuntary resettlement and/or economic displacement, or emergency preparedness and response.

#### GENERAL REQUIREMENTS

- 7 All projects located in the EU, EFTA, Candidate and potential Candidate countries shall comply with the applicable national and EU legislation. All projects located in the rest of the world shall comply with the applicable national legislation and this Standard, which reflects the core principles and essential procedural elements laid down by the EU legislation that the EIB considers relevant to stakeholder engagement, as defined in paragraphs 15-44 of this Standard.<sup>6</sup>
- 8 The promoter shall engage with stakeholders early on in the decision-making process, when all options are still open, to allow for their meaningful contribution and ensure that their opinions, interests and concerns are taken into account to reach an optimal result.
- 9 The engagement process shall be respectful of human rights, including the rights to privacy and data protection<sup>7</sup>, and adapted to the country context by acknowledging and respecting the values and the historical, cultural and local knowledge of affected communities and other stakeholders. The promoter shall engage with stakeholders in a manner that is free from intimidation, coercion or violence against any individuals, in particular those who voice their opinion in relation to the projects.<sup>8</sup>
- 10 The engagement shall be gender responsive and inclusive, devoid of discrimination and take into account, if necessary, the different needs of and potential barriers facing the various stakeholders to ensure their equitable participation, including needs and barriers involving vulnerable, marginalised and/or discriminated-against groups, as well as those who are traditionally excluded or in need of special assistance.<sup>9</sup>

#### SPECIFIC REQUIREMENTS

##### *Projects located in EU, EFTA, Candidate and potential Candidate countries*

- 11 For all projects subject to an assessment according to the Environmental Impact Assessment (EIA) Directive<sup>10</sup>, coordinated and/or supplemented with any applicable specific assessments, as defined in Standard 1, the promoter shall support the competent authorities<sup>11</sup> in carrying out the relevant public participation process, including in a transboundary context where applicable, to seek to achieve outcomes that are consistent with this Standard, and provide to the EIB upon request:
- Evidence that the relevant information<sup>12</sup> is disclosed in a timely manner, electronically and/or by other appropriate means, allowing the public to access it easily and effectively;
  - Information about the detailed arrangements of the consultation process, including in a transboundary context, where applicable, to ensure its meaningfulness as per the definition in this Standard;

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<sup>6</sup> Specific requirements for stakeholder engagement may apply pursuant to Standards 6 and 7, notably to obtain Free, Prior, and Informed Consent in case of projects affecting Indigenous Peoples.

<sup>7</sup> In line with the EU Charter of Fundamental Rights and where applicable, [Regulation \(EU\) 2016/679](#) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, General Data Protection Regulation (GDPR).

<sup>8</sup> As per EIB's Environmental and Social Policy.

<sup>9</sup> Standard 7 lays out the requirements related to vulnerable, marginalised, and/or discriminated-against groups, as well as the requirements relating to the free, prior and informed consent (FPIC) process for projects affecting Indigenous People.

<sup>10</sup> Directive 2014/52/EU amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment (EIA Directive).

<sup>11</sup> As per the EIA Directive, where the competent authority is also the promoter, the states shall at least implement, within their organisation of administrative competences, an appropriate separation between conflicting functions when performing their duties arising from the Directive.

<sup>12</sup> The information to be made available to the public includes, at a minimum, the following: (i) the EIA report as described in EIB Standard 1; (ii) where relevant, outcomes of any supplementary assessments/studies carried out; and (iii) any relevant report required by the competent authorities in line with the national legal framework.

- c. A summary of the results of the overall consultation process and how those results have been incorporated or otherwise addressed, as reflected in the decision(s) from the relevant competent authorities which satisfies/satisfy the requirements set out in the EU legal framework.
- 12 For all projects for which the relevant competent authorities have determined that an EIA is not required, as defined in Standard 1, the promoter shall provide to the EIB evidence that this determination has been made available to the public.<sup>13</sup>
  - 13 Considering the national and EU requirements for public participation in various decision-making processes beyond the EIA procedure<sup>14</sup>, the promoter shall engage with relevant stakeholders throughout the EIB project cycle, wherever necessary, and provide to the EIB, upon request, evidence of such engagement.
  - 14 The promoter shall supplement the formal engagement process carried out by relevant competent authorities, or otherwise needed in relation to the requirements set out in the other EIB Environmental and Social Standards whenever applicable, with any action specified in paragraphs 15-44 of this Standard, as deemed necessary by the EIB.

