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IMPLEMENTING FPIC STAKEHOLDER ENGAGEMENT IN GEOTHERMAL PROJECTS

TECHNICAL GUIDELINES

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PREFACE

There is a growing recognition—bolstered by research and experience[1]—that good stakeholder engagement helps reduce social risks and negative impacts while providing superior developmental outcomes to local communities, and overall lowers project costs to the developers, the financiers, and the government. Good stakeholder engagement is particularly important to identify social groups vulnerable to shocks due to the project and identify their distinctive needs and concerns. Among other stakeholders, Indigenous Peoples (IP) are particularly vulnerable to the loss of, alienation from, or exploitation of their land and access to natural and cultural resources. In recognition of this vulnerability, an increasing number of International Financial Institutions (IFIs) require their clients to obtain the Free, Prior, and Informed Consent (FPIC) of the affected Indigenous Peoples when such circumstances occur under the projects they finance. Projects often struggle though with precisely how to engage in an FPIC process for lack of clear technical guidance.

These Technical Guidelines (TG)[2] provide step-by-step procedures and concrete actions as pathways toward carrying out enhanced meaningful stakeholder engagement so as to achieve FPIC where required, under the "Participation and Partnership Framework (PPF)" as the overarching conceptual framework. The PPF also suggests that this approach be made available not only for IP communities but for any project when significant community risks are present. The TG discuss how to do this by laying out three basic approaches that the project can use depending on the scale of risks and impacts as well as the complexity of the project, and the characteristics of the affected people: FPIC-1, FPIC-2, and FPIC-3.

[1] Experience including that garnered by Indigenous Peoples Organizations and international development specialists such as the Nepal Federation of Indigenous Nationalities (NEFIN) and the Regional Council of Authorized [Indigenous] Representatives ([RCAR] of Sakhalin, RF) and secondly by the firm Cross-Cultural Consulting Services (CCCS) working in Indonesia, Tanzania, Ethiopia, Russia, and Nepal.

[2] Other useful guidelines for implementing FPIC include UNDP Technical Guidance Document on FPIC; Accountability Framework's Operational Guidance on FPIC; The Free, Prior, and Informed Consent Advantage (IFAD).

ABBREVIATIONS

AC	*Advisory Council*
AMAN	*Aliansi Masyarakat Adat Nusantara (Indigenous Peoples' Alliance of the Archipelago)*
AMDAL	*Analisis Mengenai Dampak Lingkungan (Environmental Impact Assessment)*
CBP	*Capacity-Building Program*
CHP	*Cultural Heritage Program*
CPA	*Consent Process Agreement*
CSD	*Consent Set of Documents*
CSO	*Civil Society Organizations*
CSR	*Corporate Social Responsibility*
CSV	*Creating Shared Value*
DPPT	*Dokumen Perencanaan Pengadaan Tanah (Land Acquisition Plan Document)*
EBRD	*European Bank for Reconstruction and Development*
EDP	*Economic Development Program*
EIA	*Environmental Impact Assessment*
EM	*External Monitor (EM)*
EMP	*Environmental Management Plan*
ESF	*Environmental and Social Framework*
ESIA	*Environmental and Social Impact Assessment*
ESMP	*Environmental and Social Management Plan*
ESS	*Environmental and Social Standard*
ET	*Evaluation Team*
FCL	*FPIC Community Liaison*
FFO	*FPIC Facilitator Organization*
FPIC	*Free, Prior and Informed Consent*
GB	*Governing Board*
GBV	*Gender-Based Violence*

GESI	*Gender, Equality, and Social Inclusion*
GFN	*Good Faith Negotiations*
GN	*Guidance Note*
GOI	*Government of Indonesia*
GRM	*Grievance Redress Mechanism*
GWG	*Grievance Working Group*
IFC	*International Finance Corporation*
IFI	*International Financial Institutions*
ILO	*International Labour Organization*
IMT	*Internal Monitoring Team*
IP	*Indigenous Peoples*
IPO	*Indigenous Peoples Organization*
IPP	*Indigenous Peoples Plan*
IWGIA	*International Work Group for Indigenous Affairs*
JFF	*Joint Fact-finding*
LARAP	*Land Acquisition and Resettlement Action Plan*
LG	*Local Governments*
LID	*Legacy Issues Document*
NGO	*Non-governmental Organization*
MoU	*Memorandum of Understanding*
PC	*Program Committee*
PCM	*Participatory Community Mapping*
PPF	*Participation and Partnership Framework*
PS	*Performance Standard*
SC	*Statement of Consent*
SE	*Stakeholder Engagement*
SEP	*Stakeholder Engagement Plan*
SIA	*Social Impact Assessment*
SIMP	*Social Impacts Management Plan*
TG	*Technical Guidelines (i.e., this document)*
TIA	*Tripartite Implementation Agreement*
UNDRIP	*United Nations Declaration on the Rights of Indigenous Peoples*

UN-REDD	*United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation*
WB	*World Bank*
WG	*Working Group*

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INTRODUCTION: WHY THESE TECHNICAL GUIDELINES (TG)?

