



Doing Better Business Through Effective Public Consultation and Disclosure

A Good Practice Manual



INTERNATIONAL FINANCE CORPORATION
A Member of the World Bank Group



IFC
Environment
Division

Promoting Environmentally
and Socially Responsible
Private Sector Investment



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FOREWORD



Jannik Lindbaek

The International Finance Corporation (IFC), a member of the World Bank Group, shares the primary objective of all Bank Group institutions: to improve the quality of the lives of people in its member countries in the developing world. Today, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world. Since IFC's founding in 1956, we have invested more than \$23.9 billion of IFC funds and arranged more than \$17 billion in additional private sector investment for 2,067 companies in 134 developing countries. As IFC approaches the new millennium, I am positive that the dynamism I have witnessed over the past 4.5 years as Executive Vice President of IFC will continue to shape the growth of private sector development in the developing world.

In every investment, IFC seeks to maximize its development impact. This includes working to avoid or mitigate adverse environmental and social impacts and, beyond this, to enhance the benefits to communities directly affected by projects. IFC has strengthened its capability and procedures to deal with these issues. IFC has, furthermore, adopted revised environmental and social policies modeled closely on those of the World Bank, but specifically designed to reflect IFC's private sector mandate and project cycle.

A critical component of this new policy and procedural framework deals with the need for, and the benefits of, consultation with people affected by IFC projects. In-depth reviews of our track record and existing practices, have shown that IFC and the private sector sponsors of its investment projects, would benefit from better guidance on how to identify project-affected people and carry out meaningful, culturally appropriate consultation with them.

This Good Practice Manual seeks to address this need. While it was initially designed to be an integral part of IFC's in-house procedural framework, I feel that the subject is of relevance to private sector investors at large. I am pleased to make the Good Practice Manual available to interested parties and practitioners in the field.

Good practice also includes having management structures and skills to ensure long-term dialogue with affected communities. The advantages for project sponsors are clear. Consultation and disclosure with affected people and groups brings local knowledge to a project's design, construction, and operation, thereby increasing efficiency and avoiding future costs. Candid, two-way communication can help to identify and solve problems and

conflicts while they can still be resolved in an atmosphere of trust between the sponsor and other interested parties, such as community groups, NGOs, and government agencies. The long-term sustainability of investments is critically dependent on good relations with all stakeholders.

IFC's approach to investing in development continues to evolve. We remain committed to working with private sector partners, to leverage our investments and to reap the collateral benefits of strengthening market economies in our member countries. Our understanding of development, however, has broadened to include looking at each potential project's environmental and social impact, as well as its potential for economic growth. This manual describes one of the most important ways to do just that: by sitting down with people in the community, speaking to them directly, and listening to what they have to contribute.



Jannik Lindbaek

*Executive Vice President
International Finance Corporation*

October, 1998

ACKNOWLEDGMENTS

This Good Practice Manual on public consultation and disclosure in the private sector has been prepared by the Environment Division of the International Finance Corporation (IFC). It was prepared by an IFC team led by Shawn Miller and Debra Sequeira with substantive input from Environmental Resources Management (ERM)-London. The work was carried out under the general direction of Martyn Riddle, Associate Director, Technical and Environment Department, Environment Division and Glen Armstrong, Head, Environment and Social Review Unit.

The Good Practice Manual builds on the “lessons learned” generated by an external review of IFC’s experience regarding public consultation and information disclosure conducted by ERM-London in mid-1997. One of ERM’s main findings was that IFC does not provide its sponsors with sufficient guidance so that they can effectively carry out public consultation and disclosure activities, as required by IFC’s Policy on Disclosure of Information and other Operational Policies. IFC believes the Good Practice Manual goes a long way in providing solid “good practice” and “how to” guidance for private sector project sponsors when carrying out quality public consultation and information disclosure activities.

Many other people within IFC provided valuable input, advice and support including Andreas Raczynski, Mark Constantine, Dan Aronson, Arthur Fitzgerald, Kerry Connor, Motoko Aizawa, Kathy McGann, Carol Mates, and Kathleen Lynch. In addition, IFC Environmental Specialists, Social Development Specialists and in-house consultants provided helpful insight into their experience regarding public consultation and disclosure. Special thanks go to Executive Vice President Jannik Lindbaek, Vice President and General Counsel Carol Lee, and Vice Presidents Jamil Kassum and Assaad Jabre for providing leadership and the foresight to “push the envelope” in this area.

Various external reviewers provided helpful comments particularly Shelton Davis and Nightingale Rukuba-Ngaiza of the World Bank’s Social Development (SDV) Family; Jane Nelson of the Prince of Wales Business Leaders Forum (PWBLF); Kay Treakle of the Bank Information Center (BIC); Alan Dabbs of ProNatura; and Desmond Connor of Connor Development Services. We have taken their comments into account during final drafting.

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ACRONYMS

BOT	build-operate-transfer
CAP	Corrective Action Plan
CBO	Community-based organization
CLO	Community Liaison Officer
EA	Environmental Assessment
EAP	Environmental Action Plan
EIA	Environmental Impact Assessment
ERS	Environmental Review Summary
IFC	International Finance Corporation
NGO	Nongovernmental organization
OP	Operational Policy
PCDP	Public Consultation and Disclosure Plan
SA	Social Assessment
ToR	Terms of Reference

Section A: Introduction





PURPOSE OF THE GOOD PRACTICE MANUAL

The International Finance Corporation (IFC) has prepared this Good Practice Manual on public consultation and information disclosure. Its primary function is to provide good practice guidance to private sector project sponsors on disclosing information and consulting with the public, with the aim of building not only financially successful projects, but environmentally and socially responsible ones as well.

IFC goals

IFC, the private sector arm of the World Bank Group, represents the world's largest multilateral source of debt and equity financing of private sector projects in developing countries. IFC promotes private sector development in a manner that provides a reasonable return on investments, fosters corporate responsibility for environmental and social concerns, and allows transparency in the assessment and management of projects' environmental and social impacts, while preserving client confidentiality.

Private sector focus of the Good Practice Manual

IFC recognizes that the private sector has specific characteristics and operates under certain constraints, which at times make public consultation and disclosure particularly sensitive and complex. The Good Practice Manual is therefore based upon practical experience from current IFC activities, and other examples of international good practice for public involvement and consultation in private sector projects. The guidance presented in this Good Practice Manual is specifically tailored to assist companies working in developing and emerging economies.

Meeting IFC requirements

Since 1993, the conditions for IFC investments have included public consultation and information disclosure. A range of procedures, policies, and guidance have been developed by IFC to support and implement these two closely related activities. In 1998, IFC undertook an extensive exercise to more clearly articulate its environmental and social review and information disclosure requirements and, in turn, provide its sponsors and staff with improved guidance. By working with the guidance provided in this manual, project sponsors will be able to meet IFC's requirements. The Good Practice Manual also takes into account the fact that companies may approach IFC after some environmental and social analysis and consultation is already complete. Guidance is therefore provided on how project sponsors may adapt and build upon prior work in order to meet IFC requirements.

More specifically, this manual provides guidance on a required format and sequence to be followed in public consultation and disclosure, but the specific arrangements for engaging with relevant stakeholders and providing them with information are left up to the project sponsor. IFC staff will review project reports carefully to ensure that the sponsor is implementing public consultation and disclosure systematically and in good faith. IFC recognizes, however, that the substantial differences among sponsored projects mandate different approaches to fulfilling consultation and disclosure requirements.

Who should read the Good Practice Manual?

Project participants and others interested in the importance of public consultation in project development and the expectations of IFC should read Section A. Section B focuses on managing the entire public consultation process and is geared towards project managers. Section C has been written for line managers and those practitioners and consultants engaged in planning and implementing public consultation activities at various stages of the project.



WHAT IS PUBLIC CONSULTATION?

Public consultation, as referred to in this Good Practice Manual, is a tool for managing two-way communication between the project sponsor and the public. Its goal is to improve decision-making and build understanding by actively involving individuals, groups and organizations with a stake in the project. This involvement will increase a project's long-term viability and enhance its benefits to locally affected people and other stakeholders.

Why consult the public?

The private sector is increasingly being called upon by both governments and the public to address the environmental and social challenges of development. Public consultation plays a critical role in raising awareness of a project's impacts and gaining agreement on management and technical approaches in order to maximize benefits and reduce negative consequences. Furthermore, consulting and collaborating with the public makes good business sense. Public consultation can lead to reduced financial risk (from delays, legal disputes, and negative publicity), direct cost savings, increased market share (through good public image), and enhanced social benefits to local communities.

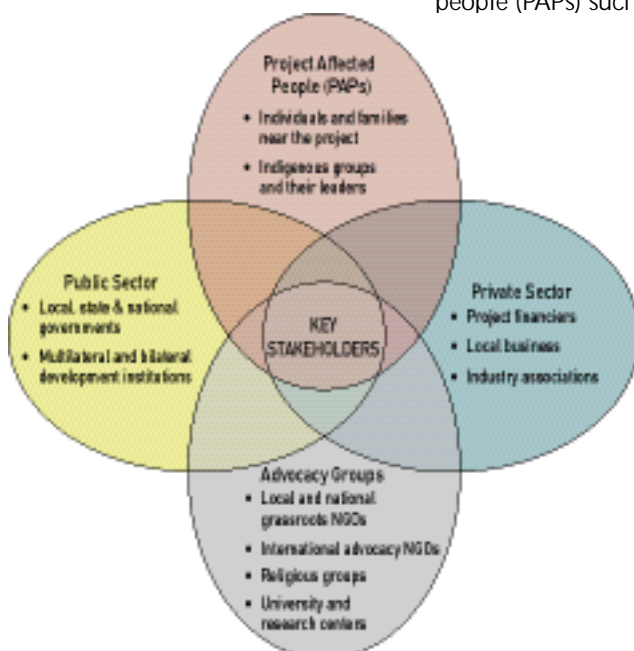
"... Furthermore, consulting and collaborating with the public makes good business sense ..."

Why information disclosure?

Information is critical to the effective participation of affected citizens near the project. An informed public will better understand the trade-offs between project benefits and disadvantages; be able to contribute meaningfully to project design; and have greater trust in its new corporate neighbors.

Who is the public?

Consulting with the public involves those people who are directly and indirectly affected by a project and other interested parties who have the ability to influence a project's outcome, positively or negatively. These are known as stakeholders and may include project affected people (PAPs) such as individuals and families living near



project sponsor; public sector organizations such as local elected officials and central government departments; organizations such as local, national, and international non-governmental organizations (NGOs), universities and research centers, and religious groups; and other private sector companies and business associations. Identifying all stakeholders, especially the poor and marginalized, is essential to producing good consultation results.



IFC'S REQUIREMENTS REGARDING PUBLIC CONSULTATION AND DISCLOSURE

IFC has various policy and procedural requirements designed to ensure that the projects in which it invests are implemented in an environmentally and socially responsible manner. These include public consultation and disclosure requirements found in:

- IFC's 1998 Procedure for Environmental and Social Review of Projects
- IFC's Policy on Disclosure of Information
- Several IFC Operational Policies (OPs), particularly OP 4.01, Environmental Assessment

Environmental Assessment (EA)

IFC's Operational Policy on EA (OP 4.01, *Environmental Assessment*) requires public consultation and information disclosure for Category A projects and for Category B projects where appropriate. Because the issues addressed in the EA are frequently of public concern, the EA process has been adopted as the procedural framework within which IFC promotes public consultation and information disclosure, and monitors compliance by the project sponsor. (See *Annex A* for both a summary of IFC requirements regarding public consultation and disclosure and a description of how IFC categorizes projects.)

For Category A projects, the EA report is normally an Environmental Impact Assessment (EIA). After the EA report has been accepted, IFC also requires consultation as an on-going process to be carried out during the construction and operation phases of a project. This consultation should be documented in annual monitoring reports submitted to IFC 90 days after the end of the project sponsor's fiscal year.

Other IFC policies requiring public consultation

In addition, IFC has a series of other policies which may require public consultation for specific situations applicable to many projects. These are:

- OP 4.04, *Natural Habitats*
- OP 4.10, *Indigenous Peoples* (forthcoming)
- OP 4.11, *Safeguarding Cultural Property in IFC-Financed Projects* (forthcoming)
- OP 4.12, *Involuntary Resettlement*
- OP 4.36, *Forestry*
- OP 7.50, *Projects on International Waterways*



PUBLIC CONSULTATION AND DISCLOSURE IN THE PRIVATE SECTOR

IFC recognizes that the private sector operates under conditions that may at times constrain public consultation and disclosure. Interested parties reviewing the performance of a project should take into consideration the following factors, which may influence a project sponsor's ability to carry out public consultation and information disclosure in the most optimal manner possible. Political and commercial factors should not be considered insurmountable obstacles, however, nor should they be seen as excuses for failing to consult with locally affected people. Senior management should consider how to avoid or address these issues, if necessary.

Political factors

- Governments may determine the type, duration, and site of a project before awarding a private concession.
- Governments may remain involved in the project sponsor's consultation activities throughout the life of the project or take over responsibility for such activities.
- In certain countries and contexts, public consultation with local communities can be politically sensitive and therefore actively discouraged or limited by local and national government.

Commercial factors

- Due to the sensitivity of many business decisions within a competitive environment, information in the early stages of a project may be confidential, and the company may have to be particularly cautious in managing its disclosure of information to the public.
- Financial accountability of project managers may cause them to be more concerned than managers in public sector projects over the perceived direct and indirect costs of consultation, for example, the costs of project delays.
- Contracts may include fixed financial arrangements with tight profit margins, such as turnkey projects or build-operate-transfer (BOT) projects. These situations can be particularly problematic when the project budget does not include costs of public consultation or any resulting design changes or other mitigation measures.
- Time horizons may differ. Local people and NGOs may have different ideas from those of the project sponsor regarding the project timeline or when benefits will begin to accrue.



