

ACR Aboriginal Programs Project Program Template

Program Area:	5.0	Resource Stewardship
Sub Program:	5.2	Implementing Consultation Processes for Resource Access and Management
Template:	5.2.4	Doing Better Business - Effective Consultation and Disclosure
Sponsor(s):	<i>World Bank International Finance Corporation (IFC)</i>	

Objective

To provide guidance on the principles and process to be followed in public consultation and disclosure with the aim of building not only financially successful projects, but environmentally and socially responsible ones as well.

Description

In today's world where growing public awareness of environmental and social issues is driving changes in consumer behaviour, investment, and regulation, the International Finance Corporation (IFC) of the World Bank Group is a leader. Its environmental and social requirements have become the global benchmark. IFC's reputation and international standing as a member of the World Bank Group allows it to bring communities, governments and non-governmental organizations together with the private sector to develop innovative approaches to complex issues, including consultation.

IFC recognizes and endorses the fundamental importance of accountability and transparency in the development process. Experience has demonstrated that consultation and sharing of information with local communities affected by IFC-financed projects, as well as with co-financers, partners, and groups and individuals with specialized knowledge of private sector development issues, helps to enhance the quality of IFC-financed operations.

The IFC has prepared policies and guidelines, including a Good Practice Manual. This manual is specifically tailored to help companies working in developing and emerging economies meet challenges of effective public consultation and information disclosure due to duration of projects, distance covered by the project, and the biophysical and cultural diversity of the project area. The manual describes how to identify project-affected people and carry out meaningful culturally appropriate consultation.

The Good Practice Manual addresses the challenges of the private sector which has specific characteristics and operates under certain constraints. This at times makes public consultation and disclosure particularly sensitive and complex. The many political and commercial factors should not be considered insurmountable obstacles. However, they should not be seen as excuses for failing to consult with locally affected people.

The manual discusses the risks of failing to consult adequately including delays, weakened negotiating positions and damaged public images.

The guidance notes of the manual explain how to carry out good public consultation and disclosure during each stage of planning and implementing a major private-sector project. The stages include:

- Conceptual design
- Stakeholder identification
- Planning for public consultation and disclosure
- Scoping the environmental assessment (EA)
- Preparing the draft EA report and environmental action plan (EAP)
- Consultation and disclosure on the draft EA report
- Construction and operations
- Community development
- Approaching IFC after EA completion

The IFC has embarked on an integrated comprehensive review of its Disclosure of Information policy, safeguard policies, and Environmental, Health & Safety (EHS) guidelines.

- Safeguard policies are the basis for IFC's leadership on social and environmental sustainability to manage the social and environmental risk of private sector operations it finances in emerging markets. IFC has developed safeguard policies for environmental and social issues that project sponsors should review before conducting their assessments. IFC's policies and guidelines give project sponsors a powerful tool for identifying risks, reducing development costs, and improving project sustainability by benefiting affected communities and preserving the environment.

Safeguard policies include policies and programs regarding:

- Environmental assessment
- Natural habitats
- Pest management
- Forestry
- Safety of dams
- International waterways
- Indigenous Peoples - OD 4.20 September 1991 Safeguard Policy Operational Directive OD 4.20 Indigenous Peoples provides guidance with
 1. Definitions of terms
 2. Objective and policy
 3. Indigenous peoples development plan

4. Project processing and documentation
 - Involuntary resettlement
 - Cultural property
 - Child and forced labour policy statement
- Environmental Health and Safety guidelines. To ensure the sustainability of investment activities, IFC has developed a comprehensive social and environmental risk management framework.
- Extractive industries review (EIR). This was launched by the World Bank Group to discuss its future role in the extractive industries with concerned stakeholders. The aim of this independent review was to produce a set of recommendations that will guide involvement of the World Bank Group in the oil/gas and mining sectors. The discussion was within the context of the World Bank Group's overall mission of poverty reduction and the promotion of sustainable development. This global review was initiated in July 2001 and completed in December 2003 with the EIR recommendations published in the final report entitled "Striking a Better Balance". Following a period of public comments, management of the World Bank responded in September 2004 with the "Final World Bank Group EIR Management Response". See website: <http://www.eireview.org/>
- Convention (No. 169) concerning Indigenous and Tribal Peoples in Independent Countries, including Article 6 on consultation. See website: <http://www.unhchr.ch/html/menu3/b/62.htm>

Implementation

Eleven actions for managing public consultation:

1. Plan ahead - effective public consultation requires advanced planning that includes research to identify: any risks to the project arising from the local environmental and social context; the key parties who may be affected by or able to influence the project's outcome; and local regulatory requirements calling for public involvement.
2. Test the program
 - Identify relevant stakeholders
 - Inform
 - Provide opportunities and time
 - Respond
 - Communicate responses back to individuals and organizations consulted, and to the wider public
3. Invest time and money
4. Involve operations managers directly. The support and active participation of the project sponsor's top management and a commitment to incorporating stakeholder concerns is required. 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.