Indonesia has enormous potential and challenges in terms of development and renewable energy. Significant developments will necessitate using new energy sources such as solar, water, wind, and geothermal. However, renewable energy production and transition affect, and are affected by, the surrounding population throughout the project's life, including Indigenous Peoples (IP) many of whom retain deep cultural ties and rely on the natural resources of their home territories.

Meaningful stakeholder engagement (SE) is becoming more widely acknowledged as an essential component of social risk management. This is because it assists projects in obtaining a "social license to operate" and reduces the potential risk of rejection from affected people or criticism from civil society. In Indonesia, where experience is minimal, particularly in the public sector, stakeholder participation is frequently considered merely a consultation meeting or two for a safeguard document. Weak engagement from stakeholders often results in resistance from local communities, which can be avoided or minimized through meaningful stakeholder interaction.[3]

Meaningful SE and processes to achieve and maintain community support are particularly important if the project affects IP communities and will go a long way toward achieving their Free, Prior and Informed Consent (FPIC) that is required under many international standards such as the World Bank's Environmental and Social Framework (ESF) and the International Finance Corporation's (IFC) Performance Standards (PS). A meaningful SE is a key foundation of FPIC without which FPIC can be reduced to a mere box-ticking exercise to achieve policy compliance. A good understanding of how enhanced meaningful stakeholder engagement can lead to FPIC and what additional activities and documentation are needed to meet FPIC requirements will help renewable energy projects overcome potential social risks while minimizing compliance risks. A heightened awareness of international good practice on stakeholder engagement and FPIC in the renewable energy sector will also have a spill-over effect in other sectors since many principles, processes, and procedures on meaningful stakeholder engagement and FPIC are similar across sectors.

These Technical Guidelines aim at assisting development practitioners tasked with the social safeguards of development projects that significantly affect Indigenous Peoples and/or face major stakeholder risks. The TG can help them implement policy requirements for pursuit of FPIC as a form of enhanced stakeholder engagement. These TG also follow up on the "Stakeholder Engagement & FPIC 101" workshop held in February 2023 by the World Bank Indonesia which had these key takeaways:

[3] In fact, Indonesia has a long history of bottom-up planning processes since the Kecamatan Development Project (KDP) started in the late 1990s, now institutionalized under the Village Law. Except for some notable exceptions, such as the KOTAKU project, however, the established bottom-up planning process has not been translated into enhanced stakeholder engagement or participatory social risk management under development projects. As a result, development projects rarely go beyond the one-time. "socialization" of the project and its risk mitigation strategies with minimum participation of affected people in risk assessment and mitigation development or monitoring.

1. Practitioners need guidance on clear processes to reach consent and criteria to recognize it, and which is acceptable to all parties including international financiers. All stakeholders need to agree upfront on processes to reach and confirm consent, including who will give consent.
2. Convincing a project's senior management of the value of meaningful SE and FPIC with concrete case examples, especially to secure necessary budget, is key.
3. SE should start early and continue throughout project preparation and into implementation, but the challenge is that SE and FPIC are typically seen as a matter of compliance. As a result, SE including that with IP communities, is often limited to a public consultation meeting or two to meet policy requirements just before project approval.
4. It is important to embed FPIC processes in legally binding assessment processes such as the Environmental and Social Impact Assessment (ESIA) to enhance the legitimacy of FPIC and ensure it is conducted as a process. Agreements made between the project and the community (and the local government as relevant) as a condition of consent should be in legally binding documents.
5. Significant legacy issues including pre-existing discontent and intra-community tensions should be assessed upfront and addressed if they could negatively affect the project before the project initiates an FPIC process. Experience shows that unresolved legacy issues can negatively affect FPIC processes that may otherwise be adequate and make it difficult for the project to obtain a "social license to operate."

Lastly, all users of these TG need to consider them as one part of a broad range of social and environmental safeguard policy document guidance. The ten Environmental and Social Standards of the World Bank, like their cousin policy documents of the other IFI and affiliated entities, need to be seen in conjunction with those policies along with the myriad national, regional, and sectoral guidance documents that have emerged these recent years.

