GUIDANCE ON INFORMATION DISCLOSURE AND STAKEHOLDER ENGAGEMENT

1. INTRODUCTION:

Stakeholder Engagement (SE) is a bedrock of strong, constructive and mutually beneficial working relationships. SE includes an inclusive and continuous process of interaction between a project/company and their stakeholders. It promotes transparency and accountability.

TDB is committed to analyse, control and reduce the negative environmental and social (E&S) impacts and improve on the positive benefits of their financial operations. The Bank's environment & social management system (ESMS) is designed to ensure compliance of all its operations with the national regulatory requirements and international best practices as represented by IFC's Performance Standards and AfDB's Operational Safeguards. To this effect, TDB requires all its borrowers to design, construct, and operate their projects/ operations in compliance with the relevant E&S guidelines adopted by TDB.

One of the key requirements as part of E&S requirements is for TDB's clients/ borrowers to develop and implement a stakeholder engagement and information disclosure plan. This requirement is specifically applicable to category 1 and 2 projects where DFI funding is involved.

This section provides guidelines for development of stakeholder engagement and information disclosure plan (referred to as SEP throughout this document) to TDB's clients. The purpose of this annex is to guide TDB's clients to develop a dedicated project/ company specific SEP that is proportionate to the risks and impacts of the subprojects being undertaken with TDB's financing.

2. OBJECTIVES OF STAKEHOLDER ENGAGEMENT

A SEP is a formal blueprint for engaging with the stakeholders of a project/ company to secure their support. It identifies the stakeholders, their relationship with the project, stakeholder information needs, communication channels, and timeframe for engagement.

SE is a two-way process and it refers to exchange of information and consultation with stakeholders. The engagement and consultation process in any project should span the entire lifetime of a project, from its inception to its closure.

The specific objectives of SE are as follows:

- To share information with project/ company stakeholders in a timely, easily accessible and understandable manner;
- To provide opportunities to stakeholders to express their views and concerns, and allow the project/company to consider and respond to them;
- To anticipate and address issues and areas of concern of stakeholders;
- To promote transparency and accountability in all project/ company activities; and
- To enable development of a strong relationship with stakeholder groups based on ongoing engagement, understanding and trust.

3.   PRINCIPLES OF SE

The key principles of SE:

- The process of engagement should be transparent, inclusive and culturally appropriate;
- The engagement activities should be aligned to the project timelines and proportionate to impacts/ risks associated with the project;
- The SE process should commence at an early stage of a project;
- Information relevant to the project and its development should be shared with stakeholders on a regular basis to ensure that all consultation is informed;
- All engagement activities should be documented;
- Meaningful engagement requires that projects/companies be open to incorporating stakeholder feedback and suggestions in project design and various E&S mitigation strategies;
- Engagement should be free from manipulation and coercion;
- Reporting back to the consulted stakeholder group on the outcomes of engagement and the next steps.

4.   COMPONENTS OF SEP

The key components of SEP are: (i) stakeholder identification & analysis; (ii) Information disclosure; (iii) engagement process and methods; (iv) institutional roles and responsibilities; (v) budgetary allocation; (vi) monitoring and review; and (vii) documentation. These are explained in subsequent sections.

4.1   Stakeholder identification and analysis

Stakeholder identification, analysis and mapping is the first step in the process of SE. Stakeholders are persons or groups that are directly or indirectly affected by, and/ or can affect a project/ company's activities and policies. Stakeholders, thus, can have varying degree of interest and influence over the project and its activities. An example of types of stakeholders groups is provided in the table below.

Table 0:   Typical Stakeholder groups and their categorization

Stakeholder Groups	Direct Stakeholders	Indirect Stakeholders
Community	• Landowners/ sellers • Local community • Agricultural labourers • Vulnerable community	• Host community
Institutional Stakeholders	• Village institutions • Project investors	• Village Institutions (schools, health centres); • Political Parties • Civil society organization
Government	• Regulatory Authorities; • Local government administration	

Stakeholder Groups	Direct Stakeholders	Indirect Stakeholders
Other Groups		• Media • Other industries/projects • External influences

Stakeholder analysis and mapping includes the process of examining the relative influence that different individuals and groups have over a project/company as well as the influence of a project over them. The purpose of stakeholder mapping is to:

- Identify each stakeholder group;

- Understand their profile in terms of their number and socio-economic & cultural profile;

- Understand each group's specific issues, concerns as well as expectations from the project/ company; and

- Understand their influence on the project/company.