#### **Projects located in the rest of the world**

- 15 The promoter shall carry out a stakeholder engagement process that is proportionate to the nature and scale of the project and its potential impacts and risks, involving, at a minimum<sup>15</sup>: (i) the identification and analysis of the stakeholders; and (ii) the establishment and/or maintenance of a grievance mechanism; as well as some or all of the following elements to varying degrees as deemed necessary by the EIB; (iii) engagement planning; (iv) disclosure of information; (v) meaningful consultation; and (vi) monitoring and reporting.

#### **Identification and analysis of the stakeholders**

- 16 The promoter shall identify, analyse and document the different stakeholders. In doing so, the promoter shall pay particular attention to and prioritise the identification and analysis of individuals or groups that may be differentially or disproportionately affected because of their vulnerability status.<sup>16</sup>
- 17 Based on this identification, the promoter shall further analyse and prioritise individuals and groups who may have different concerns and priorities about project impacts and risks, mitigation mechanisms and benefits, and who may require different or separate forms of engagement. Taking note of the country context and the public debate about the project and the sector in question, the analysis shall also take into account any risks of reprisals against those who voice their opinion regarding the project activities or the promoter, and identify groups at risk in that respect.
- 18 As legitimate representatives of stakeholders<sup>17</sup> often play a significant role in the engagement process, the promoter shall engage with them so they can facilitate the communication and convey the comments of affected communities, as appropriate.
- 19 When a project is likely to have significant environmental, climate and/or social transboundary effects, the identification and analysis shall also consider the individuals and groups from other countries likely to be affected (in particular neighbouring or downstream countries or those with shared natural resources), without discrimination.

<sup>13</sup> In line with Article 4 (5) of the EIA Directive.

<sup>14</sup> Public participation in environmental decision-making processes is not limited to the requirements of the EU EIA Directive and includes, where relevant, engagement in the planning and/or permitting processes, e.g. Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (SEA Directive), the Industrial Emissions Directive, Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora (Habitats Directive), as amended; Directive 2000/60/EC establishing a framework for Community action in the field of water policy, as amended; Directive 2008/56/EC establishing a framework for community action in the field of marine environmental policy, as amended.

<sup>15</sup> The identification and analysis of the stakeholders as well as the establishment and/or maintenance of the grievance mechanism are also commensurate to the nature and scale of the project and its potential environmental and social impacts and risks.

<sup>16</sup> See glossary or the EIB Environmental and Social Standard 7 for a definition.

<sup>17</sup> For example, community leaders, local government representatives, civil society representatives, teachers, and/or others representing one or more affected stakeholder groups, including indigenous people.

- 20 The stakeholder identification and analysis shall be comprehensive and provide an adequate level of information with a view to further determining the nature, scope and modalities of the engagement process.

#### *Grievance mechanism*

- 21 Grievance mechanism refers to the system introduced and/or maintained by the promoter that enables all stakeholders, in particular affected people and communities, to channel their grievances related to the environmental and social performance of the project, and access recourse and remedy.<sup>18</sup>
- 22 As early as possible, the promoter shall establish an effective project-level grievance mechanism to receive and facilitate redress for concerns and grievances of stakeholders throughout the EIB project cycle. This mechanism shall cover aspects related to all Standards, except for employer-workforce relations including occupational health, safety and security aspects, as a separate grievance structure is dedicated to this purpose in line with requirements in Standards 8 and 9. The grievance mechanism sets out a clear step-by-step process with indicative timeframes, outcomes, defined monitoring and performance indicators, and reporting requirements.
- 23 The project-level grievance mechanism may use any existing formal or informal mechanisms, provided they are properly designed and implemented, and suitable for project purposes. If deemed necessary by the EIB, these may be supplemented with project-specific arrangements. The mechanism should: (i) address concerns promptly and effectively; (ii) be free from intimidation, coercion and reprisals; and (iii) be inclusive.
- 24 The mechanism shall also be gender inclusive and responsive, and address potential access barriers to men and women, non-binary or gender non-conforming persons, young persons and the elderly, illiterate persons, or otherwise vulnerable, marginalised and discriminated-against groups, as appropriate. It should guarantee the privacy of individuals and include the anonymity option. The information about the access to the project's grievance mechanism process should be publicly available in relevant languages and via suitable channels.
- 25 The project-level grievance mechanism shall document and address concerns in a timely manner, through dialogue and engagement, using an understandable, fair and transparent process that is culturally appropriate, rights-compatible and readily accessible to all stakeholders at no cost and without retribution. The mechanism shall include appeals options and it shall not impede, or purport to impede, complainants' access to alternative judicial or administrative channels for lodging complaints, such as the EIB Group's Complaints Mechanism.<sup>19</sup>