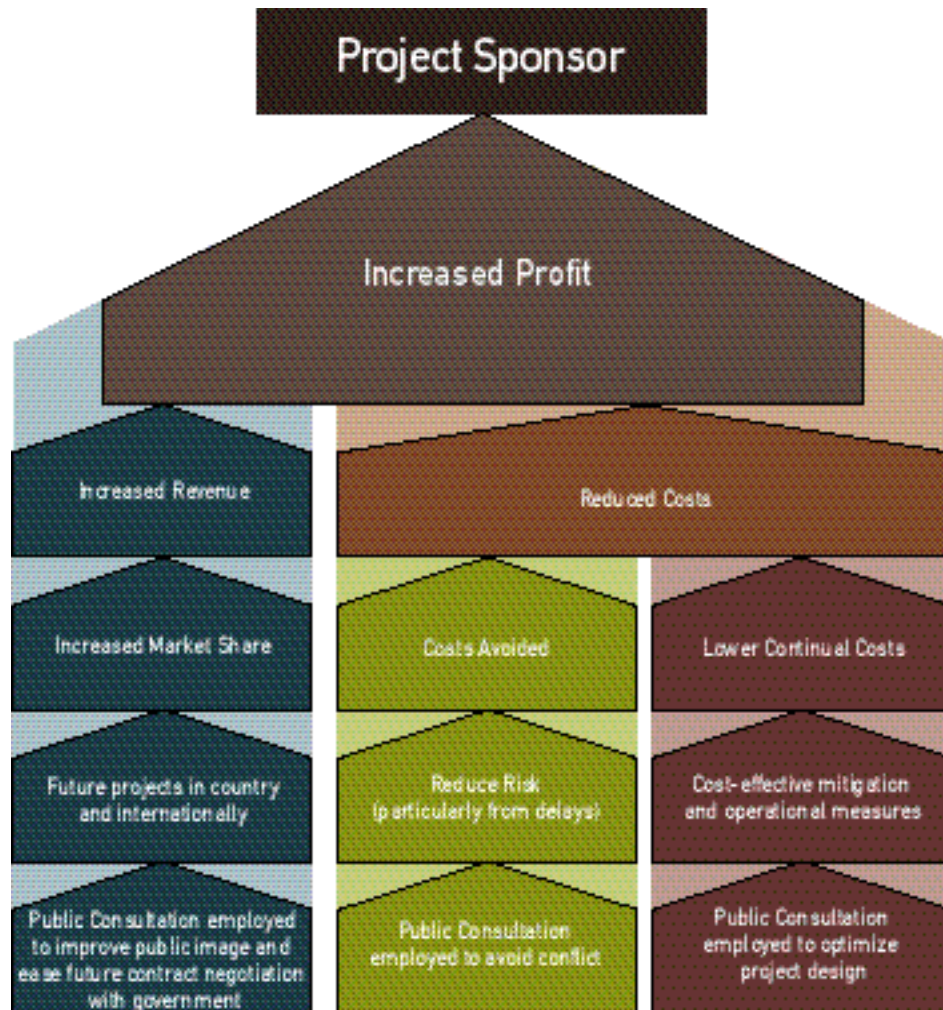


PUBLIC CONSULTATION AND INFORMATION DISCLOSURE MAKE GOOD BUSINESS SENSE

Good public consultation can generate positive financial and commercial benefits for a project sponsor. These benefits include:

- Reduced financial risk
- Reduced direct costs
- Increased market share
- Enhanced social benefits for local communities

The diagram below demonstrates some of the commercial advantages that can result from public consultation.





Reduced financial risk

It is critical to gain and maintain local public and government support for the project. Political opposition, legal action, or local social unrest can delay a project, and can be extremely costly. Consultation can open the lines of communication and help resolve issues before they lead to conflict, reducing financial losses due to delays.

Direct cost savings

Local know-how, shared through public consultation, can often help a project sponsor identify cost-effective mitigation measures. For example, using consultation to identify potential job opportunities on the project for local people not only satisfies local economic and social interests, but can lead to significant savings on accommodation and transport for the project sponsor.

Increased market share

A commercially successful project can improve its chances of winning future government contracts if it has a good public reputation. Public consultation can play a key role in building a positive corporate image. Public consultation demonstrates a company's commitment to the locality and the country. It can facilitate a project sponsor's efforts to be responsive to the public's project-related concerns. If the project sponsor is internationally recognized or is in a joint venture with an internationally based company, public consultation may positively influence international consumers as well.

Enhanced social benefits for local communities

In addition to the advantages for the project, public consultation may provide project sponsors with significant opportunities to benefit people living in the proposed project area(s). Consultation can help make corporate investments more effective by identifying communities' priority needs and designing locally appropriate responses. Greater interaction with their communities may increase local employees' commitment and morale. The goodwill generated by the project may help build local support, which can be valuable to the project sponsor if unanticipated problems occur.





GOOD PUBLIC CONSULTATION COSTS MONEY, BUT POOR PUBLIC CONSULTATION CAN COST A LOT MORE.

Weigh the Options

In addition to the direct costs of good public consultation, there are risks that competitors or interest groups will try to exploit the disclosure and consultation process for their own ends. On balance, however, the risks of failing to consult adequately outweigh the risks of consultation and disclosure. There are many cases in which project sponsors have incurred significant penalties for ineffective public consultation. These include:

- Delays
- Weakened negotiating positions
- Damaged public images

Pitfall 1

Avoidable delay

Relationships became rapidly strained when the residents of a rural community observed bulldozers clearing a corridor for a pipeline through a forested area of communal land. The community was not expecting these disturbances and knew nothing of the developer's intentions. This led to a plea by community leaders for the intervention of the central government, which in turn ordered the developer to cease work and begin negotiating compensation. Had the developer informed the community about the project from the outset, and negotiated its own compensation, there would have been little reason for government involvement, and the eight-month delay that followed is unlikely to have occurred.

Pitfall 2

Weakened negotiating position

In one manufacturing project, the government retained responsibility for acquiring land from a number of families farming the area of the proposed site. The developer remained uninvolved, leaving this sensitive issue to others. However, because of the government's poor resourcing and rigid pricing criteria for compensating the families for their lost land and crops, the acquisition process soon ground to a halt (with the developer unaware of the problem). One week before construction was scheduled to start, the developer found himself agreeing to highly inflated compensation claims. This level of compensation might well have been unnecessary if the developer had taken a more active role in consulting and negotiating with the local people from the beginning.

Pitfall 3

Tarnished reputation

Late, and culturally inappropriate, consultation with the local population over proposed involuntary resettlement left one energy company's plans for a power station in disarray. Because they had not been consulted, local NGOs and elected leaders worked together to create opposition to the project. The resulting media attention generated negative publicity for the project sponsor and left the company with a tarnished reputation. Despite a rapidly growing market for the power sector, four years later the company found that it was still unable to win another government contract.

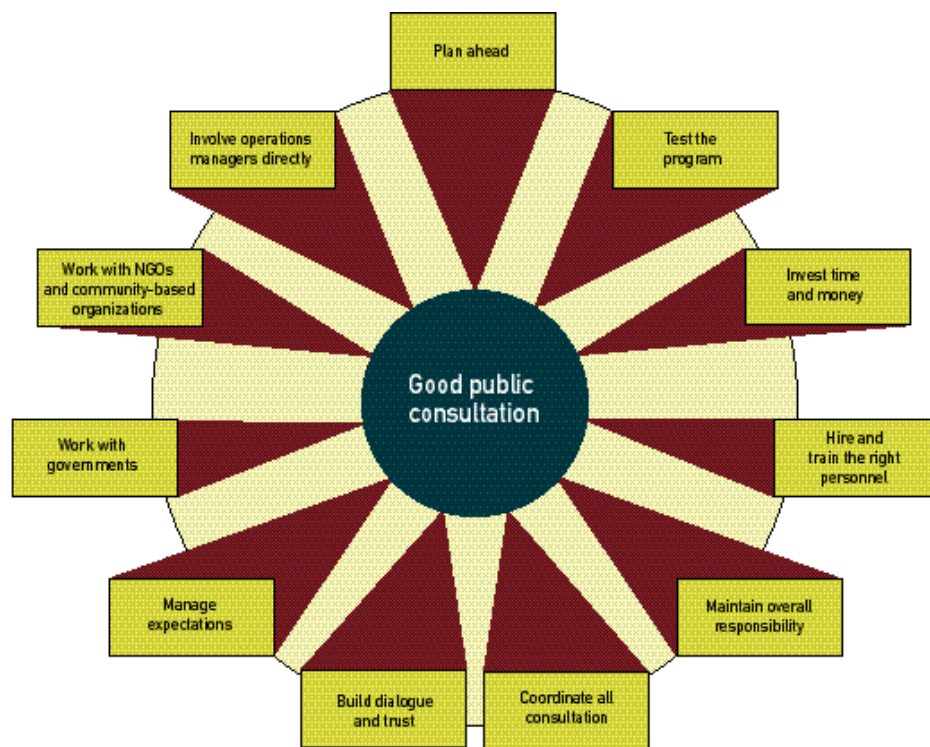
A culturally appropriate program of public consultation that maximized the involvement of the affected population in planning their own future would have helped allay local hostility.





ELEVEN ACTIONS FOR MANAGING PUBLIC CONSULTATION

Public consultation should not be seen as a one-off activity. It is an interactive process, one that begins during the conceptual design of a project and continues throughout construction and operation. This Good Practice Manual provides a set of management actions to guide sponsors in preparing and implementing a project's public consultation and disclosure process effectively, at any point in the project's life.



1. Plan ahead

Effective public consultation requires **advanced planning**. This will include research to identify: (i) any risks to the project arising from the local environmental and social context; (ii) the key parties who may be affected by or able to influence the project's outcome in a negative or positive manner; and (iii) local regulatory requirements calling for public involvement. This research may be supplemented by anecdotes or previous lessons learned from experience in public consultation. It will also include developing a company policy for involving the public, and preparing a detailed program of consultation and disclosure activities.

2. Test the program

Before embarking on a public consultation program, test the proposals. For example, ask whether the intended management process will be structured to:

- **Identify** the relevant stakeholders, i.e., all those individuals, groups and organizations potentially affected by or interested in the project?
- **Inform** these people about the project and its potential impacts on their lives and activities in a timely manner and in a way they can understand?
- **Provide opportunities and time** for people to voice their concerns; identify local conditions, benefits and risks, and mitigation measures; and, where necessary, propose alternative approaches?
- **Respond** to the concerns and ideas raised?
- **Communicate** these responses back to those individuals and organizations consulted, and to the wider public?

3. Invest time and money

Effective public consultation and information disclosure takes **time and resources** and should be viewed as a necessary investment in the future of the project. The scheduling of project activities should allow sufficient time for consultation and for addressing unanticipated issues that may arise. It is important to realize that proposed time horizons for project implementation should be decided early on. The project budget should allow for expenditures such as hiring consultants to perform all the steps necessary to effective public consultation and information disclosure; employing permanent staff with the appropriate qualifications; organizing public meetings; printing and distributing written material, including material translated into local languages; and working with the media.

4. Involve operations managers directly

Commitment of senior managers is not enough. The **support and active participation** of the project sponsor's top management and a commitment to incorporating stakeholder concerns are required to ensure that consultation goals are met. This participation must begin very early in the process, so that the entire company understands the importance of integrating stakeholder concerns into project design and key schedules. Involving senior and operations managers directly in the consultation process also helps ensure that line managers who deal with design, construction, and operations are brought into the consultation process and learning curve.

5. Hire and train the right personnel

From the outset, **identify the management structure with responsibility** for public consultation. Appoint a person, such as a Community Liaison Officer, or team with appropriate qualifications and authority, supervised by a senior manager. The Community Liaison Officer must have direct contact with line management. A reporting structure should be developed so the Community Liaison Officer has Board-level reporting authority and some rank in terms of being able to negotiate, not just listen, on behalf of the company. In addition, community relations personnel should not be viewed as public relations experts delegated to sell the project to the local population, but as community liaison officers whose responsibilities include hearing and considering local concerns and suggestions.





Remember, a good community liaison officer is someone who:

- Possesses good people skills
- Has a good understanding of the local language and community dynamics
- Respects the views of others
- Has a genuine commitment to the position and its goals.

Where appropriate, hire social specialists to undertake complex and sensitive activities. Qualification guidelines for these positions are found in Annex B.

6. Maintain Overall Responsibility

The company should **maintain overall responsibility for the outcomes** of all public consultation performed by external consultants or sub-contractors. These external parties may create bad feelings among affected people if they carry out poor or no consultation; offer project benefits (e.g., employment) which the project sponsor cannot deliver; or do not comply with mitigation measures the project sponsor has already agreed to with the affected people. Affected people will not always distinguish the source of their dissatisfaction and may direct hostility toward the project sponsor. Therefore, the project sponsor should manage external consultants and sub-contractors carefully, through explicit Terms of Reference (ToRs) and contractual arrangements, and monitor their activities once underway.

As every EA is unique, interested parties should encourage both EA and public consultation teams to be diverse in make-up, objective in their findings, and independent of the project sponsor. Remember that maintaining responsibility and monitoring consultants' activities does not mean the project sponsor can or should interfere with overall EA findings or recommendations for mitigation measures.

