

# Sustainability Guidance Note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects

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## 1. Overview

Stakeholder engagement is a key component of the Environmental and Social Policy that applies to all activities financed by the Green Climate Fund (GCF), and to both private and public sector accredited entities (AEs). This includes projects directly financed by GCF, as well as the many subprojects supported and implemented through GCF-supported programmes, financing frameworks and financial intermediaries (FIs).

Requiring AEs to establish meaningful consultation and engagement processes is a strategic priority embedded in the environmental and social management system for GCF and the environmental and social safeguards, Environmental and Social Policy, Gender Policy and Indigenous Peoples Policy of GCF. With this requirement, GCF underscores its commitment to improving the well-being of vulnerable populations including indigenous peoples as well as enhancing any social and environmental outcomes of its activities while avoiding and mitigating any adverse impacts its activities might cause.

Integrating the voices of communities and individuals into project and subproject design and implementation is in line with internationally recognised safeguard policies, norms and practices. By engaging early and often with stakeholders, AEs, intermediaries and their partners can develop interactive and constructive processes to ensure that people are well informed, their ideas are advanced, and their concerns are heard and addressed.

Designing stakeholder engagement plans that incorporate multiple interests and issues while simultaneously complying with a range of policies and regulations may at first seem overwhelming. This guidance note offers practical steps for getting started, and for developing tools and approaches that can benefit all parties over the life of a project and beyond. It provides guidance on how to meet the requirements for stakeholder engagement and consultation outlined in GCF policies. The guidance note is not a Fund policy, nor mandatory and it does not substitute for the need to exercise sound judgment in making decisions related to stakeholder engagement in projects and programmes. This note provides:

- An overview of GCF stakeholder engagement requirements;
- Characteristics of meaningful consultation and engagement;
- Key components of a meaningful stakeholder engagement plan; and
- Additional resources for designing and executing a successful stakeholder engagement plan.

## 2. GCF stakeholder engagement requirements

GCF requires AEs and intermediaries to develop stakeholder engagement plans based on the principles of transparency, accountability, inclusiveness, non-discrimination, and “do no harm”.

All stakeholder engagement plans for directly financed projects and those financed by intermediaries should have:

- A detailed process for effective engagement with communities and individuals – including vulnerable and marginalised groups and individuals – who are affected or potentially affected by proposed GCF-funded activities;
- A description of how information will be disclosed; the process by which meaningful consultation and informed participation will occur in a culturally appropriate and gender responsive manner; and, in certain circumstances, steps that will be taken to obtain the free, prior and informed consent of indigenous peoples; and

- A process for receiving and managing concerns and grievances at the project level that has been designed in consultation with stakeholders and complements the AE's grievance redress mechanism and GCF Independent Redress Mechanism.

For the Readiness Programme, stakeholder engagement planning is included in the criteria for GCF readiness support. Successful proposals articulate stakeholder engagement plans that are transparent, participatory, and gender-inclusive, and include good practices such as:

- Defining a clear mechanism for stakeholder engagement and coordination throughout the iterative adaptation planning process, including a focus on the private sector, sub-national governments and civil society organisations;
- Communicating climate impact, risk and vulnerability information to key stakeholders, including the private sector, in compelling and easy to use formats;
- Integration of stakeholder engagement processes within existing broader development planning and coordination mechanisms; and
- Consideration of stakeholders through structured communication strategies showcasing results of readiness support.

### **3. What is “meaningful” consultation and engagement?**

GCF requires AEs and intermediaries to develop plans and processes for “meaningful” consultation and engagement with stakeholders. This requires a deep commitment by AEs, executing entities and intermediaries to use stakeholder engagement as an opportunity to improve each phase of their activities rather than as a procedure designed simply to validate or confirm people's positions.

“Consultation” involves seeking the input of various interest groups, including those that are traditionally marginalised or under-represented, to better understand their perspectives on a proposed activity. Well-designed consultation processes show due diligence in considering the breadth of stakeholders' opinions.

“Engagement” is a more in-depth, nuanced and time-intensive process that gives stakeholders a larger role in framing questions and participating actively in discussions about the activity.