Annotated Chapter Titles

1. **Why Stakeholder Engagement (SE)?** Describes what stakeholder engagement is and the differences between that required by the WB/IFIs and the Government of Indonesia.
2. **What is FPIC and Why is It Needed?** Provides a background as to the rise of the FPIC requirement and its embedding in Indigenous Peoples policies, its complementarity with the ESIA process, and its enhancement of SE approaches. Introduces this TG's FPIC approach—the Participation and Partnership (PPF)—and the need to adjust FPIC to project risk level.
3. **FPIC Governance.** Spells out the various governance bodies the FPIC process will require of the project, local governments, and local communities to engage in during both the FPIC Negotiation and Implementation Phases—and who will do the work.
4. **FPIC Stakeholder Engagement for Geothermal Projects.** Focuses on the particular aspects of geothermal projects which will influence their approach to implementing FPIC.
5. **Scoping Visits**. Gets the FPIC process started on the ground with advice as to first steps, mobilizing the FPIC Support Team, and initial engagements with local/Indigenous communities.
6. **First Round of Consultations**. Details the first in-depth engagements of FPIC communities with the FPIC process governance along with capacity assessments of project staff and community members. Includes preparation of the Consent Process Agreement wherein how FPIC applies to the project at hand is clarified.
7. **Continuing FPIC Negotiations.** Reviews the key documents expected to emerge from the FPIC process, as well as issues arising during the heart of the FPIC negotiations, and the step-by-step progress through the FPIC process.

8. **Building Partnership.** Reviews suggestions for how to make the PPF come alive for the FPIC communities, local governments and the project with a focus on collaboration and lessons learned during the FPIC Negotiation Phase.
9. **FPIC Implementation: First Steps.** Emphasizes the steps necessary to get the successful post-consent agreements implemented so as to not lose the momentum gathered and reviews how each of the FPIC partners (communities, governments, project) will contribute to that end. Emphasizes lessons learned during the FPIC Implementation Phase.
10. **FPIC Monitoring, Evaluation, Reporting, and Grievance Mechanism.** Reviews the nuts and bolts of FPIC agreements' (the Consent Set of Documents') oversight and supervision.

PHASE ONE: NEGOTIATING FPIC

Striving to Achieve FPIC

PART ONE
WHY STAKEHOLDER ENGAGEMENT? WHY FPIC?

Part One emphasizes the importance of stakeholder engagement to long-term project success, reviews gaps in the Stakeholder Engagement (SE) that is typically conducted in Indonesia and their consequences, defines the concept of Free, Prior and Informed Consent (FPIC), describes its significance in the achievement of inclusive sustainable development, and points out the particular aspects of both SE and FPIC within the context of geothermal projects.

Goal: Introduce FPIC as an enhanced form of Stakeholder Engagement which can help a project achieve a social license to operate.

CHAPTER 1: WHY STAKEHOLDER ENGAGEMENT?

1.1 Who's a Stakeholder?

"Stakeholders" are groups of people who have a particular and clear interest—a "stake"—in a development project. The Bank's ESS10[4] defines those as "individuals or groups who:

a) are affected or likely to be affected by the project (project-affected parties); and
b) may have an interest in the project (other interested parties)."[5]

Stakeholders may include a wide variety of groups ranging from local communities to national and local authorities, financiers, and nongovernmental organizations (NGOs) including environmental NGOs, religious organizations and trade unions. Among other stakeholders, people whose wellbeing and livelihoods are significantly affected by the project activities are the most important stakeholders. It is critical, early in a project's life, to engage with those people, inform them what might be happening, receive their suggestions for future steps, and seek to partner with them in the co-development of their immediate living environment.

In some ways, this approach is common human decency: a project wants to use a community's lands, or resources, knowledge, and/or skills and so in return the community should be brought into discussions about the project early on. This is true for all communities, and it is especially true for those communities whose ancestors have long resided in the proposed project area whether Indigenous or not. After all, all people want to be at minimum co-designers of their futures with those around them and stakeholder engagement is an important way to begin the conversation.

1.2 Effective Stakeholder Engagement (SE)

Stakeholder engagement aims to foster open communication, collaboration, and understanding between a project and its stakeholders. It involves sharing information, seeking input and feedback, addressing concerns, and involving stakeholders in decision-making processes when appropriate. Effective SE aims at:

a) Identifying and understanding stakeholders' interests, needs, and expectations.
b) Maintaining open lines of communication, providing relevant and timely information about the project, and ensuring transparency.