7. Coordinate all consultation

Over the life of the project, affected people and interested parties will usually interact with a wide variety of project representatives, including delegated project personnel, government agencies, environmental consultants, engineers, geologists, financiers, and contractors, among others. It is extremely important to **coordinate all consultation activities**. Coordination will provide consistency in the information conveyed, increase efficiency, decrease confusion, and reduce the likelihood that the project may make conflicting commitments.

8. Build dialogue and trust

In order to build dialogue and trust, develop two-way channels of communication, preferably in the local language, with project-affected groups and other relevant stakeholders. This will allow the project sponsor to pass on new information about the project quickly and receive information that may help the company respond to changing concerns as the project progresses. Dialogue can be effective only if consultation is convenient and accessible to relevant stakeholders, particularly affected people. For example, locations for consultation and dialogue should be close to places of residence or work. Meetings and visits should be scheduled at times that do not conflict with other obligations of affected people, such as work or family commitments. Particular attention should be given to seeking out less powerful and disadvantaged groups (e.g., women's groups and social service groups assisting the poor) and actively including them in the dialogue in culturally appropriate ways. In addition, special consideration should be given to the culture, language, land use, and territorial rights of affected indigenous peoples, if present in the project area.

In public consultation, as in any personal relationship, **continuity and familiarity build trust and understanding**. It is important to maintain consistency in the personnel who undertake public consultation and interact with key stakeholders. Developing familiarity allows the project sponsor to understand priority concerns and the needs of affected groups, as well as local power dynamics and social structures. In addition, affected groups may appear more likely to accept a project sponsor's behavior once they trust the project's commitment to them and understand the constraints the sponsor is working within. Again, working with intermediaries who have ongoing relationships of trust with poor and vulnerable groups may help gain the participation of affected stakeholders.

9. Manage expectations

Throughout the project cycle, consultation provides an opportunity to explain the role of the project sponsor and the limit of its contribution to and responsibility for local communities. In order to **avoid unrealistic demands and expectations** from local communities and other interested parties, the project sponsor needs to **be clear and firm** from the very beginning in describing what the project can deliver. **Try not to overstate the benefits** so as not to increase expectations.

10. Work with governments

Government support is often critical to the success of a project, and a good working relationship with relevant governmental departments is essential. Consultation is an important tool in securing government acceptance for the project. **Inform and consult with relevant government departments** regarding the project's intended activities, potential benefits, opportunities and risks, and requirements for obtaining various permits. Where possible, work closely with relevant government authorities, especially when they undertake project-related discussions with key stakeholders. Local authorities often have long-established relationships with local communities and can facilitate discussions with key representatives, in addition to helping clarify the delineation of responsibilities between the local municipality and the project sponsor.

11. Work with NGOs and community-based organizations

Identify and liaise with NGOs and community-based organizations (CBOs), particularly those who represent project-affected people. NGOs often have expertise vital to good public consultation. They can be sources of local knowledge, sounding boards for project design and mitigation, vehicles for consulting with sensitive groups, and partners in planning and implementing community development programs. It is also important to carry out initial research regarding the local power dynamics and existence of special interest groups to ensure that any intermediary organizations, such as NGOs, are truly representative of and accountable to the community interests they claim to support and represent.



FOUR MANAGEMENT PRINCIPLES FOR DISCLOSING PROJECT INFORMATION

1. Disclose early

To the extent possible, be open about the project. Aim to provide information to the public as early as possible during the planning and implementation of a project, except in cases where such disclosure would materially harm the interests of the company.

2. Use information disclosure to support consultation

Treat the disclosure of project and environmental and social information as an integral part of effective public consultation. In particular, provide information about the benefits and disadvantages of the project early enough to allow people time to think about the issues and weigh the trade-offs. Remember to be open about potential adverse impacts and associated mitigation measures that may be involved in the project; including possible benefits and positive impacts that may raise expectations.

3. Provide meaningful information

Provide information in a form that is readily understandable and meaningful to project-affected people. The objective should always be to enable people to make informed judgments about changes that will affect their lives. Points to consider in determining what form this information should take include: local languages and dialects, clarity, cultural sensitivity, gender, age, ethnicity, literacy levels of the population, and local methods of disseminating information within and among communities.

4. Ensure the accessibility of information

Disclosing information solely by depositing project documentation in locations open to the public, such as government offices, is not a totally effective method of reaching the population who will benefit from reading the material. It is more useful and constructive to disseminate information to project-affected people in culturally appropriate ways such as in individual, small group, or public meetings, and through the local media or direct mail. (For further examples and information, see Annex E, Techniques for Public Consultation and Information Disclosure.) Information should be provided early enough in the process to allow stakeholders time to understand and discuss what they have read or been told, and to prepare their points of view.



Section C:
Guidance Notes



INTRODUCTION

The following guidance notes explain how to carry out good public consultation and disclosure during each stage of planning and implementing a major private sector project. The key project stages (and the guidance notes that elaborate on them) are:

- Conceptual design (1)
- Pre-feasibility studies (2)
- Feasibility studies (3 through 6)
- Construction (7)
- Operation (7 and 8)

In addition, IFC recognizes that companies may approach IFC for financing after they have started project activities. In some cases, project sponsors are completing feasibility studies, and have prepared draft EA reports, when they come to IFC. To accommodate this situation, Guidance Note 9, *Approaching IFC After EA Completion*, describes how project sponsors can review and adapt public consultations already carried out prior to IFC's involvement.

The individual guidance notes present tasks and issues to consider during the following project activities:

1. Conceptual design
2. Stakeholder identification
3. Planning for public consultation and disclosure
4. Scoping the EA
5. Preparing the draft EA report and the Environmental Action Plan (EAP)
6. Consultation and disclosure on the draft EA report
7. Construction and operations
8. Community development
9. Approaching IFC after EA completion



GUIDANCE NOTE 1:

Conceptual Design



CONCEPTUAL DESIGN

Objective:

This guidance note covers consultation and information disclosure for project activities undertaken during the formulation of the project concept, including determination of production capacity, process design, site exploration, and site selection. Public consultation and information disclosure during conceptual design are undertaken to ensure that strategic project decisions avoid major environmental and social risks, and that project benefits are optimized.

Relevant IFC Requirements:

Public consultation should occur as early as possible and in a timely manner.

Public Consultation:

TASKS AND GUIDANCE:

The following tasks and guidance will help achieve the above objective.

TASK: Be flexible.

Remain as flexible as possible when defining components of the project's strategic design (sites, production capacities, and process technology). Be prepared for public consultation during conceptual design to lead to rethinking some of these decisions.

TASK: Consult on environmental and social opportunities and risks.

Use public consultation to help identify the environmental and social opportunities and risks of different project strategic design components under consideration.

Opportunities include:

- Using locally available skilled and unskilled labor. Identifying government and nongovernmental services available to support project sponsor-funded community development programs
- Learning about the availability of land for resettlement, if necessary; and existing water supply, wastewater treatment, and solid waste management infrastructure

Risks include:

- Potential likelihood and requirement(s) for mitigation measures of involuntary resettlement
- Potential likelihood of influx of squatters
- Potential for media hostility
- Loss of the natural resource-base of the local population, ranging from fish populations to potable drinking water to wood for fuel
- Downstream impacts from polluting local water bodies
- Impacts on indigenous peoples and communities
- Impacts on cultural sites
- Health impacts on isolated communities exposed to outsiders (e.g., prostitution and AIDS)
- Potential degradation of highly fragile natural habitats

TASK: Identify local representatives.

Identify representatives of potential project-affected groups and local government and nongovernmental organizations for each site under consideration.

(See *Guidance Note 2, Stakeholder Identification*.) What are their established

EXAMPLE From a Metal Processing Project

With the proposed location of a metal processing plant narrowed to three possible sites, the project sponsor contracted the services of a sociologist from the local university to undertake an assessment of the resettlement implications of the proposals. A forum was also convened, comprising local government officials, a respected nongovernmental organization, and the local and traditional leaders from the major settlements in the area. The forum helped identify the numbers of households likely to be resettled at each site, the available options for land compensation, and the relative social and employment benefits of each site. Given that the geological and infrastructure merits of the three sites were fairly similar, the social issues surrounding resettlement, and its likely costs to the project, strongly influenced the final site selected.

patterns of interaction? This is a very important, and often sensitive, task as there may be conflicting interests among various local representatives.

TASK: Develop sociocultural profiles.

Early on, it may be useful to have sociocultural profiles on hand for distribution to project staff and external consultants working in the project area. The profiles are detailed descriptions of the social and cultural dimensions of an area and may include data on local communities; demographic characteristics of the population; and information on the status of women, the economy and livelihood, land tenure and natural resource control, social organization, and cultural values and perceptions. The sociocultural profile may help ensure that proposed projects, policies, and methods of consultation are both culturally and socially appropriate. An experienced social scientist familiar with the local area would be needed to develop such a profile, which could be used and updated throughout the life of the project.

TASK: Be aware of hidden risks.

Before bidding for government contracts, evaluate the social risks inherent in each predetermined project component. There may be local hostility to sites or routes already defined which are perceived to have adverse impacts on the locality. This is particularly important for build-operate-transfer (BOT) projects. It is important to learn how much consultation the government has already carried out and how much more may be needed to address existing hostility.

TASK: Consult selectively.

Plan and coordinate all early public consultation to avoid raising false expectations or fears within the local population. For example, it may be advisable to talk first to local representatives and key people within the area when considering project site options. Consider convening a forum of local representatives who would meet to evaluate the different options and provide feedback to the design team.

TASK: Inform landowners and residents.

Properly inform all landowners and occupiers before visiting sites for site explorations or investigations.





GUIDANCE NOTE 2:

Stakeholder Identification



STAKEHOLDER IDENTIFICATION

Objective:

Stakeholder identification is undertaken to determine who will be directly or indirectly affected, positively or negatively, by a project (commonly called project-affected people or project-affected groups), and who can contribute to or hinder its success (commonly called other relevant stakeholders). It is important for the project sponsor to be comprehensive in identifying and prioritizing all project stakeholders, including the disadvantaged and voiceless. Those identified will then need to be consulted to varying degrees, depending on level of impact, at strategic points during the life of the project. Remember that stakeholder identification and involvement are often context-specific. What works with one project may not be appropriate for another.

TASKS AND GUIDANCE:

The following tasks and guidance will help achieve the above objective.

TASK: Identify project-affected groups.

Special effort may need to be made to identify project-affected people who are not obvious. Cultural awareness and gender sensitivity are key to identifying relevant stakeholders. Stakeholders who may be directly or indirectly affected, either positively or negatively, by the project may include:

- People owning land or assets impacted by the project, both on- and off-site
- People using agricultural land or natural resources, such as forests or rivers
- Squatters already on-site
- In-migrants attracted to the project and its potential labor benefits prior to implementation
- People's organizations and institutions affected by the project, such as village development associations, recreational groups, women's groups, farming and fishing cooperatives, and religious groups
- Locally disadvantaged and voiceless groups, such as the poor and women
- People living in areas identified for resettlement
- Indigenous or tribal peoples with special ties to land, or who have specific land, resource, and cultural rights that may be protected by national or international law
- People from surrounding villages who may be potential sources of labor

Relevant IFC Requirements:

During the EA process for Category A projects and for Category B projects where deemed appropriate by IFC, the project sponsor is required to conduct meaningful consultations with relevant stakeholders including affected groups, nongovernmental organizations (NGOs), and local authorities about the project's environmental and social aspects and take their views into account. The project sponsor initiates such consultations as early as possible.

For meaningful consultations, the project sponsor provides relevant information in a timely manner and in a form and language that are understandable and accessible to the groups being consulted.

EXAMPLE From a Power and Irrigation Project

The project sponsor's initial stakeholder analysis identified the following stakeholders:

Project-affected groups:

- Smallholder farming families owning land and property in the area of landtake
- Tribal peoples currently utilizing the project site for collecting and hunting
- Forest and fishing cooperatives up- and downstream from affected water courses

Other relevant stakeholders:

- A local rural development NGO
- Local government officials
- A local fertilizer sales company



TASK: Identify other relevant stakeholders.

In addition to project-affected people there are often other interested parties who may be able to influence the outcome of the project, either because they can contribute knowledge or ideas to improve project design or mitigate environmental and social impacts, or because they have political influence in the project that needs to be considered. These other relevant stakeholders may include:

- Politicians
- Local government authorities
- Commercial and industrial enterprises, including suppliers, customers, and contractors
- Labor unions
- National environmental and social government agencies
- The media
- Local and national environmental and developmental nongovernmental organizations (NGOs)
- International activist groups
- Research institutes
- Colleges and universities

TASK: Identify stakeholder representatives.

Identifying and consulting with stakeholder representatives, especially community leaders, can be an efficient way for the project sponsor to disseminate information to large numbers of stakeholders, and receive information from them. However, it is essential that these people are genuine advocates of the views of their constituents.

Stakeholder representatives could be:

- Elected public representatives of regional, local and village councils
- Traditional representatives, such as village headmen, or tribal and religious leaders
- Leaders (chairmen, directors) of local cooperatives, other community-based organizations, local NGOs, and local women's groups

Verify that the right representatives have been selected by talking directly to a sample of project-affected people to ensure that their views are being represented accurately.





GUIDANCE NOTE 3:

Planning for Public Consultation and Disclosure



PLANNING FOR PUBLIC CONSULTATION AND DISCLOSURE

Objective:

A plan for public consultation is a valuable tool to guide the project sponsor in involving project-affected groups and other stakeholders in the development and implementation of a project, as well as in the disclosure of project and environmental and social information. At this early stage the plan will help the project sponsor consider issues that will need to be addressed and the course of action most suited to achieve this.

TASKS AND GUIDANCE:

The following tasks and guidance will help achieve the above objective. A social specialist could be useful in assisting the project sponsor when preparing the plan.