5. Hire and train the right personnel for public consultation. Identify the management structure with responsibility for public consultation. A reporting structure should be developed so the community liaison office has board-level reporting authority and some rank in terms of being able to negotiate, not just listen, on behalf of the company. They should have responsibilities that include hearing and considering local concerns and suggestions.
6. Maintain overall responsibility for the outcomes. The company should maintain overall responsibility for the outcomes of all public consultation performed by external consultants or sub-contractors, through the use of explicit terms of reference and contractual arrangements.
7. Coordinate all consultation. 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 with two-way communication. Develop two-way channels of communication, preferably in the local language, with project-affected groups and other relevant stakeholders. Special consideration should be given to the culture, language, land use, and territorial rights of affected Aboriginal peoples, if present in the project area. Continuity and familiarity build trust and understanding.
9. Manage expectations. 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 beginning in describing what the project can deliver. Try not to overstate the benefits.
10. Work with governments. Inform and consult with relevant government departments.
11. Work with NGOs and community-based organizations. Carry out initial research regarding the local power dynamics and existence of special interest groups to ensure that any intermediary organization are true representative of and accountable to the community interest they claim to support and represent.

Timeframe for Results

The scheduling of project activities should allow sufficient time for consultation and for addressing unanticipated issues. Extensive consultation is required during all phases of projects. If not implemented properly, there will be immediate and long-term consequences.

The duration of consultation programs in developing countries is difficult to predict. Generally speaking, as projects become larger and more complex, the time to complete the program will likely increase. Another important factor that can affect the timeframe for implementing a consultation program is the capacity of the local stakeholders to understand what is being presented to them, so that they can participate and make decisions as informed stakeholders.

Measurable Criteria

Generate positive financial and commercial benefits for a resource company including:

- Reduced financial risk
- Reduced direct costs
- Increased market share
- Enhanced social and business benefits for local communities; increased efficiency and avoidance of future costs due to the integration of local knowledge to a project's design, construction, and operation
- Identification and resolution of problems and conflicts in an atmosphere of trust

The environment and social development department of IFC is tasked with evaluating, appraising and monitoring the environmental and social impacts of proposed and existing IFC projects. While compliance with IFC's guidelines and safeguard policies is a requirement for project sponsors, adhering to them will lead to better business performance and more sustainable outcomes for any company.

Budget

The project budget should allow for expenditures such as hiring consultants to perform all the necessary steps: employing permanent staff with the appropriate qualifications; organizing public meeting; printing and distributing written material; including material translated into local languages; and working with the media.

The budget may depend on a range of factors including scope and complexity of the issue, willingness and capacity of the community to engage, time required to do effective consultation, and whether there is an existing relationship. Consideration may need to be given to funding the capacity development of local stakeholders so that they are able to effectively participate in the consultation program.

Partners and Sponsors

The International Finance Corporation, the private sector development arm of the World Bank Group, is committed to financing environmentally and socially sound projects in its member countries.

Experience with the Program

The "Doing Better Business Through Effective Public Consultation and Disclosure Good Practice Manual" was published in 1998, but the World Bank and similar organizations have been advocating these business practices for many years.

IFC has embarked on an integrated review of its safeguard policies, policy on Disclosure of Information, and Environmental, Health & Safety guidelines. The review involves a comprehensive update of policies and guidelines, subsequent to stakeholder consultation and expert guidance. The revised policies were presented to IFC's management and board for approval in late 2005.

General Applicability

This program is a model that can be used by companies undertaking consultation and working in culturally diverse communities.

Additional Information or Support

Miles Scott-Brown, Integrated Environments Ltd., Suite 233, 2451 Dieppe Avenue SW, Calgary AB T3E 7K1

Telephone: (403) 685-8390

Email: miles.scott-brown@integrated-environments.com

Claire Preece, Community Relations Advisor, Preece Consulting Inc., Calgary, AB

Telephone: (403) 681-5675

Email: claire.preece@encana.com

World Bank IFC Resource Guide: <http://www.ifc.org/enviro/Publications/Practice/practice.htm>
<http://www.ifc.org/ifcext/policyreview.nsf/Content/DisclosurePolicyReview>

Date Entered or Updated: September 1, 2005