[4] See Environmental and Social Framework (ESF) (worldbank.org) for ESS (Environmental and Social Standard) 10 text.

[5] These parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women's organizations, other civil society organizations, and cultural groups.

c) Encouraging collaboration and partnership between the project and stakeholders to achieve common goals and find mutually beneficial solutions.
d) Actively seeking input, feedback, and perspectives from stakeholders, and considering their viewpoints in decision-making processes. Avoiding an "I can teach you" attitude—it will only turn people off.
e) Addressing conflicts or disagreements among stakeholders in a fair and constructive manner, finding resolutions and compromises.
f) Sustaining engagement throughout the project's lifecycle to ensure ongoing participation, stakeholder satisfaction, and adaptability to changing circumstances.

By actively and collaboratively engaging stakeholders, projects can build trust, enhance decision-making, mitigate risks, improve project outcomes, and foster positive relationships with those affected by their actions or decisions. Key SE methods are reviewed in **Annex 1** while **Annex 2** reviews SE stages and action sequencing.

1.3 Differences between World Bank/IFI SE Requirements and that of the Government of Indonesia (GOI)

The World Bank, like other International Financial Institutions (IFIs), requires projects to "engage with stakeholders throughout the project cycle" and in a culturally appropriate way, provide a grievance redress mechanism (GRM), regularly disclose project information, and prepare a Stakeholder Engagement Plan (SEP). In Indonesia public consultations are required on the AMDAL (Environmental Impact Assessment) report[6] while the DPPT (Land Acquisition Plan Document) requires consultation with landowners. However, a GRM is not required to be established except in relation to land acquisition, and public consultation is typically held as a town-hall style public meeting. As a consequence, projects are often not able to respond to the distinctive needs and concerns of respective stakeholder groups on a timely basis, and their discontents often escalate, risking the project losing its social license to operate on the back of community discontent and facing an eruption of community conflicts. Even when an SEP is prepared for financiers, it typically generalizes affected people as "the community," when there exist significant intra-community differences in terms of capabilities, attitudes, livelihoods, political affiliations, etc., and the degree to which they are affected by the project, all of which may manifest themselves differently and determine people's attitudes to the project.

See **Annex 3** for a comparison of WB and GOI stakeholder engagement policies and approaches.

1.4 Why Stakeholder Engagement is Important

Successful and sustained SE lessens significantly the likelihood of construction and operational delays, conflicts, and reputational harm to a project. It likewise enhances the likelihood that project activities will proceed unhindered by social disturbances, at less cost, and with a far more positive public face than would otherwise be the case. Conversely, poor SE can cause significant project delays if not outright cancellation. Adityatama, Purba, & Kristianto (2018) observe that "the long delays in geothermal projects are usually not derived from technical problems but from non-technical

[6] See **Focus #3** for discussion of SE and Land Acquisition in Indonesia.

issues such as road closures, demonstrations, and other social rejection forms. One day's idle project workforce during the preliminary phase of preparation and surveys can cost a geothermal project between USD 3,000 to 10,000, a figure which rises to USD 10-25,000 during exploration, and ultimately to USD 25 – 100,000 during construction (Adityatama, et al 2018: 6). If a project is interrupted for 30 days during construction due to community protest, it can cost the project USD 750,000 – 3 million if only for the workforce remaining inactive.[7]

Oxfam (2023:5) notes that "building trust with affected communities and implementing consultation, consent, and benefit-sharing processes take time. Yet, as projects move from exploration through project financing and construction phases, unless community consent has been prioritized and adequately resourced, the incentives for all actors to move quickly to completion and production often overlook or sideline trust building and land rights concerns. The absence of consent at the earliest stage of project developments creates material financial risks for companies and investors down the line."

In the chapters that follow, how projects can strengthen SE by applying FPIC principles, proportionate to the risk level and the expectations of the affected communities, will be explained.

[7] See also https://onlinelibrary.wiley.com/doi/epdf/10.1002/smj.2180 for an interesting study of mining companies on financial returns to stakeholder engagement.

CHAPTER 2: WHAT IS FPIC AND WHY IS IT NEEDED?

The World Bank's Environmental and Social Standard 7 (ESS7) and other IFI standards specifically require Free, Prior, and Informed Consent (FPIC) if the project they finance affect Indigenous People (IP) under certain circumstances. Chapter Two gives the context both for IP policies and for the need for FPIC while also exploring how FPIC and SE are part of the same continuum of project-community relations.