TASK: Prepare a consultation and disclosure plan.

A public consultation and disclosure plan (PCDP) should include the range of information detailed in *Annex C*. It should cover:

- The country's regulations and requirements for public consultation
- Evaluation criteria or indicators for assessing the effectiveness of the consultation plan
- A review of previous consultation undertaken in relation to the project
- An inventory of the key stakeholders who will be informed and consulted
- A program and schedule for the disclosure of project information and public consultation at various stages in the EA process and during project construction and operation. The program should include:
 - ◆ A summary of the types of methods to be used
 - ◆ An outline noting the time schedule and/or agenda
 - ◆ A schedule of consultation activities and a plan for integrating them into other project activities and stages
 - ◆ An estimated budget for carrying out consultation activities, such as hiring consultants, organizing meetings, providing transportation subsidies for poor and vulnerable groups to attend the public meetings, et cetera, and associated expenditures, such as translation, production, and distribution of materials
 - ◆ Staff and management resources to be allocated to the tasks

Relevant IFC Requirements:

The project sponsor must submit to IFC a Public Consultation and Disclosure Plan (PCDP).

The goal of the PCDP is to ensure that adequate and timely information is provided to project-affected people and other stakeholders, and that these groups are given sufficient opportunity to voice their opinions and concerns.

The PCDP should set out a program for public consultation and information disclosure (i) during the early scoping phase and before the terms of reference for the EA report are finalized; (ii) once a draft of the EA report has been prepared; and (iii) during the construction and operation phases of the project.



EXAMPLE From a Nickel Mine:

Early in the project's development, the project sponsor contracted a social scientist from a consulting firm to collect information on the socio-economic environment of the proposed project site.

Based on the results, the consultant prepared a public consultation plan. Under the supervision of a senior manager, and in consultation with the project sponsor's Community Liaison Officer, the consultant implemented the plan alongside the team contracted to undertake the project's Environmental Impact Assessment (EIA).



TASK: Gather basic information.

Some basic research will need to be undertaken before a public consultation plan can be prepared. The research should cover:

- An initial identification of the people likely to be affected by the project and other relevant stakeholders (*See Guidance Note 2, Stakeholder Identification.*)
- A review of local regulatory requirements for public consultation and disclosure of project documents
- A review of information derived from the Social Assessment (SA), if undertaken, including local power dynamics, the extent of social cohesion, and the ability of groups to discuss their concerns openly with outsiders
- The numbers of people living on or using the land on and around the project site
- Common types of economic livelihood of the local population (agriculture, wage labor, et cetera)
- Local levels of literacy, cultural diversity and vulnerability
- Traditional or customary means of consultation and decision-making, e.g., preparing basic questions, such as, what is the local status of women?

TASK: Define the consultation team.

The public consultation plan should set out the management arrangements that the project sponsor has developed for delivering effective public consultation. This should include which staff and management resources are to be responsible to the various public consultation and information disclosure programs, and who within the company carry out these activities. The project sponsor should consider delegating specific responsibilities for public consultation to senior and line managers, hiring social specialists, and establishing a position within the Company for a Community Liaison Officer. Descriptions noting position qualifications are provided in *Annex B*.

TASK: Plan how to coordinate different consultation activities.

The project sponsor should plan to coordinate all of the consultation carried out by its different representatives over the life of the project. By providing information in a consistent way, the project sponsor may reduce the confusion affected people may have over project activities. Continuity within the process of consultation can also help the project sponsor develop a relationship with affected groups.



TASK: Select appropriate methods.

Strategic planning for consultation should include recognizing diversity among stakeholder groups and understanding their specific characteristics, e.g., levels of education, the use of local dialects, et cetera. There are often differences of power and knowledge between stronger and more established groups and weaker, less organized groups. It is important for the project sponsor to select methods of consultation appropriate to specific stakeholder groups. (For detailed consultation methods and techniques to encourage stakeholder participation, see *The World Bank Participation Sourcebook*, February 1996).

TASK: Update the public consultation and disclosure plan.

Update the initial plan based on the outcome of initial public consultations. The updated plan should guide public consultation and disclosure during formulation of the project's Environmental Action Plan (EAP), and disclosure of the draft EA report. Revise the plan again upon finalizing the EA report. The revised plan should serve as a guide for ongoing public consultation during project construction and operation.





GUIDANCE NOTE 4:

Scoping the EA



SCOPING THE EA

Objective:

Scoping is the first activity carried out for the Environmental Assessment (EA). The main aim of scoping is to make a preliminary identification of the environmental and social impacts that may be caused by the project, and who and what they may affect.

Public consultation during scoping aims to ensure that the EA takes full account of the priority concerns of project-affected people and other relevant stakeholders and more accurately identifies the full range of potential impacts.

Consultation at the scoping stage is also an important tool to (i) gain the trust of people who will potentially be affected by the project; (ii) acknowledge that local people have knowledge and expertise to contribute to the project; and (iii) demonstrate the intention to consider concerns of affected people throughout the life of the project.

TASKS AND GUIDANCE:

The following tasks and guidance will help achieve the above objective. The project sponsor's public consultation team and/or a social specialist may be required to undertake these tasks.

Public Consultation:

TASK: Accompany your consultants.

Project staff members responsible for managing public consultation should accompany the consultants hired to determine the scope of the EA. This is important in order for the project sponsor to:

- Gain first hand knowledge of people's concerns and potential impacts
- Gain experience and skills from the consultants

TASK: Consult with project-affected groups.

People and groups likely to be affected by a project should have input into determining the scope of the EA. *The less that is known about the local social and physical environment of the proposed project location, the more important it is to consult with people living in the area.* Where indigenous people or other vulnerable groups are affected, it may be necessary for staff and/or consultants to visit local communities for longer periods to be sure of identifying the key issues.

Relevant IFC Requirements:

The project sponsor should consult relevant stakeholders during scoping and before the Terms of Reference for the EA are finalized.

A Public Consultation and Disclosure Plan (PCDP) should set out a program for public consultation and information disclosure during the early scoping phase of the EA.

During the initial consultation, the project sponsor should provide a summary of the proposed project's objectives, description, and potential impacts. The summary should be provided in advance of consultation and proactively disseminated to local stakeholders in a form and language meaningful to those being consulted.



EXAMPLE
From a Petro-Chemical Project

TASK: Where appropriate, work through stakeholder representatives.

Where the population is large or geographically dispersed, it may be more practical to meet with key local representatives (e.g., elected leaders), supplemented by interviews with various important and respected figures (e.g., school teachers or religious leaders) from the affected communities.

TASK: Consult with other relevant stakeholders.

When consulting on the scope of the EA, provide an opportunity for those organizations that may have concerns about the project to identify which impacts they consider should be added to the scope of the EA.

TASK: Update the public consultation plan.

The results of the scoping exercise should be used to strengthen the relevance and detail of the information contained in the public consultation plan. For example, after scoping, project staff and consultants might redefine who the stakeholders are and which impacts are likely to affect which groups.

TASK: Finalize the EA Terms of Reference.

Use the preliminary impacts identified during the public consultation to define the ToR for consultants. Specific consultation activities proposed in the updated PCDP should also be included in the ToR. A more focused and accurate scope of work will improve the product delivered to the project sponsor. This often saves time that would otherwise be spent revisiting issues initially omitted.

To scope the EA, the project sponsor contracted the natural resources department of the local university. The university held a day-long workshop involving government officials, NGO representatives, and technical specialists. In addition, an open invitation to the workshop was published in the local and national newspapers. Project information was mailed to the invitees two weeks before the workshop.

At the workshop, the participants listed and ranked the range of environmental and social impacts they considered likely to occur as a result of the project. This discussion provided a draft inventory of impacts for inclusion in the EA Terms of Reference. The draft was subsequently modified to reflect the results of a week-long community consultation program. The university visited each of three potentially affected communities.

Various consultation methods were used to solicit the key positive and negative (direct and indirect) social impacts that would affect the population and the resources upon which they depended.





Information Disclosure:

TASK: Make information easy to understand.

Before consulting on the scope of the EA, prepare project information for disclosure. Include:

- A description of the project and its objectives
- An explanation of the project sponsor's PCDP, including the timing of consultations, the process and deadlines for public comment, and estimated dates for final decision-making
- An outline of the impacts to be assessed in the EA
- Any existing proposals for mitigation measures

Written material and non-technical diagrams may be sufficient for government and other relevant interested parties. However, the language, form, and medium (written, visual, oral) for providing project information to those people directly affected by the project may need to be tailored to take into account local levels of comprehension. The method chosen should allow those to be consulted to reach informed judgments about how they and their community will be affected. A range of methods for disseminating information to the public is given in *Annex E*.

TASK: Provide written information.

Once compiled, disseminate the information before engaging project-affected people and other relevant stakeholders in consultation. Distribute information through stakeholder representatives only when this method can be assured to reach all project-affected groups. Otherwise, deliver the information directly to the affected population by hand or through a local oral interpreter.





GUIDANCE NOTE 5:

Preparing the draft
EA Report and
Environmental
Action Plan (EAP)



PREPARING THE DRAFT EA REPORT AND ENVIRONMENTAL ACTION PLAN (EAP)

Objective:

Public consultation during preparation of the EA report assists the project sponsor in assessing the project's environmental and social impacts and the acceptability of proposed mitigation measures, particularly with regard to project-affected groups. It is also a valuable tool for preparing the Environmental Action Plan (EAP).

Public consultation may allow the project sponsor to find out valuable information known by local people, which can aid in identifying and evaluating measures to avoid, reduce, mitigate or compensate for impacts resulting from the project. Furthermore, by consulting project-affected people, the project sponsor ensures that the selected mitigation measures will be locally acceptable and culturally appropriate, thus reducing downstream efforts to rectify dissatisfied stakeholders, after the measures have been implemented.

TASKS AND GUIDANCE:

EA consultants, hired by the project sponsor will usually carry out most activities at this stage. The tasks and guidance set out below will help the project sponsor effectively manage and review the consultants' work by detailing key actions and objectives that should be performed and achieved.

Public Consultation:

TASK: Accompany the EA consultants.

It is important for the project sponsor to maintain involvement with the consultants during the EA process, particularly during meetings held with project-affected groups and other stakeholders.

During consultation on project activities and impacts, the project sponsor should be present to understand, first-hand, major concerns and potential areas of conflict, and also to respond to questions about the project activities which the consultants may not be able to answer.

During consultation to identify and discuss options for mitigation and compensation, the project sponsor is in a better position to respond to demands and will have more authority to agree rapidly to compensation and mitigation options. Direct contact between the project sponsor and stakeholders on these sensitive issues will reduce the risk of misunderstandings or unrealistic expectations occurring. This will help avoid having to alter significantly mitigation and compensation agreements further downstream.

Finally, the project sponsor's representative (e.g., the Community Liaison Officer) can use the public consultation meetings as an opportunity to gain valuable experience from trained EA consultants; he or she can then use that experience during consultations necessary once the EA process is complete.

Relevant IFC Requirements:

For Category A projects, the project sponsor prepares an Environmental Action Plan (EAP). The EAP is a critical and essential component of the EA report and reflects the final understandings on environmental and social issues between the project sponsor and IFC.

The EAP contains details of the mitigation, management, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels.

EXAMPLE From an Open Coal Mine

TASK: Use consultation to eliminate, offset, or reduce impacts.

Use the findings from consultation to broaden the range of options to eliminate, offset or reduce potential impacts by learning about alternative ideas based on local knowledge.

TASK: Use consultation to develop mitigation and compensation packages.

Consultation is an essential tool for coming to agreement with project-affected people on what mitigation and compensation measures they will find acceptable. It is important to remember that it is the project-affected people who will live with the compensation packages. Consultation allows the project sponsor an opportunity to be innovative in developing compensation packages, which may be less expensive than standard compensation offers. When indigenous peoples or involuntary resettlement are involved, the consultation process is much more complex. Project sponsors should consult relevant IFC policies (e.g., OP 4.12, *Involuntary Resettlement*, and OP 4.10, *Indigenous Peoples*) when developing mitigation and compensation packages in these special circumstances.

Compensation packages must result in project-affected people having a means of economic livelihood and standard of living at least equivalent to those available prior to the project. Consultation is important in ascertaining baseline economic conditions and identifying the existing skills base so that appropriate economic livelihood programs and compensation packages can be designed.

One common compensation measure offered to people whose income generating capacity may have been affected by the project is to offer employment opportunities on the project. Consultation can also play a role in designing appropriate training programs that allow local workers to develop skills necessary to work on-site or become involved with secondary or support activities. (See *Guidance Note 8, Community Development*, for further advice on employment and training issues.)

Throughout the EA field studies, the project sponsor's dedicated Community Liaison Officer (CLO) accompanied the EA consultants. Working initially from the impact zone map outlined in the public consultation plan, the joint team set out to collect baseline socio-economic information through a comprehensive household survey. The survey included written and pictorial information about the project and its possible environmental and social impacts. This material was left with the respondents for them to review through their traditional channels of information-sharing and consultation.

One month later the team returned to hold a number of focus group discussions with different local groups from the affected communities. These meetings enabled social impact predictions to be verified, and fostered exploration of different options for compensation and mitigation. These options were sieved and then brought together into packages of compensation and mitigation tailored to specific project-affected groups. For example, for those losing access to forested areas and their source of fuelwood, a community woodlot scheme was proposed, together with a pilot manure-fed bio-gas program. In addition, financial compensation was agreed upon to cover the lag period before the woodlot matured. Similar packages were discussed and provisionally agreed to with other affected groups (an agricultural cooperative, a women's credit group, et cetera). The results of these consultations were documented within the Environmental Action Plan (EAP) of the draft EA report.





