PART ONE:
KEY CONCEPTS AND PRINCIPLES OF STAKEHOLDER ENGAGEMENT

This section presents a series of definitions, concepts and good practice principles for stakeholder engagement that are generally applicable across the range of project activities. Later, Part Two takes a closer look at how these specific practices and approaches may be most helpful during different phases of a project.

Who are stakeholders?
Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses.
The “stake” that each of these different individuals or groups has in a project or investment will vary. For example, there may be people directly affected by the potential environmental or social impacts of a project. Others may be resident in another country altogether, but wish to communicate their concerns or suggestions to the project company. Then there are those who might have great influence over the project, such as government regulators, political or religious leaders, and others active in the local community. There are also stakeholders who, because of their knowledge or stature, can contribute positively to the project, for example, by acting as an honest broker in mediating relationships.

What are the building blocks of stakeholder engagement?

Stakeholder engagement is an umbrella term encompassing a range of activities and interactions over the life of a project. These can be divided into eight components (see Figure 2), each of which will be discussed in a separate section below:

- Stakeholder Identification and Analysis
- Information Disclosure
- Stakeholder Consultation
- Negotiation and Partnerships
- Grievance Management
- Stakeholder Involvement in Project Monitoring
- Reporting to Stakeholders
- Management Functions
FIGURE 2: KEY COMPONENTS OF STAKEHOLDER ENGAGEMENT

- **Information Disclosure**: Communicate information to stakeholders early in the decision-making process, in ways that are meaningful and accessible, and continue this communication throughout the project life.

- **Stakeholder Consultation**: Plan out each consultation process, consult inclusively, document the process, and communicate follow-up.

- **Negotiation and Partnerships**: For controversial and complex issues, enter into good faith negotiations that satisfy the interests of all parties. Add value to impact mitigation or project benefits by forming strategic partnerships.

- **Grievance Management**: Establish accessible and responsive means for stakeholders to raise concerns and grievances about the project throughout its life.

- **Stakeholder Involvement in Project Monitoring**: Involve directly affected stakeholders in monitoring project impacts, mitigation and benefits, and involve external monitors where they can enhance transparency and credibility.

- **Reporting to Stakeholders**: Report back to stakeholders on environmental, social, and economic performance, both those consulted and those with more general interests in the project and parent company.

- **Stakeholder Identification & Analysis**: Invest time in identifying and prioritizing stakeholders and assessing their interests and concerns.

- **Management Functions**: Build and maintain sufficient capacity within the company to manage processes of stakeholder engagement, track commitments, and report on progress.