2.1 Who's Indigenous? Global and Indonesian Interpretations

Defining who's "Indigenous" or which group of people are an "Indigenous People" has been quite problematic. In the Bank's ESS 7[8] the term "is used in a generic sense to refer exclusively to a distinct social and cultural group possessing the following characteristics in varying degrees:[9]

a) Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others; and
b) Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas; and
c) Customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and
d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside." [para.8]

Bahasa Indonesia does not have a term completely analogous to the way "Indigenous Peoples" is used in ESS7. In the Republic of Indonesia, various local terms have been suggested as rough equivalents but each has a different referent and salience when applied to international policies. These include *masyarakat hukum adat* [MHA] (customary law community), *masyarakat lokal* (local community), *masyarakat tradisional* (traditional community), *komunitas adat terpencil* [KAT] (remote Indigenous community), and *penduduk asli* (Indigenous populations). These terms encompass the diverse Indigenous and traditional communities residing in Indonesia and acknowledge their unique cultural and legal statuses.

Laws and government decrees in Indonesia use the terms MHA and KAT to define a distinct and specific group within the society with a particular way of life. In addition, the independent Indigenous organization *Aliansi Masyarakat Adat Nusantara* (AMAN; "the Indigenous Peoples' Alliance of the Archipelago") also has a working definition of *masyarakat adat*: "the community that inhabits an

[8] See Environmental and Social Framework (ESF) (worldbank.org) for ESS7 text.

[9] ESS7 refers to groups that meet these criteria but who may be called by different terms, e.g., ethnic minorities, pastoralists, scheduled tribes.

ancestral domain from generation to generation, has sovereignty over their land and natural resources, and whose society and culture are regulated by customary law and institutions maintaining the peoples' sustainability."

The GoI definitions MHA and KAT use precise criteria, particularly in customary law, territory, vulnerability, and sovereignty, compared to the characteristics of IP in the World Bank's ESS7.

These TG provide technical guidance on how to conduct the FPIC process whenever it is required by applicable GOI regulations or the financier's policies, proportionate to the risk levels. These TG also provide guidance on how FPIC principles can be applied to better manage stakeholder risks even if FPIC is not officially required.

2.2 Indigenous Peoples Emerge as Special Stakeholders in IFI Policies

Representing only a small fraction of the global population, IP nevertheless contribute much to humankind's knowledge of the world – and ways of knowing. Yet, they are also among the most marginalized and vulnerable segments of the nations in which they reside – and thus are particularly likely to be affected by national development projects, even those well-meaning and aimed at their betterment. Furthermore, the mitigation measures and benefit programs devised for (and not by) IP often only add to their marginalization and to the threats to preservation of their identities as their worldviews, values, capabilities, and social, spiritual and environmental perspectives, are often distant from those who plan them. The cultural chasms between project management and staff on the one hand and local IP communities on the other may lead to misunderstandings, mistrust and conflict (Padel, 2016).

In the 1980s, groups of marginalized peoples in different countries suffering roughly parallel historical pasts of dispossession banded together in a global effort to make the world's nation-states recognize what these "native" or "aboriginal" or "tribal" peoples saw as the great injustices meted out to their ancestors and themselves – and threateningly – to their descendants. Global NGOs (e.g., IWGIA) and global IPOs began to advance their agenda for recognition, restoration, and regeneration at forums like the United Nations' Working Group at Geneva. This moved the global discussion away from the assimilationist/acculturationist paradigm that had previously emerged in the 1950s (e.g., ILO [International Labour Organization], 1957) to be more in line with the pioneer ILO Convention 169 which touts Indigenous self-determination.

The first decades of the 21st century have seen a cascade of ever-increasing IP's small yet significant victories in forcing an emerging global recognition of their human rights and development potential worldwide. Ever since the promulgation of those seminal international charters of Indigenous Peoples rights – ILO Convention 169 of 1989 and the even more noteworthy "United Nations Declaration on the Rights of Indigenous Peoples" (UNDRIP, 2007) – the international struggle for the recognition of the rights of IP to have a definitive say on projects that affect them, and more broadly to decide on matters that affect their lives and livelihoods, has slowly been gathering strength.

First among its peers, the European Bank for Reconstruction and Development (EBRD) took a leading role in addressing the impacts of its investment activities on IP: its 2008 version of its IP policy was the first IFI policy to apply the FPIC principle to its IP-affecting projects. This broke the dam with the IFC in 2011, the World Bank in 2016 and other institutions all adopting the central demand of the IP

movement since the 1980s: that projects require the free, prior and informed consent (FPIC) of the peoples whose lands and resources they wish to use for activities the external forces deem "development."