Meaningful stakeholder consultation and engagement processes can result in unexpected opportunities to innovate and collaborate on shared challenges, build trust and credibility, and improve outcomes. They give stakeholders themselves an opportunity to help design the engagement plan, and they involve an ongoing, two-way dialogue that is strategically planned and implemented.

Consistent with international good practice, and based on the experiences of development organisations and financial institutions, stakeholder engagement that is “meaningful” has some of the following characteristics:

- Processes are designed to be flexible, adapting and responding to national and local conditions and activity requirements;
- Project budgets include resources for stakeholder engagement activities, including salaries or fees for qualified staff and/or consultancy expertise to carry them out;
- Engagement begins early enough to identify key issues and influence related decisions;
- Information is presented in understandable and culturally appropriate formats;

- Communication flows two ways, allowing all sides an opportunity to listen, exchange views and have their concerns addressed;
- Processes are inclusive; and take into account that women, men and members of different ethnic groups may have different needs and perspectives, as well as different approaches to engaging and decision-making;
- Engagement activities are free from coercion or manipulation;
- Meetings are well documented to keep track of the information disclosed, the groups and individuals who have been engaged, when and where meetings took place, key issues raised, commitments and agreements, and how stakeholder concerns have been addressed; and
- There is a clear and mutually agreed process for timely reporting of actions taken, with clarification regarding upcoming steps.

#### **4. Steps to developing a meaningful stakeholder engagement**

A good stakeholder engagement plan should be simple to understand and follow, but not simplistic in its approach to people and issues. Below are five steps to planning and implementing a successful stakeholder engagement process that reflect GCF requirements as well as current good practice in private and public sector stakeholder engagement planning.

##### **Step 1: Develop a strategy**

Being clear about why stakeholder engagement is important, both to impacted communities and project implementers, will help create a more focused and meaningful engagement plan. A helpful starting point is to brainstorm and develop an overarching stakeholder engagement strategy that articulates the purpose and objectives of the engagement plan, guiding principles, commitments and success indicators, organisational roles and responsibilities related to stakeholder engagement activity, and any other elements that communicate the goals, structure and requirements of stakeholder engagement and information disclosure.

The stakeholder engagement strategy team should include AE management and any key personnel responsible for engaging communities. This would include gender and cultural specialists as well as others with specific relevant expertise.

Developing an engagement strategy provides clarity and direction to internal working teams, and it communicates to the broader public that AEs recognise and respect the values, beliefs, perceptions and ideas of people and communities impacted by their activities.

##### **Step 2: Map stakeholders and issues**

A stakeholder “map” is a visual representation of a stakeholder analysis and is critical to the success of any engagement plan. It helps organise people and interest groups according to specific criteria related to the activity, for example, peoples’ positions (what they want) and interests (why they want it) in a project; their expectations; their relative influence on a project and/or influence within a community or organisation; their emotional stake in an issue or a project; their financial or political positions; and their potential contributions to a project or activity.

Stakeholder maps can be drawn in various ways, including on grids or spreadsheets with “mind-mapping” software, among others. Mapping exercises are a crucial starting point for developing strategies to engage stakeholders effectively, address their concerns and gain their support. Careful stakeholder analysis and mapping also can help ensure that engagement activities promote a range of diverse participants and perspectives, including those of groups that may be

traditionally marginalised, rather than relying on only the most obvious or passionate viewpoints.

Stakeholder maps are typically “dynamic”. This means people’s perspectives and interests can sometimes change throughout the life of a project, or even over the course of a stakeholder assessment or engagement process. For example, an environmental group may have a strong position about a proposed GCF activity and later change that position based on the disclosure of information, updated project plans, or deeper engagement with project implementers. Alternatively, new interest groups may emerge at various points in the process, requiring adjustments to the stakeholder and issues map. New set of stakeholders may be identified during the project’s implementation as a result of continuing consultations and communication. The guidance for meaningful consultations, including the requirements and process for engagement, may also be applied for stakeholders that are identified at later stages of project implementation.

Because not all interest groups will share the same concerns or perspectives, it is important to develop a prioritised engagement list using a grid or hierarchy system. This involves an analysis of multiple factors relating to the potential social and environmental impacts of the activity, and the level or intensity of engagement that may be required for each stakeholder group. For example:

- Which groups will be most adversely affected by the activity’s impacts within the area of influence?
- Which stakeholder groups outside the main area of influence may potentially be impacted?
- At which phase of the project will stakeholders be most affected (for example, during construction, operations, closure, etc.)?
- What steps might be necessary to engage the most vulnerable stakeholder groups?
- Are there stakeholder groups whose opposition to a project could be detrimental to its success?