#### *Engagement planning*

- 26 For projects with significant environmental, climate, and/or social impacts and risks, or if otherwise deemed necessary by the EIB, the promoter shall ensure an effective engagement process by planning it thoroughly and preparing a Stakeholder Engagement Plan (SEP) or an equivalent document. The SEP shall describe the entire stakeholder engagement process for the project, specify activities, outline roles, resources and timelines, and serve as a guiding document throughout the EIB project cycle.
- 27 The promoter shall develop the SEP early in the process and shall disclose the draft, as early as possible, to seek feedback from stakeholders on its content, including on the identification and analysis of stakeholders and proposed engagement activities.
- 28 The SEP is tailored to the needs and interests of the identified stakeholders and their expected roles in the process, and specifies different types of engagement formats that may be needed to ensure the meaningful participation of all stakeholders.
- 29 The SEP outlines the consultation process by defining: (i) the information to be disclosed; (ii) the dissemination means, tools and languages; (iii) its timing and frequency; (iv) the levels and methods

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<sup>18</sup> As outlined in Principle 31 of the [UN Guiding Principles on Business and Human Rights](#), the grievance mechanism will be effective, by way of being: i) verifiably legitimate; ii) accessible; iii) predictable; iv) equitable; v) transparent; vi) compatible with human rights; vii) based on engagement and dialogue; and viii) a source of learning for all stakeholders involved, including the promoter.

<sup>19</sup> Any natural or legal person who alleges a case of maladministration by the EIB Group in its decisions, actions and/or omissions can lodge a complaint with the EIB's Complaints Mechanism. More information can be found here: <https://www.eib.org/en/about/accountability/complaints/index.htm>.

used to consult each identified group; (v) the details of the time schedule for submitting opinions, questions and/or concerns; and (vi) grievance mechanism.

- 30 Where risks of reprisals exist or are anticipated, the SEP shall, as deemed necessary by the EIB, include a strategy for preventing and responding to reprisals, in particular by engaging constructively with individuals and groups at risk. The SEP shall be particularly attentive to providing secure fora for consulting these groups as needed and ensuring reprisal-sensitive stakeholder engagement.
- 31 Depending on the nature of the project and level of information available, the SEP may adopt a framework approach and lay out the general principles and key features of the planned engagement process that would be specified once more project-related information is available.
- 32 In order to ensure its effectiveness in securing meaningful stakeholder engagement, the SEP shall be subject to regular reviews and updates as project information and stakeholder participation needs may change over time. The promoter should publicly disclose a revised version, if significant changes are made to the SEP.

#### *Disclosure of information*

- 33 In order to ensure the effective participation of the identified stakeholders, the promoter shall make available to the public the following information in the most accessible way and as soon as it can reasonably be provided:
  - a. The purpose, nature and scale of the project, including the duration of proposed project activities;
  - b. The description of the likely project impacts and risks for local communities, as well as the proposed mitigation and/or compensatory/remedial measures as defined in Standard 1;
  - c. As and where applicable, the description of potential impacts and risks that might disproportionately affect vulnerable, marginalised, and/or discriminated-against groups and an overview of the different measures proposed to avoid and minimise these;
  - d. The proposed stakeholder engagement process and opportunities for public participation, including locations and dates of any envisaged public consultation meetings, and the process by which meetings are notified and reported, as described in the SEP and its revisions/updates where applicable;
  - e. The available project-level grievance or feedback mechanism, the EIB Group's Complaints Mechanism<sup>20</sup> and how stakeholders can access them; and
  - f. Any opportunities for benefit-sharing and added value for affected communities, where applicable.
- 34 In its information disclosure and dissemination efforts, the promoter shall seek to ensure that reliable and accurate information reaches stakeholders, including those who are illiterate, by making it available in readily understandable and culturally appropriate formats and languages, and adapting information for people needing special measures or assistance.
- 35 The promoter shall disclose information related to, and engage with stakeholders on, any changes to the project scope and/or implementation that result in significant environmental, climate and/or social impacts and risks as they arise, as well as additional mitigation and/or compensatory/remedial measures and monitoring arrangements, where applicable.