Thus, from the earliest "Do No Harm" paradigm of the 1980s, to the early 21st century emphasis on sharing benefits, the status of the world's IP in the development context has gradually improved as regards their visibility and clout. Their critical position as the guardians of endangered ecosystems and of rich contributors to global cultural diversity has been recognized, ratified, and respected in document after document.

Furthermore, Indigenous Peoples Organizations (IPOs)—those organizations formed specifically to protect and advance the rights and interests of Indigenous Peoples—maintain that IP should not be viewed by projects simply as another of many "interested" groups. Rather—they advocate—project teams must recognize that IP residing in the project area have a very special relationship to the project area: they are protecting their ancestral homes, their people's heritage, and their local environment including its sacred aspects that are fundamental for their spiritual and cultural well-being. Thus. their interests are not simply economic or "development"-focused or monetary but in some fundamental ways existential interests. As such, they are recognized by the World Bank, other IFIs, and many countries as special stakeholder groups and thus are the subject of their own safeguards policy. Stakeholder engagement with IP therefore needs to both build on and expand good project interaction with project-affected communities in such a way that will, on the one hand, reflect and respect their unique characteristics and collective rights and, on the other, comply with the respective standards of the project financier

2.3 What's FPIC?

"Free, Prior and Informed Consent," like the term "Indigenous Peoples", has no universally agreed upon definition. For the World Bank,

> *consent refers to the collective support of affected Indigenous Peoples communities…for the project activities that affect them reached through a culturally appropriate process. It may exist even if some individuals or groups object to such project activities…*
>
> (ESS7, paragraph 26)

In both international and national use, FPIC has been applied exclusively to IP. It is grounded on the recognition by international legal instruments of the collective rights of IP and considered a substantive framework and integral component of the IP's exercise of their right of self-determination and to their special relationships to land, territories, and resources. It allows IP to give or withhold their consent to any project design, implementation arrangements, and/or matter impacting them or their customary lands, territories, and resources. Importantly, "consent" does not merely mean saying "yes." It also means saying "No" or delaying a "No" or "Yes" until the affected IP are informed appropriately and accurately on all project-related matters which will impact their lives and lifeways. The FPIC process thus builds on and expands ESS10's emphasis on "meaningful consultation."

FPIC is generally required under some particular circumstances. For example, the World Bank ESS7 para. 24 requires FPIC when the project it finances is assessed to:

a) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation;
b) cause relocation of Indigenous Peoples…from land and natural resources subject to traditional ownership or under customary use or occupation; or
c) have significant impacts on Indigenous Peoples'…cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected Indigenous Peoples'…lives.

The four different components, "Free," "Prior," "Informed," and "Consent," add substantial meaning to the FPIC approach. Each of these elements has its own meaning, principles and processes, and manner of implementation:

- **Free**—without coercion, intimidation, manipulation, threat, or bribery; an independent process of decision-making.
- **Prior**—the right to follow their own decision-making process—accurate and full information is received, consent has been sought sufficiently in advance, before any project activities have been authorized or commenced, and that the time requirements of the IP's consultation/consensus processes have been respected.
- **Informed**—information is provided in a language and form that are easily understood by the IP, covering the nature, scope, purpose, duration and locality of the project or activity as well as information about areas that will be affected; potential economic, social, cultural, and environmental impacts—both positive and negative—as well as all involved actors, and the procedures that the project or activity may entail. Accurate, accessible, sufficient information should be provided the IP in a culturally appropriate manner.
- **Consent**—a collective and independent decision of affected IP, after following their own process of decision-making, whether to give or withhold their consent to any decision that will impact their lands, territories, resources, and lifeways.[10]

These four elements are interrelated and should be applied in an integrated and holistic manner. The first three components (Free, Prior, and Informed) qualify and set the conditions of "consent" as a decision-making process. Therefore, "consent" is required before any action takes place (Prior), is independently decided (Free), and is based on accurate and sufficient information, and full understanding (Informed) for it to be a valid outcome of a collective decision.

As for the situation in the Republic of Indonesia, nothing in the legal framework of Indonesia regulates FPIC in the same way that it is governed in the ESS7 of the World Bank. In Indonesia, the closest principle to FPIC is PADIA (Prior Informed Consent). According to the definition of PADIA from various sectoral ministerial regulations, it can be defined as an expanded version of "socialization" or formal, written acknowledgement of "consent" by Customary Law Communities based on all relevant information regarding the project activities for consideration given to them. While affected Customary Law Communities have the right to withhold giving consent, it often does not fully meet the full process of meaningful consultation described in these TG which are key to FPIC as defined in international standards such as World Bank's ESS7. See **Annex 4** for further details on some of the relevant regulations.