It is important to remember that there is no “right” or “wrong” stakeholder map. What is key at this stage is to develop a carefully considered and prioritised stakeholder and issue list, understanding it will likely change over time, and using the initial mapping exercise to prepare for longer-term engagement activities.

### **Step 3: Engage with stakeholders**

The best approach to engaging with each stakeholder group will become much clearer once the initial stakeholder and issues map has been “vetted” by the stakeholders themselves. This involves reaching out to the people and groups identified during Step 2, the mapping process, to test assumptions about what is most important to people. These “pre-consultations” also help deepen an understanding of people’s expectations, interests and motivations. In addition, these initial conversations provide an opportunity to share detailed information about the activity, gather ideas about the most appropriate approaches to communication and engagement, and generally refine the stakeholder map and engagement strategy.

It is crucial to meet with all the stakeholders identified in the mapping exercise and not just those who are nice or more amenable to a project. Once engagement activities are underway, multiple tactics will likely be necessary for engaging these different stakeholder groups. A basic approach is to divide stakeholders into three categories:

**Engage.** These high-priority stakeholders are most likely to be impacted by GCF-financed activity. As “key” stakeholders, they will be regular participants in dialogue and negotiation processes, partnerships, joint fact-finding exercises and the like.

**Communicate.** This stakeholder group may have a high degree of interest in the activity, a willingness to engage, and/or expertise on a relevant subject matter but are not as directly impacted as “key” stakeholders. Communication with this group may involve soliciting feedback via surveys or focus groups, sending newsletters or social media updates, or sharing invitations to specific types of activities or meetings.

**Inform.** This stakeholder group will be less interested in conversations or negotiation processes but may still wish to receive information and updates about a project or activity.

Several additional considerations and good practices when engaging with stakeholders include:

- Choosing meeting locations or venues where stakeholders feel most comfortable;
- Providing information about the GCF-financed activity that responds directly to the expectations and interests (not only internal objectives and activities); provided in a reasonable period that allows opportunity for the stakeholders to understand the project prior to consultations; and information that is understandable and contextualised for different stakeholder capacities and languages, including information and consultations with neighbouring countries on projects that may have potential transboundary environmental and social impacts;
- Ensuring that consultations are gender-inclusive (i.e., equal representation of both women and men) and are culturally-appropriate; that vulnerable groups are represented; that take into consideration the cultural practices of the stakeholders; and that engagement processes are free from coercion, intimidation or reprisals if contrary viewpoints are expressed;
- Listening deeply; acknowledging people’s concerns; summarising common ground and areas of disagreement; and being prepared to negotiate, change plans, and explore alternatives;
- Offering multiple opportunities for consultation and engagement (for example, one-on-one meetings, surveys, workshops, focus groups, participatory events, etc.); throughout the project implementation to inform the stakeholders of new developments and changes in the project’s risks and impacts; and allows for differentiated approaches to ensure effective engagement of vulnerable and marginalized groups and individuals;
- Keeping records of meetings and engagement activities that acknowledge peoples’ perspectives and detail any agreements and timelines for accomplishing tasks; and
- Distributing summaries of meetings to stakeholders and other appropriate interest groups.

#### **Step 4: Implement the plan**

A stakeholder engagement process can lose momentum and trust if agreements are reached and not implemented. In consultation and negotiation processes, it is important to work through practical details or commitments that will help turn a decision into reality. This involves developing action plans aimed at translating findings, agreements, or recommendations into concrete actions and then communicating those actions to the relevant stakeholder groups.

One approach is to develop a two-tiered action plan where one tier focuses on internal steps the AE and its partners will take to implement an agreement or commitment, and another focuses on external actions. Internal actions might include revising designs or strategies, building internal capacity or buy-in, or adjusting timelines or budgets. External actions could involve targeted communications, issue-specific engagements or stakeholder meetings, or engaging outside expertise or partners.