TASK: Reach the priority stakeholders.

There are wide ranges of methods available for public consultation during the EA process. Methods at this stage should ensure that project sponsors, or their consultants, reach all stakeholders, particularly those most affected by the project or who may have significant influence on the project's outcomes. Ensure that the methods selected provide an opportunity for community groups and other stakeholders to state their concerns and prioritize mitigation and compensation options. A full list of public consultation techniques can be found in *Annex E*.

Some of the most commonly used techniques include:

- Focus groups
- Household questionnaires
- Public meetings
- Visits to the future project site.

TASK: Maintain involvement with government-led consultation.

In some projects it is the government that takes responsibility for activities such as land acquisition, resettlement of a population, and negotiation over compensation. It is in the best interests of the private sector project sponsors, however, to follow government interactions and arrangements with the project-affected people closely, as these may influence people's attitudes towards the project. Disputes over false claims, or perceptions of assets being undervalued and compensation delivered slowly, can lead to project delays and/or generate local hostility. The project sponsor can maintain a role in these sensitive activities by offering technical support to the relevant government authorities and requesting to be present during the project related consultation.

TASK: Plan for consultation once the EA process is complete.

The EAP should incorporate an updated PCDP, which includes a comprehensive plan on how the project sponsor will carry out ongoing consultation during construction and operation. The project sponsor should also make provision for continued consulting during the time that may occur between completion of the EA process and commencement of construction. Once understandings have been made with affected people, they should be kept informed as to when they will be delivered. (See *Guidance Note 7* for the types of consultation activities that should occur during the construction and operation phases, and *Annex C* for guidance on preparing a PCDP.)



Information Disclosure

TASK: Provide information to support consultation.

Information should already have been provided to stakeholders about project activities during the scoping stage. (See *Guidance Note 4, Scoping the EA.*) Further information may be useful during the EA process as details of project activity or of impacts identified during the scoping stage become clear. This information will allow those consulted to consider implications to their lives from the potential impacts, and to formulate concerns about the impacts and voice them to the project sponsor. It is better for the project sponsor if the information is disseminated before consultation, so that consultation meetings act as forums for resolving these issues, which will arise sooner or later.

Information should be provided sufficiently in advance of consultation so that stakeholders can contribute more meaningfully to discussions over mitigation and compensation options. Stakeholders should have time to discuss and agree among themselves what they expect from the project. This can benefit the project sponsor by making it possible for the company to learn about cost-effective mitigation measures previously unconsidered. Equally important, it may also save the project sponsor from being hit by a barrage of different demands.





GUIDANCE NOTE 6:

**Consultation and
Disclosure on the
draft EA Report**

CONSULTATION AND DISCLOSURE ON THE DRAFT EA REPORT

Objective:

The draft EA report is likely to be the first completed description of project impacts and proposed mitigation actions to be made available to the public. Therefore, regardless of the extent of public consultation previously undertaken during the EA process, consultation and disclosure at this stage allow the potential impacts and proposed actions for the project to be put on record. Consultation at this stage also provides a key opportunity for the project stakeholders to state their views and have an input to the project design, and express their preferences for mitigation design.

TASKS AND GUIDANCE:

Tasks and guidance are provided below on how the project sponsor and the EA consultants should disclose the draft EA report, disseminate key information concluded in the EA report, and consult over the key proposals.

Public Consultation

TASK: Review the effectiveness of previous public consultation.

Public consultation is particularly important at this stage, especially if constraints on the project have limited the possibilities for consultation in the studies leading up to the draft EA report. The Review Checklist in Annex D is designed to help project sponsors decide on the appropriate level of public consultation at the draft EA report stage.

TASK: Design and organize public meetings.

Public meetings are a common and potentially efficient way to inform those affected by a project about the results of the EA and to solicit comments on it. At a minimum, the design of public meetings should ensure that:

- People are informed about the environmental and social impacts in the EA report in advance of the meeting
- The meeting venues are accessible to the project-affected population
- Meetings are held at times most convenient for project-affected groups

Relevant IFC Requirements:

A Public Consultation and Disclosure Plan (PCDP) should be prepared, setting out a program of public consultation and information disclosure for the draft EA report.

For Category A projects, the project sponsor gives public notification and makes the draft EA report available at a public place readily accessible to project stakeholders as early as possible and no later than 60 days prior to the date proposed for consideration of the project by IFC's Board of Directors.

This document should include all supplements and addenda to the EA requested by IFC and the responses to the public consultation process undertaken in preparing the draft EA report (i.e., during scoping and preparation of the initial EAP).

A non-technical EA report summary in the local language shall be proactively disseminated to local stakeholders.

With the project sponsor's consent, IFC will release the draft EA report to the public through the World Bank InfoShop at least 60 days prior to the proposed Board date.

The responses to public consultation on the draft EA report must be included in the final EA report.





- Clear, non-technical information is presented in the local language with the assistance of visual aids
- Those attending are genuine representatives of the project-affected population
- All those participants who wish to raise their concerns are able to do so
- The issues raised are answered at the meeting or actively followed up
- The project sponsor communicates to the participants, and others affected by the project, design changes that result from the meeting

TASK: Recognize that public meetings have their limitations.

To be most effective public meetings should be employed to gain local acceptance for mitigation, compensation, and project benefits options that have already been agreed in principle through earlier consultation. Meetings are likely to be less effective when used as the sole means of information disclosure and public consultation. In addition, due to cultural constraints and the disequilibrium of power between stronger, more established stakeholders and weaker, less-organized ones, public meetings may not be a totally effective mechanism to illicit views from the poor, women, and other disadvantaged groups.

TASK: Hold further meetings as appropriate.

There may be some issues left unresolved in public meetings that require further attention. These should be focused discussions, held with the most relevant people (e.g., cooperatives or women's groups depending on the topic). These meetings can also be used to report back to the stakeholders on how project design will be modified in light of comments made during the public meetings.

TASK: Document the results of public consultation in the final EA report.

All public consultation carried out during the course of the early stages of the EA process and on the draft EA report and the associated EAP should be recorded in the final EA report. At a minimum this should include:

- The location and dates of meetings, workshops, and discussions, and a description of the project-affected parties and other stakeholders consulted
- An overview of the issues discussed
- How the project sponsor responded to the concerns raised
- How these responses were conveyed back to those consulted
- Details of outstanding issues



Information Disclosure

TASK: Disclose the draft EA report in the country of operation.

The draft EA report and a non-technical Executive Summary, in the predominant language of the country, should be released to the general public, and in particular to project-affected groups and other interested parties for their comment and input. This will allow final opportunity for any necessary changes to be made to project design.

TASK: Select publicly accessible locations for information disclosure.

Once the documents are publicly available the project sponsor must ensure they are accessible to the public. The EA report should be deposited in a range of publicly accessible places such as:

- Municipal and central government offices
- Public libraries
- Local community centers
- Local universities or academic research centers
- Company offices
- Through local NGOs

TASK: Notify the public about the availability of the documents.

Culturally appropriate advertisements should be placed in local and national newspapers explaining when and where the EA report may be reviewed. The advertisements should also note the deadline for comments. Make sure that interested parties are continually informed when EA public discussions are announced. (*Annex F* provides an example of the information that should be included in a standard public notification document.)

EXAMPLE From an Urban Light-railway Extension

A build-operate-transfer (BOT) contract was won from the Ministry of Transport for an extension to the existing urban light rail system. Upon release of the draft EA report and associated EAP, newspapers, television, and radio were invited to debate the impact avoidance and mitigation measures proposed. In addition, the proposals were summarized in a color brochure that was mailed to all businesses and residents within 100 meters of the proposed route. A mobile exhibition with a scale model of the project was built to accompany a program of public consultation with the various business and residents' associations along the route. These activities generated a prioritized set of engineering mitigation measures, and an agreed level of compensation for the effects of traffic and noise disturbance on local businesses.



TASK: Respond to comments.

In order to respond appropriately to comments made on the draft EA report, the project sponsor should develop a mechanism for receiving, documenting, and addressing the comments submitted. Actions should include acknowledging for the record receipt of comments and incorporating suggestions into the draft EA report.

TASK: Proactively distribute the Executive Summary of the EA report.

Distributing the EA Executive Summary is the project sponsor's opportunity to leave with the affected people a clearly written explanation of upcoming changes to the project and the project's efforts to mitigate against impacts. For this reason, it is a critical component of the whole consultation and disclosure process. EA summaries have proven to be not only informative, but also reassuring to affected people, helping build the connection between the project sponsor and the affected people.

The project sponsor will have to determine the most appropriate mechanisms for the distribution of the EA Executive Summary to ensure it is read by as many stakeholders as possible, and at least those most significantly and directly affected by the project. One efficient option is to distribute the documents through stakeholder representatives and key informants.

TASK: Make the EA Executive Summary focused and easy to understand.

Produce the summary in a simple, short, and precise form, perhaps with illustrations and cartoons and in the local language. The summary should focus on key impacts and mitigation measures and provide an outline of future proposals for public consultation, such as ongoing site visits, monitoring programs, and open-door policies. This last component will ensure that stakeholders and affected groups feel more comfortable that they are not being abandoned by management but are forging an ongoing relationship with the project sponsor.





GUIDANCE NOTE 7:

Construction and Operations



CONSTRUCTION AND OPERATIONS

Objective:

Public consultation during the construction and operation of a project is key to maintaining the good relationship the project sponsor has established with the affected people during the EA process. It is generally during construction and operation that the affected people first experience the physical impacts discussed during the EA, which will now potentially change their patterns of living and working.

Consultation is essential in:

- Keeping those affected by the project informed of ongoing changes in the project activities
- Managing issues and grievances as they arise
- Monitoring the effectiveness of environmental and social impact mitigation and compensation

All of these objectives, if attained, will help the project sponsor become part of the community and work effectively with its new neighbors. Anything less could be potentially damaging to the longterm viability of the project.

TASKS AND GUIDANCE:

The following tasks and guidance will help achieve the above objectives.

Public Consultation

TASK: Follow the public consultation plan prepared in the EAP.

The finalized EAP should have a PCDP that outlines and integrates activities for public consultation and information disclosure needed throughout the construction and operation of the project. This plan should be followed as closely as possible.

TASK: Maintain open dialogue with stakeholders through a telephone hotline.

Maintaining open dialogue with stakeholders is a key factor to success throughout the project cycle. In areas where telephone access is readily available, a valuable tool in maintaining open dialogue with stakeholders through the project's construction and operations phases is to establish a telephone hotline and publicize it widely.

Once the hotline is operational, log in and track calls (ask for contact and geographic information), and be sure to respond to complaints in a timely manner, preferably through return calls or in-person visits by the Community Liaison Officer. A widely displayed and properly maintained hotline number lets the stakeholders know that the project is open and accessible 24 hours a day, 7 days a week.

Relevant IFC Requirements:

A PCDP should be prepared setting out a program of public consultation and information disclosure during the construction and operation phases of the project.

The project sponsor should continue to consult with relevant stakeholders throughout project construction and operation to address EA-related issues and other issues that affect them.

The project sponsor should report the results of ongoing public consultation and information disclosure in the annual monitoring reports submitted to IFC.

IFC may require disclosure of addenda that document significant consultation after release of the EA report.



	<p>EXAMPLE From a Coal-fired Power Plant</p>	
<p>TASK: Inform affected groups about changes to project design. The dissemination of project information should not stop with the finalization of the EA report and the EAP. Design changes and refinements will continue to be made throughout the period leading up to construction. Some of these changes may have environmental and social implications for the local population not addressed during the EA process. The project sponsor should inform project-affected groups of such changes and allow those affected to discuss concerns and remedies.</p> <p>TASK: Inform affected groups of the onset of environmental and social impacts. As a project moves into its construction and operational phases, the environmental and social impacts predicted in the EA process will begin to take effect. It may be helpful to remind affected people of the upcoming activities. Additionally, the project sponsor should be prepared to answer any questions local people may have at this time. This will help avoid the need to use public consultation as a form of crisis management.</p> <p>TASK: Use consultation to identify impacts as they arise. Despite comprehensive planning during the design phase, there may be underestimated or unanticipated impacts resulting from the implementation of the project. Some impacts discussed during the EA process may not have been accurately understood or perceived by locally affected people. Consultation with affected people helps identify impacts as they arise and allow those affected people to voice their concerns. One often underestimated impact, for example, is the increase in accidents caused by large vehicles carrying construction material, et cetera.</p> <p>TASK: Use consultation to assist affected people in adapting to change. Consultation meetings can assist project sponsors in helping people adapt, economically and socially, to newly imposed lifestyles. Affected people, such as women entering into wage labor, often find the changes difficult or foreign. Regular meetings can increase the company's awareness of the problems faced by local people. Meetings can also be a means to provide assistance through the transition period. When the project sponsor does not have the appropriate technical information or ability to help, using external specialists should be considered.</p>	<p>As a result of intensive public consultation on the draft EA report, the project sponsor had developed a good working relationship with the project-affected population. In an effort to maintain this relationship during the long period before construction was due to begin, a forum for consultation was established. The forum comprised representatives from the local government authority and a local rural development NGO, both the traditional and elected leaders of the affected community, and a range of representatives from the community's various groups and cooperatives.</p> <p>Through this forum the project sponsor continued to refine the arrangements for prioritizing local training and employment, and informed the local population that the alignment of the construction site access road would have to be altered. In deciding which of three new routes the road should take, the project sponsor's Community Liaison Officer facilitated an open invitation workshop in the local community center.</p>	
	<p>GUIDANCE NOTE7: CONSTRUCTION AND OPERATIONS</p>	<p>SECTION C 47</p>



TASK: Monitor the effectiveness of mitigation and compensation packages.