#### *Meaningful consultation*

- 36 Meaningful consultation is a two-way process that:
  - a. Is initiated as early as possible to allow for effective stakeholder participation in the design of project activities or mitigation measures that could potentially affect them either positively or negatively;
  - b. Is sustained throughout the EIB project cycle;

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<sup>20</sup> Overview of the EIB Group Complaints Mechanism: <https://www.eib.org/en/about/accountability/complaints/index.htm>.

- c. Is based on the prior disclosure and dissemination of relevant, accurate and easily accessible information in a timeframe that facilitates meaningful dialogue with stakeholders in a culturally appropriate format, in the relevant local language(s) and is understandable to stakeholders;
  - d. Is inclusive of all the relevant stakeholders, including commonly underrepresented groups on account of sex, gender, gender identity, age, health status, poverty, disability, educational profile or other factors;
  - e. Includes tailored measures as necessary to empower affected individuals and communities, in particular those who are vulnerable, marginalised, and/or discriminated against, to fully and effectively participate in engagement processes;
  - f. Encompasses stakeholders' feedback as well as responses to it either through integration of the stakeholders' views or provision of justification for why this could not be done;
  - g. Is free from external manipulation, interference, coercion, discrimination, and intimidation; and
  - h. Is recorded and publicly disclosed by the promoter.<sup>21</sup>
- 37 The promoter shall undertake a meaningful consultation process that provides opportunities to stakeholders to express their views on the project on an ongoing basis, as well as the identified environmental, climate and/or social impacts and risks and the proposed measures and actions to address them. The promoter shall engage with the identified stakeholders in a collaborative process to respond to and address their opinions and concerns as they arise, and document and disclose information about this process.
- 38 The consultation includes culturally appropriate mechanisms and processes and is tailored to the different needs of stakeholders. It also considers diverse forms of targeted communication to facilitate the increased participation of men and women, taking also into account factors such as age, literacy, language, mobility, or vulnerability status. The timelines for engagement shall be realistic and respectful of all identified stakeholders, and in particular affected persons and/or groups.
- 39 If the project is located in challenging environments, such as fragile and conflict-affected areas, or with high incidence of human rights violations, or taking place during a crisis that could impact consultation process, the promoter shall consider the specific context and devise targeted consultation formats and processes to ensure a safe space for stakeholders to engage.
- 40 The promoter shall make available to the public, in a timely manner, information on how the stakeholders' views have been incorporated or otherwise addressed during the project design along with any mitigation and/or compensatory/remedial measures, or the reasons why not.
- 41 The promoter shall further inform the stakeholders on the project-level non-judicial grievance mechanism that is available throughout the EIB project cycle.

#### *Monitoring and reporting*

- 42 The promoter shall conduct regular monitoring of the stakeholder engagement process agreed with the EIB and use this information to identify areas in which stakeholder engagement should be strengthened, including through the revision and update of the SEP or adjustments in the grievance mechanism, as needed. Whenever feasible, the promoter is advised to have in place monitoring by third parties, such as stakeholder representatives, civil society or community-based organisations, affected communities, external experts, local and public authorities, think tanks or others familiar with relevant aspects of the projects.
- 43 Where requested by the EIB, the promoter shall maintain open communication channels with stakeholders on the overall environmental and social performance of the project, building upon the engagement already taking place.
- 44 Where requested by the EIB, the Promoter shall report to the EIB, inter alia, on implementation of agreed stakeholder engagement measures, any significant aspects or challenges, and the volume and nature of stakeholder complaints registered through grievance mechanism.

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<sup>21</sup> With the possibility of anonymity of persons participating in the consultation process, upon their request, and in line with the spirit and principles of the GDPR.