[10] United Nations Permanent Forum on Indigenous Issues (UNPFII), Report of the International Workshop on Methodologies Regarding Free Prior and Informed Consent, Document E/C.19/2005/3, endorsed by the UNPFII at its Fourth Session.

2.4 The Heart of the FPIC Process: Good Faith Negotiations (GFN)

IFIs' Indigenous Peoples policies require that FPIC be obtained through "Good Faith Negotiations (GFN)".[11] The IFC defines GFN in that Guidance Note as involving "on the part of all parties:

i) willingness to engage in a process and availability to meet at reasonable times and frequency;
ii) provision of information necessary for informed negotiation;
iii) exploration of key issues of importance;
iv) use of mutually acceptable procedures for negotiation;
v) willingness to change initial position and modify offers where possible; and
vi) provision of sufficient time for decision making."

Below are examples of circumstances that undermine true GFN:

a) Only the project side has legal and technical expertise necessary to fully understand the project risks and impacts and the requirements of national and local regulations/policies.
b) Major changes in the tentatively agreed upon documents are introduced at the last minute—during the Consent Decision meeting—and the community representatives don't have the dedicated personnel to detect such maneuvers.
c) Meetings are held in areas and times inaccessible to the poor, parents of small children, or physically challenged members of the affected communities.
d) Meetings and decisions are made according to rules set down a priori by the project proponent without regard to local and/or indigenous decision-making approaches.
e) Project proponents decide on their own what should be the contours of the FPIC process and are inflexible about what they see as "proper" development paths for the affected communities to follow.
f) Security personnel are present—armed even—and intimidate community members from forcefully advocating for their positions.[12]
g) Political parties, kinship groups, or other factions capture the key community negotiating roles and claim to speak for all while excluding some.

The challenge is how to make this a true negotiation, recognizing the reality that IP often approach negotiations from a weaker position than governments and project proponents. EBRD's PR7 calls for "qualified independent social experts to assist in conducting and documenting the good faith negotiations and FPIC processes" (para. 15), while other IFIs require "independent monitors" of negotiations, and some experts call for the provision of Indigenous negotiators with their own legal and technical advisers. The following chapters explain the support mechanisms that can help reduce the capacity and information gaps.

[11] For example, IFC, 2012: PS7 Guidance Note (GN) paragraph 25; WB ESS7, para. 25b.

[12] In the event that local government officials are active military personnel, their presence should be allowed only if (i) they come in the capacity of the civil government and do not carry military attributes such as uniform, weapons, hats, and vehicles; and (ii) a prior consent is achieved from FPIC communities on their presence. Regardless, extra care should be exercised since the presence of active military personnel in any capacity can be interpreted as an infringement of the FPIC principle.

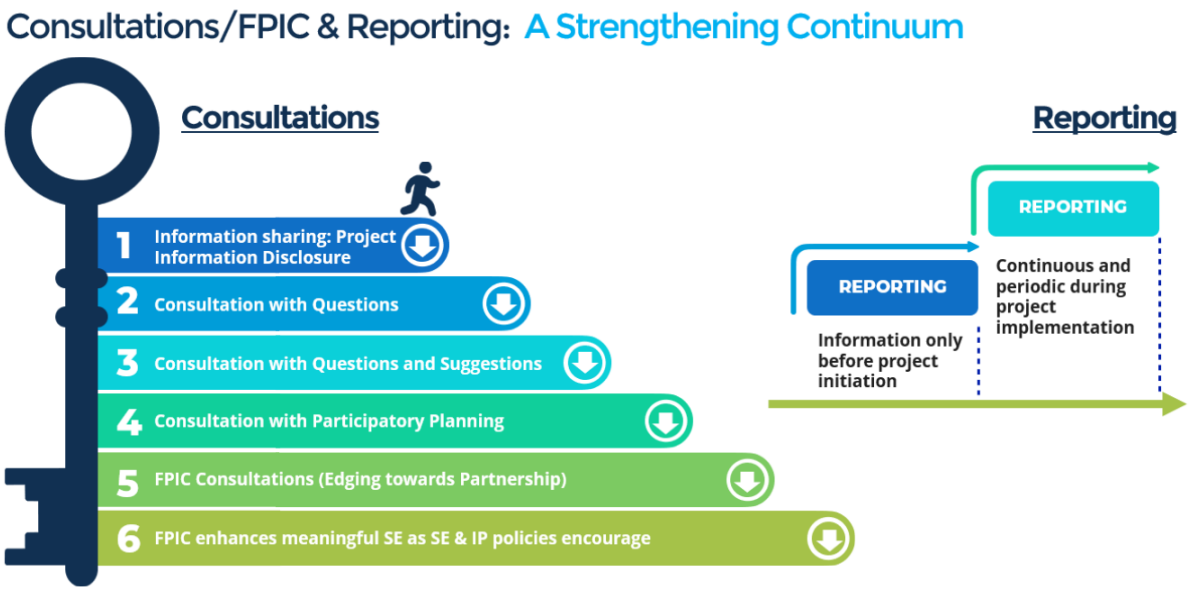
2.5 FPIC as a Form of Stakeholder Engagement (SE)