Despite careful planning, mitigation and compensation packages may not have the desired effect when delivered. Use consultation to determine the reasons for the mitigation or compensation's lack of effectiveness and whether or not it may be beneficial to offer different or additional measures. These additional measures may cost the project sponsor extra, but can help secure the benefits of the initial investments which otherwise may be lost.

TASK: Establish formal grievance mechanisms.

In working with affected groups and other stakeholders to design formal grievance mechanisms, consideration should be given to the following factors:

- The responsibility of being contact points for grievances should be delegated to specific personnel within the company (e.g., the Community Liaison Officer).
- The existence of the grievance mechanism and how it operates should be publicized among project-affected people
- Grievance procedures should be transparent and simple to understand
- Access to the procedures should be free
- The procedures should be able to be activated rapidly
- Representatives of affected people should be part of the committee deciding how to respond to grievances
- A third party should be on-call in case certain grievances cannot be resolved. This third party should be neutral, well-respected, and agreed upon by both the project sponsor and the affected parties
- The response time between activating the procedures and reaching a resolution should be as short as possible
- Where possible, grievances should be resolved through facilitation rather than arbitration, i.e., the sponsor and affected people and groups should try to reach 'win-win', rather than 'win-lose,' solutions

TASK: Record the results of ongoing public consultation.

All public consultation carried out after finalization of the EA report should be recorded periodically and the record made publicly available. At a minimum this should include:

- A description of stakeholder representatives involved in regular meetings with the project sponsor, an overview of the issues discussed, and their results
- The submissions of any formal grievance and its outcome
- The location and dates of ad hoc meetings, workshops, and discussions; the issues discussed; and the outcomes



GUIDANCE NOTE 8:

Community Development



COMMUNITY DEVELOPMENT

Objective:

The project sponsor has a role to fulfill as a corporate citizen in the communities where it works. The first seven guidance notes focus on the role of public consultation in identifying, avoiding, and mitigating adverse environmental and social impacts associated with the project's core business activities. Addressing these impacts is the first responsibility of the project sponsor. However, being a responsible corporate citizen, or a "good neighbor," underscores the project sponsor's willingness to generate positive development benefits in the wider community. Modest annual budgets allocated for community development programs can be an inexpensive way to build on already-proven trust and maintain local support. Consultation during this process will ensure that potential investments in community development are effective in generating benefits and community support.

TASKS AND GUIDANCE

TASK: Identify and select communities for projects.

The project sponsor's Community Liaison Officer should spend time identifying communities near the project in which the project sponsor could provide financial and technical assistance. These may be communities that have already received compensation packages, or communities only indirectly affected by the project. In particular, the project representative should look for communities that appear to be enthusiastic to participate in programs and to work together with the Community Liaison Officer to identify development projects in need of funding.

TASK: Consult with the communities to determine their priorities.

Direct consultation with the local population is essential to identify the community's most pressing needs. Focus attention not only on the urgent physical and infrastructure needs of the community, but also on ways in which the economic livelihoods of the poorest or most vulnerable members of the community can be improved, such as using micro-enterprise development as an income generation tool.

TASK: Options for community development projects.

Some of the most common types of community development activities in which the project sponsor can be involved include:

- Training programs both for the project (for example., semi-skilled work such as driving a vehicle, welding, site clearing, plumbing, and construction) and for income generating activities which could service the project (for example, sewing, catering, and machinery repair)
- Investment in infrastructure, for example, access roads, electricity supply (transmission lines), and potable water supply (water pipes, pumps)
- Providing services such as education and health care
- Providing scholarships to low-income students, especially girls
- Building communal facilities such as a town hall, school, or medical center, or a community center and recreational facility
- Providing support for small enterprise schemes, for example, small business management training or micro-credit lending



TASK: Involve the community in designing each project and making decisions about how community development funds are used.

It is important for the beneficiaries of community development to feel a sense of ownership in a project and recognize that their contributions will influence both the decision-making process and the outcome of the project. Consult the community and involve people when designing the community development projects and deciding how the funds are used. This involvement will increase the chance that the community endorses and successfully carries out community development plans.

TASK: Use consultation to maximize benefits.

Use consultation when designing a community-based project to determine who in the community the project will affect and what changes it may cause. Assess whether benefits will be spread equally or if they will focus on certain groups or disadvantage others. Use consultation to identify voiceless members of the community, often women or the poor, and, where possible, ensure that benefits are allocated to include them specifically. If, after consultation, there are still uncertainties, consider obtaining advice from a technical expert.

TASK: Manage expectations.

In assisting communities the project sponsor should avoid becoming the sole provider of public services, which should be under the responsibility of the local or national government. To help reduce this type of dependency, it is crucial to be clear about the limits of the project sponsor's resources for investing in community development. In addition, be sure to make clear the distinction between those investments that are part of compensation or mitigation, and those that are part of the efforts of the project to be a good neighbors. Note to community leaders the need for local labor in constructing and operating the project, but clearly articulate the limits so as not to increase expectations for mass employment.

TASK: Collaborate with local government and community organizations and clearly define roles and responsibilities.

Most countries already have a wealth of expertise in designing and managing community development programs, within both government departments and local or national NGOs. Where possible, collaborate with these groups in planning and implementing the project's community development programs. Make sure, however, that roles and responsibilities are clearly defined between the local government and municipalities and the project sponsor. When selecting groups for assistance, try to determine which have the most effective working relationships with the local population.



EXAMPLE From an Oil Project

TASK: Options for funding mechanisms.

There are several options a project sponsor may select to fund community projects. The most common practices are either for the project sponsor to invest directly in specific projects or for the project sponsor to establish a fund specifically designed and targeted for community development. If the latter is chosen, encourage full participation of communities and their representatives in deciding the rules by which the fund will operate (for example, timing, maximum annual budget, criteria for expenditure, board representation, et cetera).

Having first agreed to compensation and mitigation packages for those groups directly affected by the project, the project sponsor began a program of public consultation with the wider population. The project sponsor's Community Liaison Officer and a representative from a local rural development NGO undertook a needs assessment in each of the three communities located within the vicinity of the site. Special efforts were made to consult with those living in remote areas.

In addition, various community participation analysis and prioritization methods were used to formulate the objectives for a community development program; the rules by which the project sponsor would lend assistance; and an inventory of development activities for generating sustainable, community-wide economic, social, and environmental benefits.





GUIDANCE NOTE 9:

Approaching IFC After EA Completion

APPROACHING IFC AFTER EA COMPLETION

Introduction

This Good Practice Manual is designed primarily to encourage project sponsors to use good practice in public consultation and information disclosure from the beginning of project design and through to implementation. However, the nature of private sector projects means that a project sponsor may approach a financing institution at a point after the project has begun, and even sometimes with the draft EA report already complete. This section explains how a project sponsor in this situation can build upon previously completed work most efficiently to meet IFC requirements and standards for good practice.

TASK: Review the effectiveness of previous public consultation.

The project sponsor, in consultation with IFC, should review all previous activities carried out, either by internal staff or by consultants, which have attempted to identify and consult stakeholders over concerns and potential impacts. It may be that the consultation has been comprehensive and effective and

consultation meetings do not need to be repeated. However, it is often the case that without previous guidance in this field, consultation and information disclosure may have been limited, and there may be room for improvement. The Review Checklist in Annex D provides a list of objectives that should be achieved if effective consultation has taken place. A project sponsor should be prepared to build on existing consultation and where appropriate carry out further meetings with stakeholders, and to disseminate more information about the project, if it is evident that one or more of the listed objectives have not been accomplished.

TASK: Building for the future.

This Good Practice Manual emphasizes that consultation is not merely a series of ad hoc meetings, but a process that is integral to the success and future of the project. A project sponsor should review the Management Principles described in Section B (pages 10-13) to understand the key components that need to be in place in order to achieve good consultation and the key issues that should be addressed during the rest of the life of the project. Following these principles will enable the project sponsor to be more proactive in the future.

Relevant IFC Requirements:

In cases where the Category A EA has been completed prior to IFC involvement in the project, IFC's Environment Division reviews the public consultation and disclosure activities carried out by the project sponsor during and after EA preparation. If necessary, IFC and the project sponsor then agree on a supplemental PCDP to address any identified deficiencies.

On completion of this program, the project sponsor prepares a report detailing the additional work undertaken and the results achieved. The Category A EA report will only be considered complete and made available to the World Bank InfoShop once this report on additional work is complete.





TASK: Prepare a public consultation and disclosure plan (PCDP).

Prepare a plan to improve public consultation and/or information disclosure activities that have already been carried out, such as consultation over impact and mitigation identification. Once an appropriate plan has been developed, one that ensures that project activities to-date meet IFC standards, the project sponsor should also prepare a plan for future consultation and disclosure. This plan should include extending future consultation to the construction and operation stages of the project.

TASK: Report the results.

The results of implementing the plan should be documented. At a minimum this should include:

- How the plan built on previous public consultation
- The locations and dates of meetings, workshops, and discussions
- A description of the project-affected parties and other stakeholders consulted
- An overview of the issues discussed
- How the project sponsor responded to concerns raised
- How these responses were conveyed back to those consulted
- A strategy for public consultation throughout the remaining phases of project development and implementation





GLOSSARY OF TERMS

Annual Monitoring Report

A document prepared by the project company outlining environmental and social performance for the previous year.

Category A

The categorization given to IFC-sponsored projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. A potential impact is considered "sensitive" if it may be irreversible, affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or affect significant cultural heritage sites.

Category B

The categorization given to IFC-sponsored projects where potential adverse impacts are less adverse than those of Category A projects. The impacts of Category B projects are site-specific; few if any of them are irreversible; and in most cases their mitigation measures can be designed more readily than for Category A projects.

Corrective Action Plan (CAP)

In the case of existing operations, plant modernizations, privatizations, and corporate investment programs, a Corrective Action Plan (CAP) may be required to address remediation or corrective action to bring facilities into compliance with IFC requirements. The CAP should also provide details of an implementation schedule and costs and may be a component of the Environmental Action Plan (EAP).

Environmental Action Plan (EAP)

An essential and critical component of the EA report, the EAP consists of mitigation, management, monitoring, and institutional measures to be taken during implementation and operation of a project to eliminate or offset adverse impacts or reduce them to acceptable levels. The plan also includes the actions, schedules for implementation, and costs needed to implement these measures.

environmental and social clearance

An internal determination by IFC, based on results of the environmental and social review, that a proposed project complies with applicable IFC environmental and social policies and meets applicable guidelines.

Environmental Assessment (EA)

The process of evaluating the environmental and social impacts of a project and identifying ways to improve the project by preventing, minimizing, mitigating, or compensating for adverse impacts. Environmental assessment is the responsibility of the project sponsor.

environmental audit

A process to determine the nature and extent of all environmental areas of concern, including occupational health and safety, at an existing facility or within corporate practices. The audit identifies and justifies the appropriate measures to mitigate the areas of concern, estimates the cost of the mitigation measures, and recommends a schedule for implementation of these mitigation measures.

Environmental Impact Assessment (EIA)

An instrument to identify and assess the potential environmental impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

Environmental Review Summary (ERS)

A document prepared by IFC that summarizes the key findings of IFC's environmental and social review of a Category B project.

IFC project cycle

The progression of a project from the point of initial contact with IFC by the project sponsor through project appraisal, approval, supervision, and evaluation.

Procedure for Environmental and Social Review of Projects

IFC's internal procedure to review the project sponsor's environmental assessment and work with the project sponsor to address environmental and social issues associated with the project.

project appraisal

The collection and evaluation of detailed information about a proposed project to determine whether IFC should invest in it.

project cycle

The progression of a project from conception through construction, implementation, and evaluation. The IFC project cycle is one part of this larger project cycle.

project sponsor

The investor or project proponent or borrower requesting IFC financing for a proposed project.

public consultation

The process of engaging affected people and other interested parties in open dialogue through which a range of views and concerns can be expressed in order to inform decision-making and help build consensus. To be meaningful, consultation should be carried out in a culturally appropriate manner, with information in local languages distributed in advance.

Public Consultation and Disclosure Plan (PCDP)

A PCDP defines a technically sound and culturally appropriate approach to meaningful consultation and disclosure. The plan describes local requirements for consultation and disclosure; identifies key stakeholder groups; provides a strategy and timetable for sharing information and consulting with each of these groups; describes resources and responsibilities for implementing the PCDP; and details reporting and/or documentation of the consultation and disclosure activities.

public disclosure

The process of making information available to affected people and other interested parties, particularly with regard to the environmental and social aspects of projects. Disclosure of information should be done in a timely manner, in publicly accessible locations and in a language and format readily understood by affected groups.

Resettlement Plan

The document prepared whenever people are displaced physically or economically from land or other fixed resource rights they own or occupy, without there being a "willing seller" or the possibility of rejecting the loss. The plan is the record of the process of analyzing the baseline conditions, predicting impacts, consulting affected people, and drawing up a detailed strategy for (i) minimizing or avoiding resettlement; (ii) compensating for losses; (iii) relocating and rebuilding as necessary; and (iv) ensuring that affected people are afforded





the opportunity to improve the incomes, income-producing activities, and standards of living that they had before the project affected them, or at a minimum to restore the incomes and living standards that they would have had if the project had not affected them. The Resettlement Plan is linked to the EA process, is subject to public consultation and disclosure, and is normally the responsibility of the project sponsor.

Scoping

The first activity carried out for the EA process, usually through a site visit for Category A projects. The main aim of scoping is to undertake a preliminary identification of the likely range of salient environmental and social impacts caused by the project and ascertain who and what they may affect.