Implementation plans should include clear descriptions of any commitments, explanations of the rationale behind the commitment or decision (even if the decision is NOT to act upon a

recommendation), budget requirements, timelines, and the roles and responsibilities of AE personnel or interest groups who will be responsible for implementing the actions.

### **Step 5: Monitor and follow-up**

Successful stakeholder engagement plans include a monitoring process to understand not only how well engagement activities are working and why, but also to respond to unexpected events as they unfold, for example in cases where there are changes in the scope, activities, locations or policy settings of the project that may introduce new environmental and social risks and impacts or elevate the level of risks and impacts, and to identify and correct what is not working well. Sometimes, no matter how well planned an engagement process is, there are surprises or incidents that are difficult or impossible to predict.

Evaluation should be included as part of the overall engagement strategy, with monitoring activities being undertaken at regular intervals throughout the life of a project or activity, and involving communities and stakeholders following participatory processes. For example, some projects align stakeholder engagement monitoring with project milestones, while others conduct quarterly or biannual evaluations of ongoing stakeholder engagement activities.

Monitoring and evaluation of stakeholder engagement processes and outputs consider factors such as:

- Number and diversity of stakeholders participating in various engagements and at what levels;
- Feedback from stakeholders on the effectiveness of the plan, level of trust generated, satisfaction with the level of engagement and outputs, and disclosure and provision of information about the activity;
- Completion of agreements and commitments; and
- Extent of involvement of women, vulnerable or minority groups, and other more traditionally under-represented stakeholders.

One overarching goal of the monitoring and evaluation process should be to determine (a) which aspects of the engagement plan are contributing to success, and (b) which aspects need improvement. In addition, monitoring and evaluating the successes and challenges associated with an engagement plan can help build trust, demonstrate transparency and strengthen stakeholder willingness to participate and engage.

## **5. Readiness support for stakeholder engagement activities**

Ensuring stakeholders are engaged through consultative processes is one of the Readiness Programme's overall objectives. The Programme can support the development of stakeholder engagement processes in relation to country priorities (including support for country programmes that identify strategic priorities for engagement with GCF).

While countries are encouraged to formulate their stakeholder engagement activities based on their specific circumstances and preparatory objectives, readiness proposals generally seek support for projects such as:

- Assisting NDA or Focal Points' efforts to engage stakeholders at national and sub-national levels, including government, civil society and private sector actors;
- Covering technical or management costs associated with stakeholder engagement activities – including oversight and alignment with other national bodies' stakeholder engagement

(i.e. civil society, academia and the private sector), dialogues with implementing entities and intermediaries.

- Meetings, trainings, workshops, facilitation and consultations. This often includes consultations with non-governmental stakeholders and processes to promote and improve the quality of stakeholder participation, including travel costs and per diems for civil society participants.

Regardless of the specific type of stakeholder engagement support a country seeks, applications for readiness support should base their request on thorough stakeholder assessments, good practice in stakeholder engagement, and GCF's overall stakeholder engagement requirements.

## 6. Conclusion

Multi-stakeholder engagement is critical for the effective preparation of GCF funding proposals as well as ongoing monitoring and evaluation after approval. Yet designing a “meaningful” stakeholder engagement plan may initially seem overwhelming or even intimidating. The five steps described here serve as a starting point for AEs, executing entities and intermediaries, reflecting years of experience and good practice in stakeholder engagement planning and design. The approach aligns with key provisions of the GCF Environmental and Social Policy, Gender Policy and Indigenous Peoples Policies as well as environmental and social safeguards, which require, among other things, that all projects and programmes be designed and implemented in accordance with GCF requirements for stakeholder engagement and disclosure.

Today, the term “stakeholder engagement” describes a deeper, more inclusive and continuous process between a project developer and the people and communities impacted by that project. “Meaningful” stakeholder engagement encompasses a series of strategies and activities throughout the life of a project. Current good practice in stakeholder engagement planning reflects the ever-growing interest and concern about the social and environmental impacts of large-scale projects, and the recognition by development and climate finance organisations that good stakeholder engagement is a prerequisite for “doing better” by improving access to environmental and social benefits and the wellbeing of vulnerable populations including indigenous peoples and for “doing no harm”, managing environmental and social risks, and improving outcomes for all GCF-financed activities.





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