Following the analysis, stakeholders can be mapped based on: (i) type and nature of impact; (ii) vulnerability; and (iii) influence over the project.

Stakeholder group	Impact		Nature of impact						Vulnerability			Influence over project					
	Direct	Indirect	Negative			Positive			H	M	L	Negative			Positive		
			H	M	L	H	M	L				H	M	L	H	M	L

H= high; M= medium; L= low

Stakeholder analysis and mapping is critical to understanding the information needs of various stakeholder groups and appropriate communication strategy.

4.2 Information disclosure

Information disclosure forms the basis for all meaningful consultation and engagement. It refers to making relevant information available at accessible locations to various stakeholders in a manner that is understandable. Disclosure of information helps in gaining trust of stakeholders and it empowers them to participate effectively in the SE and consultation process and facilitates them to make informed decisions on project matters.

Examples of information to disclose include:

- Project description, potential impacts (positive and adverse) (including environment impact assessment, social impact assessment studies), benefits and E&S mitigation plans
- Entitlements of project affected families including various social management plans such as resettlement action plan, indigenous peoples plan, environment management plan, etc.
- Employment opportunities
- Plans for stakeholder engagement and grievance redressal mechanism
- Information on E&S performance and status of implementation of various E&S management plans developed as part of the assessment process
- Feedback on issues raised by stakeholders in previous consultations

The key principle for information disclosure is "to give people the information they need to participate in an informed manner." The information must be disclosed early to allow time for processing and understanding the information. It must be in a language and manner that is understandable, accessible and tailored to the target stakeholder group. Literacy level, cultural sensitivity, local language, roles of men and women, location for disclosure, local ways of information dissemination should inform the manner in which the information is shared.

As part of the SEP, information needs of each stakeholder group should be identified and documented (as suggested in the table below).

Table 2: Information needs of different stakeholder groups

Stakeholder group	Information needs	Frequency of information disclosure

Some of the common ways of information disclosure include distribution of pamphlets, display at prominent places in the community, through village institutions, presentations, etc.

4.3 Engagement Process and Methods

Effective engagement with a diverse set of stakeholders requires use of a variety of consultation and engagement methods. The choice of engagement method should be driven by the profile of the stakeholder group and its ability to understand, engage and communicate. The methods of engagement range from individual interviews to open meetings.

The most widely used engagement methods are focus group discussions (FGD), structured and semi-structured interviews and open meetings. A FGD refers to a discussion carried out with a group of people sharing socio- economic background. Examples of such groups include women, agricultural labourers, encroachers and indigenous community. FGDs help in understanding the common issues of a group which may not get attention in large open meetings. Structured and semi-structured interviews are mostly targeted at individuals and are used to gather information pertaining to specific themes or issues. These interviews could be with key important individuals such as village head, livelihood experts, etc.

Open consultations/ meetings serve an important purpose in collecting information from large groups on issues of common interest to all. Large open meetings at times are mandated by regulatory authorities in certain countries.

The following table provides an example of typical engagement methods.

Table 3:   Typical Methods of Consultations and Engagement

Stakeholder	Stakeholder Category	Suggested Methods of Consultation and Engagement	Frequency of engagement (monthly/ quarterly/ half yearly/ yearly)
Project affected people	Direct	Meetings (open and focused group), structured and unstructured interviews, key individual interviews, participatory rural appraisal technique	
Village institutions	Direct/ indirect	Meetings (open and focused group), interviews with officials, key individual interviews such as village representatives, elderly	
Regulatory Authorities	Direct	Meetings and discussions	
Lenders	Direct	Regular meeting and discussions and sharing of reports and other documents	
General Community	Indirect	Monthly Group Meetings, interactions at the village level , sharing of reports and other documents as part of the disclosure mechanism and the GRM	
Political Parties	Indirect	Meetings with the local representatives	

Stakeholder	Stakeholder Category	Suggested Methods of Consultation and Engagement	Frequency of engagement (monthly/ quarterly/ half yearly/ yearly)
Local NGOs	Indirect	Regular Meetings	
Media	Indirect	disclosure of information and meetings	

It will be useful to draw up a calendar of engagement activities at the beginning of every quarter. This will enable concerned team to plan disclosure of information and make all arrangements for engagement.