Social Assessment (SA)

The process that provides an integrated, participatory framework for prioritizing, gathering, analyzing, and using relevant social information. SA is carried out in a project context in order to identify key stakeholders and establish an appropriate framework for their participation in project selection, design, implementation, and monitoring and evaluation; ensure that project objectives and incentives for change are acceptable to the range of people they are intended to benefit, and that gender, ethnicity, and other social differences are taken into account in project design; assess the social impact of investment projects, and, where adverse impacts are identified, determine how they can be avoided, minimized, or substantially mitigated; and develop the capacity to enable participation, resolve conflict, permit service delivery, and carry out mitigation measures in ways that are socially sound.

sociocultural profiles

Detailed descriptions of the social and cultural dimensions of the project area. Sociocultural profiles may help ensure that proposed projects and consultation activities are carried out in a culturally and socially appropriate manner.

stakeholders

Stakeholders are persons or groups who are affected by or can affect the outcome of a project. These can include affected communities, local organizations, and NGOs and government authorities. Stakeholders can also include politicians, commercial and industrial enterprises, labor unions, academics, religious groups, national social and environmental public sector agencies, and the media.

World Bank InfoShop

The World Bank InfoShop (formerly called the Public Information Center) allows interested parties to request and obtain publicly available information about IFC's activities. The World Bank InfoShop deals only with requests for specific documents (including ERSs and EA reports), not blanket requests for information related to the World Bank Group. The InfoShop's World Wide Web address is <http://www.worldbank.org/html/pic/PIC.html>.



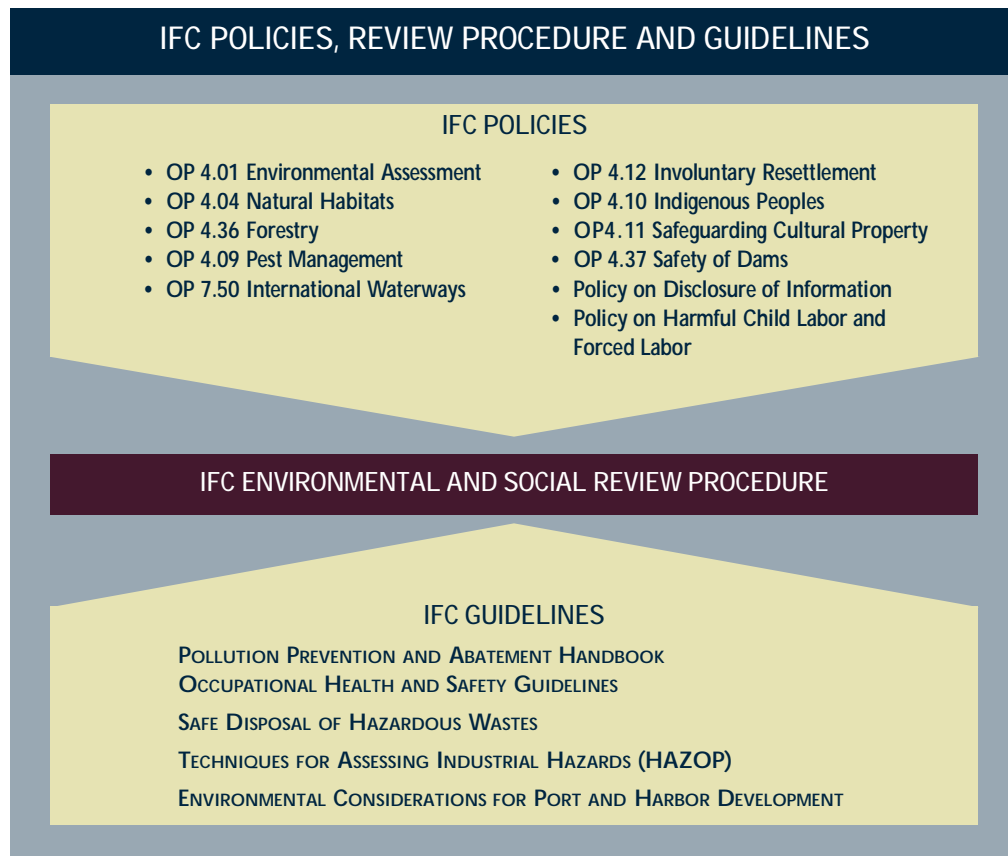
ANNEXES



ANNEX A

SUMMARY OF IFC REQUIREMENTS ON PUBLIC CONSULTATION AND INFORMATION DISCLOSURE

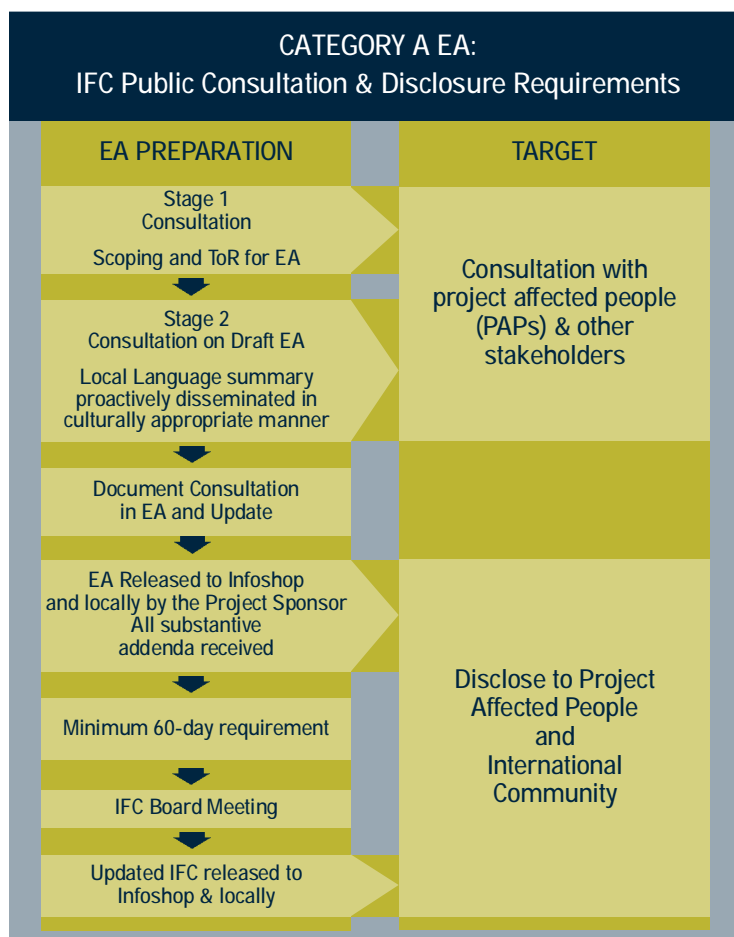
Summaries of IFC's key policy and procedural requirements for public consultation and information disclosure in Category A and Category B projects are outlined in this annex. Project sponsors are advised to obtain the full text of these policies and project review procedure when first approaching IFC.



Category A project requirements

Consultations with relevant stakeholders

During the Environmental Assessment (EA) process for Category A projects and for Category B projects where deemed appropriate by IFC, the project sponsor is required to conduct meaningful consultations with relevant stakeholders including affected groups and other interested parties (e.g., non-governmental organizations [NGOs] and local authorities) about the project's environmental and social aspects, and to take their views into account.



The project sponsor initiates consultations as early as possible. For meaningful consultations, the project sponsor provides relevant information in a timely manner and in a form and language that are understandable and accessible to the groups being consulted.

For Category A projects, the project sponsor consults relevant stakeholders at least twice:

- During scoping and before the terms of reference for the EA are finalized
- Once a draft EA report is prepared.

A & B Categorization

- IFC classifies a project as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. A potential impact is considered sensitive if it may be irreversible, affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or affect significant cultural heritage sites.
- Category B projects are those projects where potential adverse impacts are less adverse than those of Category A projects; the impacts are site-specific; few if any of them are irreversible; and in most cases mitigation measures can be designed more readily than for Category A projects.

Public Consultation and Disclosure Plans (PCDPs)

For Category A projects these actions, and future consultations to be undertaken during construction and operation of the project, are incorporated into a Public Consultation and Disclosure Plan (PCDP). (See Annex C for guidance on how to prepare a PCDP.)

EA summaries and the draft EA report

For the initial consultation, the project sponsor provides a summary of the proposed project's objectives, description, and potential impacts. For consultation after the draft EA report is prepared, the project sponsor provides a non-technical summary of the report's findings. In both cases, the summaries should be provided in advance of the consultation, and disseminated proactively to local stakeholders in a form and language meaningful to those being consulted.

Following public consultation on the draft EA report, the project sponsor supplements the EA by adding details of the public consultation process, as necessary, including the project sponsor's responses to concerns raised by the various stakeholders and details of measures taken to incorporate these concerns into project design and implementation.

Releasing the EA report in-country and to the World Bank InfoShop

For Category A projects, the project sponsor gives public notification and makes the draft EA report available at a public place readily accessible to project stakeholders. This document should include all supplements and addenda to the EA report requested by IFC and the responses to the public consultation process. In addition, a non-technical EA report summary in the local language shall be proactively disseminated to local stakeholders.

With the project sponsor's consent, IFC releases the EA report to the public through the World Bank InfoShop as early as possible, and no later than 60 days prior to the proposed IFC Board date. The 60-day period commences only when IFC determines that all relevant information requested from the project sponsor has been provided to IFC and placed in the World Bank InfoShop. Such release does not constitute IFC endorsement of the project. If the project sponsor objects to IFC releasing this information through the World Bank InfoShop, IFC staff do not continue work on the project.

Ongoing consultation, annual reporting, and disclosing addenda after release of the EA report

The project sponsor continues to consult with relevant stakeholders throughout project construction and operation, as necessary, to address EA-related issues and other issues that affect people and communities. As part of its annual reporting requirements, IFC requires the project sponsor to report on ongoing consultations. IFC may also require disclosure of addenda that document significant consultation after release of the EA report, but this does not re-start the 60-day period.

The Environmental Action Plan (EAP)

The Environmental Action Plan (EAP) is an essential and critical component of the EA report. After release of the EA report to the World Bank InfoShop, the project sponsor updates the EAP to reflect the final understandings reached between IFC and the project sponsor on environmental and social issues. After approval of the final EAP by IFC's Environment Division, IFC releases the EAP to the InfoShop, and the project sponsor releases it locally in a culturally appropriate manner.

Approaching IFC After EA Completion

In those cases where the Category A Environmental Assessment has been completed prior to IFC involvement in the project, IFC's Environment Division reviews the public consultation and disclosure activities carried out by the project sponsor during and after EA preparation.

If necessary, IFC's Environment Division and the project sponsor then agree on a supplemental Public Consultation and Disclosure Plan (PCDP) to address any identified deficiencies. The supplemental PCDP must be submitted to the Environment Division for review and approval as soon as possible, and in advance of the appraisal mission. On completion of this program, the project sponsor prepares a report detailing the additional work undertaken and the results achieved. The Category A EA report will only be considered complete and made available to the World Bank InfoShop once this report is complete.

Category B project requirements

Category B consultation and disclosure requirements

For Category B projects, IFC may determine that there are special issues of concern, such as small-scale resettlement or pest management issues, that require the project sponsor to consult early in the project cycle with potentially affected stakeholders.

On completion of IFC's review of the project sponsor's environmental analysis, the Environment Division prepares an Environmental Review Summary (ERS) that contains:

- A project description
- Rationale for the project categorization
- The list of key environmental, social, health, and safety issues
- Details of the mitigation measures to bring the project into compliance with IFC's requirements
- An outline of any outstanding issues
- Information on the project's monitoring and reporting program to ensure compliance

After endorsement by the project sponsor, IFC releases this ERS, as well as the results of any consultations required by IFC for Category B projects with special issues, to the World Bank InfoShop no later than 30 days prior to IFC Board consideration. If the project sponsor objects to IFC's releasing the ERS or consultation results through the World Bank InfoShop, IFC staff do not continue work on the project.

Since project-affected people may not have reasonable access to a World Bank or IFC office, the sponsor is also required to release locally the ERS (amended if necessary) and the results of any consultations required by IFC, translated into the local language, in a culturally appropriate manner, to facilitate awareness by relevant stakeholders that the information is in the public domain for review. For example, if a Category B project requires preparation of a limited resettlement plan, this plan must be prepared in accordance with the requirements of OP 4.12, *Involuntary Resettlement*, including local consultation and disclosure. In addition, IFC releases the resettlement plan 30 days prior to IFC board consideration of the project.

ANNEX B

Responsibilities and qualifications for a Technical Specialist, Community Liaison Officer or team, and Senior Manager responsible for consultation

TECHNICAL SPECIALIST	
A Technical Specialist may be needed to undertake the following tasks:	Skills and characteristics required of the post:
<ol style="list-style-type: none"> 1. Selected public consultation to determine social risks and opportunities during conceptual design 2. Social cost-effectiveness analysis 3. Background research on local demographic, socio-economic, and organizational environments 4. Identification of stakeholders and stakeholder representatives 5. Design of appropriate company management structure for public consultation and disclosure 6. Preparation of the initial PCDP to guide public consultation during the EA and other planning and design activities 7. Participation of indigenous peoples and those involuntarily resettled to identify acceptable mitigation, compensation, and community development packages 8. Revisions to the PCDP at the time of EA finalization to prepare strategy for public consultation throughout the life of the project 9. Facilitation of planning and implementation of Resettlement Plans and Indigenous Peoples Action Plans, if appropriate 10. Facilitation of planning and implementation for Community Development Programs 11. Conflict management and resolution 	<ol style="list-style-type: none"> 1. Social science (e.g., anthropology, sociology, development studies) or communications background 2. Minimum of five years experience 3. Be from a reputable company with solid track record 4. Thorough knowledge of community participation and communication skills 5. Experience in the formulation of consultation or communication strategies 6. Working knowledge of local language 7. Where relevant, experience with media management (television, radio, and newspaper) 8. Capability to train company staff.

COMMUNITY LIAISON OFFICER OR OFFICERS

A Community Liaison Officer or team should be trained or employed to undertake the following tasks:	Skills and characteristics required of the post:
<ol style="list-style-type: none"> 1. Join the technical specialist in all his or her tasks, both to lend local knowledge and learn relevant skills 2. Join the team contracted to undertake the Environmental Assessment to ensure that the positive aspects of the project (employment and training opportunities, infrastructure improvements) are conveyed to affected people and interested parties at the same time; and to facilitate public involvement in verifying impact predictions and weighing mitigation and environmental monitoring options 3. Provide 'familiarity of face' and 'consistency of message' to the project-affected population throughout the life of the project, including during negotiations over compensation, resettlement, and the implementation of community development programs, and when working with indigenous peoples 4. Document the results of public consultation 	<ol style="list-style-type: none"> 1. Educated to high school level or above 2. Good understanding of economic livelihood strategies of project-affected people 3. Sensitive to gender differences 4. Good report writing skills 5. Fluent in local languages of project-affected people, preferably a person indigenous to and comfortable interacting with the local community (e.g., a former local teacher, social worker, et cetera) 6. Good natured 7. Likely to be viewed as politically and culturally independent by project-affected people 8. Able to commit to remaining in the post for a minimum of one year after the project becomes operational

SENIOR MANAGER

A Senior Manager within the company (or consortium) should be allocated the following responsibilities and tasks:	Skills and Characteristics required for the post:
<ol style="list-style-type: none"> 1. Respond to concerns and ideas raised through public consultation 2. Allocate project finance to public consultation and to draw down on budgets dedicated to community development and training 3. Undertake frequent and regular visits to the field with the Community Liaison Officer to demonstrate the project's commitment of to the local economy 4. Liaise between the Community Liaison Officer, consultative Advisory Forum (if one has been established), and company Board 5. Ensure that all public consultation and information disclosure requirements of investors have been met, including the documentation of results 	<ol style="list-style-type: none"> 1. Personable character 2. Awareness of environmental and social issues of development in developing countries 3. Working knowledge of local language 4. Facilitation and presentational skills 5. Willingness to undertake frequent field visits 6. Genuine interest in local human welfare 7. Innovative and opportunistic approach

ANNEX C

Guidance for Preparation of a Public Consultation and Disclosure Plan (PCDP)

1. Project sponsors are required to consult meaningfully with stakeholders on preparation and findings of the Category A EA and to disclose to the public the results of the EA process. Ongoing consultation is also required during the construction and operation phases of the project.
2. A Public Consultation and Disclosure Plan (PCDP) should: (i) describe local requirements for consultation and disclosure; (ii) identify key stakeholder groups; (iii) provide a strategy and timetable for sharing information and consulting with each of these groups during various phases of the project; (iv) describe resources and responsibilities for implementing PCDP activities; and (v) detail reporting and/or documentation of consultation and disclosure activities.

Key principles

3. The plan submitted by the sponsor to IFC must define a technically sound and culturally appropriate approach to consultation and disclosure. The goal is to ensure that adequate and timely information is provided to project-affected people and other stakeholders, and that these groups are given sufficient opportunity to voice their opinions and concerns. Important considerations include:
 - Written and oral communications in local languages and readily understandable formats
 - Easy accessibility by relevant stakeholders to both written information and to the consultation process
 - Use of oral or visual methods to explain information to non-literate people
 - Respect for local traditions of discussion, reflection, and decision-making
 - Care in assuring that groups being consulted are representative, with adequate representation of women, vulnerable groups, and ethnic or religious minorities, and separate meetings for various groups, where necessary
 - Clear mechanisms to respond to people's concerns, suggestions, and grievances

Contents of a PCDP

4. The sponsor must submit to IFC a Public Consultation and Disclosure Plan (PCDP). The contents of the plan should include the following:
 - a. **Introduction**

Briefly describe the project, including design elements and locational aids (e.g., site and area maps)
 - b. **Regulations and requirements**

Summarize the in-country, local requirements policies, laws, regulations, and review processes for public consultation and disclosure related to local EA legislation or other aspects of the project.

c. Review of any previous Public Consultation and Disclosure

Summarize all public consultation and information disclosure undertaken to date, including:

- The types of information disseminated, the forms this took (oral, brochure, report, posters, radio, et cetera), and the means of dissemination
- The locations and dates of meetings
- A description of the individuals, groups, and organizations consulted
- An overview of the issues discussed
- Description of how the issues raised were responded to by the project sponsor, including an explanation if issues were not addressed
- Explanation of how these responses were communicated to those consulted and the wider public

d. Stakeholders

Provide an inventory of key stakeholder groups who will be informed and consulted about the project.

Stakeholders are persons or groups who are affected by or can affect the outcome of a project. These can be affected communities, local organizations, NGOs, and government authorities. Stakeholders can also include politicians, commercial and industrial enterprises, labor unions, academics, religious groups, national social and environmental public sector agencies, and the media.

e. Public Consultation and Disclosure Program

Disclosure of information: The draft Category A EA report must be made available in the project country as early as possible and not later than 60 days prior to the proposed Board date. The sponsor should proactively disseminate a non-technical summary of the EA findings, in a form and language meaningful to those being consulted, to local stakeholders prior to consultation activities. IFC will release the Category A EA report through the World Bank InfoShop as early as possible and not later than 60 days prior to Board consideration.

Consultation: The PCDP should set out a program for public consultation and information disclosure during the following stages: (i) during the early scoping phase, before the terms of reference for the Category A EIA are finalized; (ii) once a draft of the Category A EA report has been prepared; and (iii) during the construction and operation phases.

This section should:

- Summarize the goals of the program
- Briefly describe the types of methods that will be used to communicate information to each of the stakeholder groups identified in *section d* above. Methods used may vary according to target audience, for example:
 - Mass media newspapers, posters, radio, television
 - Information centers and exhibitions, where brochures, leaflets, posters, and reports can be made available
 - Meetings and workshops
 - Posters and other visual displays, et cetera

- Briefly describe the methods that will be used to consult with each of the stakeholder groups identified in section IV. Methods used may vary according to target audience, for example:
 - ◆ Interviews with key people and groups
 - ◆ Surveys, polls, and questionnaires
 - ◆ Public meetings
 - ◆ Public hearings
 - ◆ Continuous participation processes involving agents or committees in the project zone
 - ◆ Other traditional mechanisms for consultation and decision-making.

f. Timetable

Provide a schedule detailing when consultation and disclosure activities will take place for each stage of the process and each stakeholder group identified.

g. Resources and Responsibilities

Indicate what staff and management resources will be devoted to undertaking the Public Consultation and Disclosure Program. Who within the company will be responsible for carrying out these activities? IFC encourages the sponsor to hire a Community Liaison Officer (CLO) to arrange and facilitate these activities.

Effective consultation and information disclosure may require assistance from specialized consultants. The sponsor, however, should be involved in all consultations related to the project. Appointment of a Community Liaison Officer is a good way to ensure and sustain this involvement.

h. Grievance Mechanism

Describe the process by which people affected by the project can bring their grievances to the sponsor, in a culturally appropriate manner for consideration and redress.

i. Reporting

Identify where and when the results of public consultation and information disclosure will be reported. This should include:

- The draft EA report
- Details of the results of consultation on the draft EA report, as necessary
- Annual monitoring reports submitted to IFC

ANNEX D

REVIEW CHECKLIST FOR IMPROVED PUBLIC CONSULTATION

Objectives of public consultation already achieved	YES or NO	If NO, the following actions may be considered:
1. Stakeholder identification: Is the project sponsor aware of all the groups and individuals who will be directly affected by the social or environmental impacts of the project, and all those individuals and organizations who can contribute to, or hinder, the success of the project?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Undertake a stakeholder analysis. Compare the results of the list of stakeholders consulted in the EA process. Where stakeholders have been omitted from the EA report, consider undertaking supplementary EA studies.
2. Impact identification: Have all environmental and social impacts of significance to the local population and other stakeholders been assessed during the EA process, including the indirect social impacts of changes to the biophysical population?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Have a social scientist review the EA report to look for evidence that potentially significant social impacts have been omitted. Where deficiencies are identified, consult with the affected groups to assess the significance of these impacts and to determine suitable packages of compensation and impact mitigation.
3. Mitigation options: Have a wide range of compensation and mitigation options been presented to, and solicited from, the affected population?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Consult with community representatives, government agencies, and nongovernmental organizations to increase the range of compensation and mitigation options available to project-affected groups. Revisit these groups and work with them to prioritize the options.
4. Economic livelihoods: Are the economic livelihood potential and social well-being of the project-affected groups comparable to or better than what they were before the project?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Have a social scientist review the EA report to determine whether economic livelihoods and social well-being are likely to be comparable to those existing before the project. Where there are deficiencies, consider re-opening negotiations over compensation and/or designing more effective mitigation.
5. The draft EA report: Have the draft EA report and EAP been released to the public within the country of operations, and has the sponsor solicited responses to them through consultations?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Follow the advice on information and disclosure and public consultation described in Guidance Notes 5 and 6.
6. Design changes: Are those affected by the project being kept informed of changes in the project design, construction activities, and operations as they arise?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Establish a program of meetings with various stakeholder representatives to inform them about design changes and the onset of environmental and social impacts during construction and operations.
7. Monitoring: Are project-affected groups involved in monitoring the effectiveness of environmental and social impact mitigation?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Establish a forum of representatives from project-affected groups and local government and/or nongovernmental organizations to monitor mitigation effectiveness. Establish a formal grievance mechanism for resolving disputes and conflict.
8. Community development: Is the project sponsor working to promote local development within the wider community?	YES <input type="checkbox"/> NO <input type="checkbox"/>	Approach established local development agencies, organizations and NGOs to investigate the possibilities for collaboration on community development programs.

ANNEX E

TECHNIQUES FOR PUBLIC CONSULTATION AND INFORMATION DISCLOSURE		
DISCLOSING INFORMATION TO THE PUBLIC	PUBLIC CONSULTATION	TECHNIQUE/METHOD
PRINTED MATERIAL		
✓		• Brochures, reports (including the EA report, Executive Summary, of the EA report, and other studies such as Resettlement Plans, et cetera), newsletters
✓	✓	• Displays and exhibits
✓		• Direct mail
USING EXISTING MEDIA		
✓		• Newspapers
✓	✓	• New conferences
✓		• Newspaper inserts
✓	✓	• Radio and TV
✓		• Advertising
PUBLIC INFORMATION SESSIONS		
✓	✓	• Exhibitions and scale models (stationary and/or roaming)
✓	✓	• Open-houses (in field offices, at project HQ)
✓		• Videos
✓	✓	• Targeted briefings
SURVEYS		
✓	✓	• Household questionnaires
✓	✓	• Sampled questionnaires
✓		• Polls
✓	✓	• Perception surveys, attitude surveys
MEETING INDIVIDUALS		
✓	✓	• Stakeholder representatives
	✓	• Key informants (e.g., school teachers, religious leaders, et cetera)
	✓	• Stratified sampled interviews (stratified by wealth, land title, gender, et cetera)
SMALL GROUP MEETINGS		
	✓	• Focus groups (specific techniques include: resource mapping; village transects; institutional analysis through Venn diagrams; wealth ranking; seasonal and daily calendars; et cetera)
✓	✓	• Public seminars
LARGE GROUP MEETINGS		
✓	✓	• Public meetings or open house meetings
✓	✓	• Public hearings
✓	✓	• Conferences
OTHER		
✓	✓	• Telephone hotline, where available

ANNEX F

PRO FORMA FOR ADVERTISING THE DISCLOSURE OF THE DRAFT EA REPORT

[Company], [Company structure and main investors], propose to [build/operate/manage] a [type of project] at [location (s)].

Construction of the project is expected to commence on [date] and completion is targeted for [date].

An Environmental Assessment (EA) for the [project activities] has been completed by [consultant's/consultants' name(s)].

The EA report includes information on the:

- Project description
- Relevant legislation
- Potential impacts
- Proposed mitigation measures
- Environmental action plan
- Other supporting studies.

The entire draft EA report and a non-technical Executive Summary will be available for public review [dates and time of availability] at the following places:

[Address of government]

[Address of company]

[Address of other institutions/libraries/community centers]

Members of the public are invited to comment on the draft documents by [date of comment deadline]. Those unable to review the documents at the location(s) mentioned above, please contact [project company name] at [project sponsor's address] or on [project sponsor's telephone number].

ANNEX G

PRO FORMA FOR NOTIFYING THE PUBLIC OF A PUBLIC MEETING OR OPEN HOUSE

Regarding the Environmental Assessment (EA) report for the proposed [project name and main activities], notice is hereby given to all parties who wish to give their comments and opinions regarding the implementation of the [project] to attend a public meeting [open house] scheduled on

[Date and Time]

at

[Location]

This hearing is being conducted in order to resolve and/or address any outstanding issues and concerns over the proposed [project name] project.

All interested parties who wish to attend or participate in this public [meeting/hearing] may show up on the date and time noted above.

Summary information is available prior to the meeting at [location of executive summaries].

[Free transportation to and from the meeting place can be arranged.]

For those who will not be able to attend, minutes from the meeting will be available at [location] by [date].

For further information, please call [person name, organization] on [telephone number].

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