4.4   Institutional Roles and Responsibilities

Effective implementation of SE activity requires clear definition of institutional roles and responsibilities. The project/ company must identify specific project personnel/ staff for implementation of SE activities through the project life. These personnel should ideally be from E&S or corporate social responsibility department and should have the experience in community engagement.

In high risk project, TDB borrowers should consider engaging a reputed third party NGO for undertaking SE activities.

4.5   Budgetary allocation

The borrower must allocate sufficient budget for implementing SE activities through the project life. Budgetary allocation would be needed for information disclosure (printing and distribution of material), booking venues for consultation, professional fee of NGO, travel and accommodation of team undertaking consultation, etc.

4.6   Documentation

Each of the above mentioned engagement activities is to be properly recorded in the form of minutes and maintained as a stakeholder engagement database through the life of the project. Such a database would allow for effective monitoring of the engagement process as well as ensure that the concerns and queries of the stakeholders are met in a timely manner

Table 4: Sample format for documentation of engagement activities

Stakeholder groups	Date/ location	Purpose of engagement	Method of engagement	Key outcomes and actions	Status of actions identified in previous consultations	List of participants

4.7 Monitoring & review

A SEP is living document which must be reviewed and revised, if needed, on a regular basis. The review process should be informed by the engagement activities and their effectiveness and emerging stakeholder concerns. As part of the review process, feedback should be requested from various stakeholders.

All engagement activities and outcomes of engagement should be monitored and reported to Senior Management and to TDB on six monthly basis. The reporting should be on number of engagement activities, key issues highlighted, feedback provided to the stakeholders and outcomes of consultations.

Outline of SEP

- Project description

- Objectives and scope

- Review of existing stakeholder engagement process

- Stakeholder identification and analysis

- Information disclosure

- Methods and frequency of engagement

- Institutional roles and responsibilities

- Budget allocation

- Documentation, monitoring and review

ANNEX - A

GUIDANCE ON GRIEVANCE MECHANISM

1. INTRODUCTION

"Grievance mechanisms are an important component of stakeholder engagement, helping to promote respectful engagement throughout the process of addressing negative impacts and providing project benefits." A grievance mechanism (GM) is a requirement of TDB for all its category 1 and 2 projects. All such projects are required to develop and implement a GM. The objective of this mechanism is to allow community to raise their grievances and concerns and to seek their resolution in a timely manner.

This is a guidance document for TDB clients to develop community GM specific to their operations.

2. OBJECTIVES OF A GM

GM refers to a mechanism which allows the community members who feel they have been adversely affected by project/ company activities to raise their concerns, queries and complaints. An effective GM helps in:

- better community relations and engagement;
- identification, monitoring and redress of community concerns in a professional and timely manner; and
- proactively identify and address risks to project/ company.

An effective GM must be:

- developed in consultation with the community;
- timely, relevant, easily accessible and understandable;
- culturally appropriate;
- predictable and transparent;
- inclusive and fair;
- allowing anonymity;
- independent; and
- free from fear of retribution.

3. SCOPE OF GM

The scope of the GM should be clearly defined and explained to the community. Typically, GM are open to all stakeholders who consider themselves affected by the activities of the project/ company. The scope in terms of types of complaints should be wide and not restrictive. However, a complaint that can be handled under a separate existing process established for that purpose (such as ethics, integrity, selection of contractors etc.) should be investigated and addressed under that process.

The focus of GM procedure should be on grievances raised by external stakeholder groups such as affected communities, local government authorities, non-governmental and other civil society organizations, local institutions and other interested or affected parties. Grievances of other parties such as suppliers, contractors, distributors, or customers, should be kept outside the purview of community GM because interaction with these parties is a core business function for most companies and are usually covered by other processes established within the project/ company.

4.   GM PROCESS

There are seven basic steps involved in a functional grievance mechanism (see figure).

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┌─────────────────────────────────────────────────────────────┐
│                     Receive and record                       │
└─────────────────────────────────────────────────────────────┘
                              ▼
┌─────────────────────────────────────────────────────────────┐
│                Acknowledge (within 3-5 days)                 │
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                              ▼
┌─────────────────────────────────────────────────────────────┐
│      Assess and grievance rating (within 5 days of           │
│                     acknowledgement)                         │
└─────────────────────────────────────────────────────────────┘
                              ▼
┌─────────────────────────────────────────────────────────────┐
│    Investigate and resolve (within 15-20 days of             │
│                  grievance rating)                           │
└─────────────────────────────────────────────────────────────┘
                              ▼
┌─────────────────────────────────────────────────────────────┐
│     Implement agreed resolution (as per the agreed timeline) │
└─────────────────────────────────────────────────────────────┘
                              ▼
┌─────────────────────────────────────────────────────────────┐
│             Monitor implementation and close                 │
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│                     Provide feedback                         │
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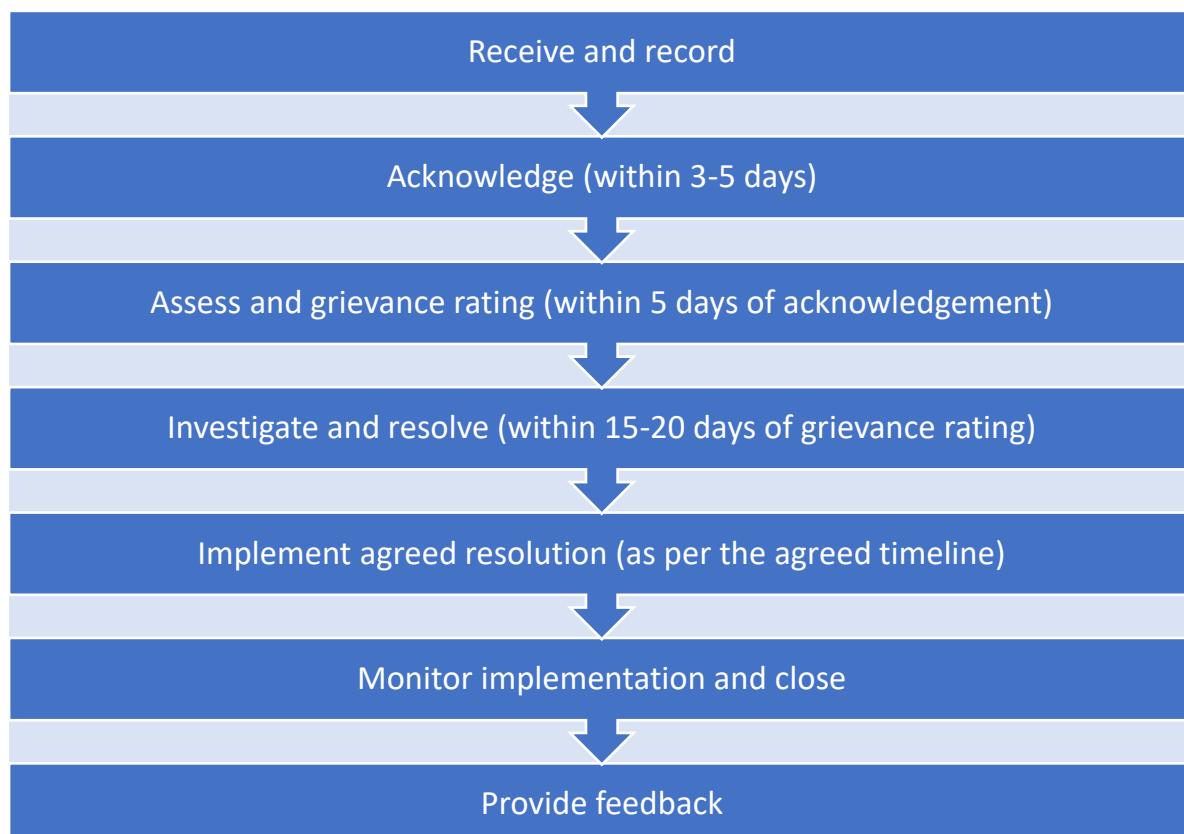
Receive and record: This defines the several ways in which a community member can raise a question or complaint. These may include complaint/ suggestion box, email, phone, complaints register, in-person, letter and community meetings. Complaints may be submitted on a named or anonymous basis. The several options for making a complaint should be clearly defined, widely communicated and easily accessible to all community members. Locating a complaint box and register far away from the community which has no access to other means of making a complaint such as a phone or email defeats the purpose of having a GM.

All grievances and complaints (irrespective of their validity) should be recorded. This record must be updated regularly to reflect the updated status of grievance (under

investigation, closed, open). A grievance log form is suggested for logging grievances.

Acknowledge: The grievance officer or the ESMS officer or any other designated officer must acknowledge the receipt of a complaint within a specified period of time (usually 3-5 working days). For complaints received in-person, an acknowledgment can be provided on the spot or subsequently either through an email, SMS or letter.

Assess and grievance rating: The grievance officer (or ESMS officer or any other designated officer) should conduct a timely initial assessment of the complaint to determine whether: (i) it pertains to the project/ company operations; (ii) it falls within the purview of the GM; and (iii) the complainant is a community member. After determining the validity, the grievance officer should ascertain if the issue can be resolved without the involvement of other company staff. If not, it should be referred to the concerned department with timeline for closure.

As part of initial assessment of the grievance, a risk rating may be assigned as suggested by TDB in its main ESMS.

Once the grievance has been rated it should be forwarded to the relevant individual or department to be addressed (e.g. HR, Production, Procurement etc). Repeated or continuous Level 1 or 2 complaints must be escalated to the next management level up, if the cause is not rectified within an acceptable period of time.

> **Grievance risk rating criteria**
>
> - A **Risk Level 1** complaint is one which is isolated, or "once-off" (within a given reporting period), and essentially local in nature, and has little potential to cause long term damage to stakeholder relations locally and nationally.
> - A **Risk Level 2** complaint is one which is widespread and repeated, has resulted in attention from the media at local / regional level, and has the potential to cause damage to stakeholder relations locally and nationally.
> - A **Risk Level 3** complaint is one which is both widespread and / or repeated and which, in addition, has resulted in a serious breach of Company policies, or the law and / or has led to negative national / international media attention, or is judged to have the potential to generate negative comment from the media, or other key stakeholders. A Risk Level 3 complaint also has the potential to cause major damage to stakeholder relations, locally, nationally and internationally.

Investigate and resolve: An officer of the relevant department or an investigation team (overseen by the ESMS officer) should be assigned (certainly with 10 days of receipt of the grievance). The concerned officer or team should be tasked with investigating the underlying cause of the grievance and action any changes required to internal systems to prevent a recurrence of a similar grievance. An Investigation Report should be completed within 15-20 days. The endeavour should be to always complete the investigation as soon as possible.

After investigation, the next step is for the relevant department or investigation team to propose a resolution to the complainant. No further action is needed if the complainant accepts the resolution. If the solution is not accepted, the complaint should be escalated to the senior management and subsequently to a grievance committee for further investigation and resolution. An escalation mechanism is shown in **fig 1**.

Implement resolution: In case the resolution involves implementation of certain corrective actions, the project/ company should implement those as per the agreed timeline.

Monitor and close: The complaint and implementation of its resolution should be monitored for a reasonable period to make sure that there are no residual issues and risks either to the project/ company or the community.
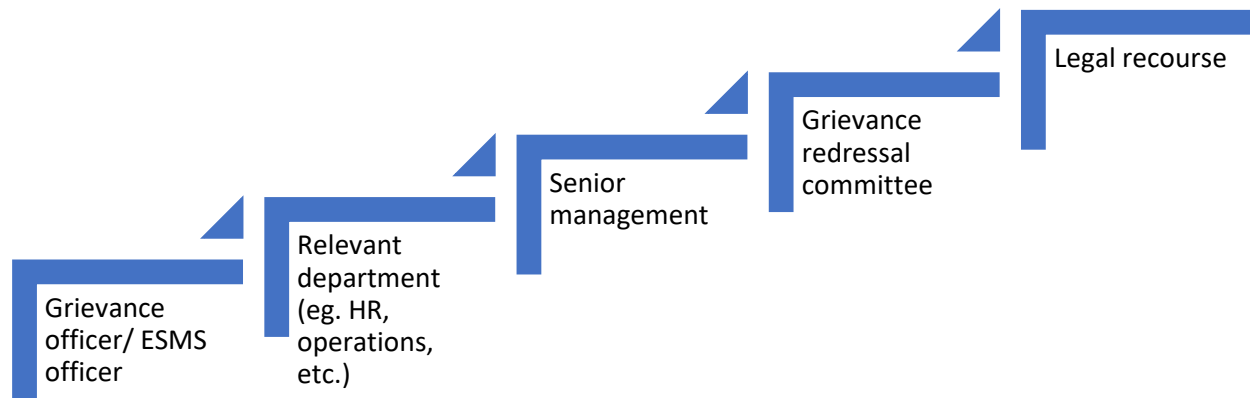
Feedback: An effective GM must have a feedback mechanism through which timely feedback should be provided to the complainant and the larger community (if the complaint relates to more community members).

5.   RESOURCES

The project/ company should define institutional roles and responsibilities for implementation of the GM. Most commonly, projects/ companies hire/ depute a grievance officer who is the first point of contact for all matters related to the GM. The grievance officer can also resolve some of the simpler grievances. Grievances that require intervention of specific departments should be forwarded to them for resolution. In case the resolution proposed by the concerned departments is unacceptable to the complainant then it should be escalated to the senior management of the TDB client and subsequently to a grievance committee. Typically, grievance committee has representatives from the project/ company, the community, and civil society organizations working in that area.

The following figure shows an example of an escalation mechanism for grievance redress.

Fig 1: Escalation mechanism

Grievance officer/ ESMS officer → Relevant department (eg. HR, operations, etc.) → Senior management → Grievance redressal committee → Legal recourse

In addition to defining institutional roles and responsibilities, the project/ company must also allocate budget for implementation of GM.

6. REPORTING GRIEVANCES TO TDB

The company/ project must provide for (in their GM) community grievances to be reported to TDB for resolution, through TDB's external communication mechanism (ECM). However, the option of approaching TDB should be exercised only after a complainant has first sought resolution through the project/ company level grievance mechanism. In her complaint to TDB, the complainant must provide evidence of first seeking resolution through the company/ project's GM and justification for reluctance to use the company/ project level GM (in case they have not used it). TDB will work towards resolving issues brought to their notice jointly with their client.

It will be the responsibility of the project/ company to ensure that this aspect of the GM is communicated and explained to the community.

7. MONITORING OF GM AND REPORTING

Monitoring and reporting can be tools for measuring the effectiveness of the grievance mechanism and the efficient use of resources, and for determining broad trends and recurring problems so they can be resolved proactively before they become points of contention. Monitoring helps identify common or recurrent claims that may require structural solutions or a policy change, and it enables the company to capture any lessons learned in addressing grievances. Reports containing the following information should be prepared and shared with the top management on regular basis.

- Number of grievances received;
- Total number of grievances open and closed;

- Average time taken for the closure of the grievances;
- Repetition of the grievances;
- Nature and type of grievances;
- Number of grievances coming from the vulnerable PAFs (including, women, elderly, BPL families, disabled, etc.);
- Number of grievances escalated to the grievance committee.

The TDB Client's ESMS officer or grievance officer will compile concise quarterly and annual reports of all grievances logged, results of these activities and grievances, and monitoring of the success of the stakeholder engagement and grievance resolution process. This will be made available for internal reporting as well as to TDB's ESMS manager and ESMS officer.

In addition to the quarterly and annual reports, TDB must be notified, as soon as possible and in not more than 5 days of receipt of the grievance, if it is assessed to be Level 2 or Level 3.

GRIEVANCE LOG FORM

SECTION 1: COMPLAINANT DETAILS

Complaint reference number	Date when complaint received	Recipient of complaint	Mode in which complaint was identified / submitted by complainant

Name of Complainant / Organisation making the complaint (if not anonymous)

Contact details	Phone number	Address

SECTION 2: DETAILS OF COMPLAINT

Description of the complainant:

Date on which incident occurred leading to the complaint	

SECTION 3: ACKNOWLEDGEMENT OF COMPLAINT

Acknowledgement of complaint sent to complainant (Y / N)	Date when acknowledgment was sent	Timeline for resolution

SECTION 4: ASSESSMENT OF COMPLAINT

Manager/ department responsible for addressing the complaint	
Time and date complaint referred to	

Description of action taken

Description of action proposed for resolution of complaint with timeline

Corrective action	**Date of completion**	**Evidence of completion**

SECTION 5: FEEDBACK TO COMPLAINANT

Resolution communicated to the complainant	Y/N
Date of which it was communicated	
How was it communicated?	
Complainant's initial response to the resolution	

SECTION 6: EFFECTIVENESS REVIEW

How were the actions verified to be effective at resolving the complaint?

Approved By	**Date**

SUGGESTED FORMAT FOR COMPLAINTS REGISTER

Complaint #	Date of complaint	Nature of complaint	Village/ community from where complaint is received	Mode of complaint	Date of acknowledgement	Concerned department	Date on which the complaint was referred to the concerned department	Date of resolution	Date on which resolution was communicated to the complainant	Corrective action plan implementation status	Date of escalation	Date on which complaint is closed