Being an outcome of GFN, FPIC can be considered a form of SE. Project-community engagement can be on a few levels with increasing intensity and collaboration:

a) **Information-sharing:** the affected community is informed by the project what's going to happen; questions are responded to. Periodic follow-ups might or might not take place.
b) **Consultative Meetings:** the affected community learns about the project and is invited to raise questions, voice concerns and offer suggestions. The project gets back to them after a while. The process may or may not repeat.
c) **Participatory Consultations:** the affected community receives project information and is invited to help gather information while expressing their concerns and suggestions for mitigative and benefit measures. This occurs at regular, stated intervals. Some community members may take on the role of community representatives to communicate with the project.
d) **Good Faith Negotiations**: the affected community is early on informed about the project, their views are solicited as to possible project design changes, and desired mitigation and benefits measures. Information-gathering is collaborative, and risk mitigation/ benefit generation plans are developed jointly as partners. Consultations are conducted at regular intervals throughout project implementation

GFN is the highest level of stakeholder engagement which is inclusive of all other three levels and uses information-sharing, consultative meetings and participatory consultations as relevant. What separates the GFN from the rest of the consultative approaches is that it empowers stakeholders—particularly affected people—so they can come to terms with the project on a more equal footing regarding the design, locations, risk mitigation, and benefit sharing.

Figure 1. Stakeholder Engagement Continuum



As being established through the GFN, the FPIC process should be based on but go beyond information-sharing, consultative meetings and participatory consultations. See **Figure 1** which

emphasizes FPIC's place at one end of a SE continuum. Indeed, at the core of FPIC lies the recognition that IP should be viewed as "potential partners in sustainable development both contributing to and benefiting from the planning and implementation of project-related activities" (EBRD 2019: para.1). FPIC can provide a conceptual framework of collaborative decision-making by informing an ongoing information sharing, consultation and participatory process in project planning, implementation and monitoring. FPIC can provide the project processes and principles to address past and present contentious issues or challenges, and help the project find ways to "reset" legacy issues, current controversies and future challenges in such a way that allows all parties to "move on."

FPIC principles can enrich the project approach to SE by adding an enhanced GFN to its menu above and beyond information sharing and consultations, by treating stakeholders as partners to finding solutions towards fair and equitable risk management and benefit allocation, by helping address legacy issues and ongoing problems, and by helping the project gain and maintain a social license to operate. As such, FPIC principles can be applied without regard to who the affected people may be, based on the project's stakeholder risks and the requirements of the financier or the regulator. Also, if affected communities so demand through GFN, as they often do, they should be given opportunities to participate in the design and implementation of risk mitigation and benefit generation measures. Experience shows that the project does benefit from allowing them to do so by enhancing the effectiveness of risk mitigation and benefit generation measures. A successful FPIC should thus not just build on GFN but promote participation of and partnership with affected communities, where so demanded by either side and in a mutually agreeable manner.

2.6 The Participation and Partnership Framework (PPF)

The "Participation and Partnership Framework" (PPF)[13] is an approach to FPIC in which the project collaborates with affected Indigenous or local communities as partners in project design and implementation, rather than engaging them as a group of external stakeholders to consult or negotiate with. As described in more detail below in Parts Two and Three, the PPF seeks to apply the GFN approach throughout the project life and treat project affected communities as partners in project design, implementation, monitoring and discussions on course corrections, to help the project gain and maintain a social license to operate. The PPF aims to do so by building and maintaining positive relationships among stakeholders including the affected communities, contractors, governments, civil society organizations and the project proponents, based on transparency, inclusion, and mutual respect, while applying a risk-based approach to avoid overwhelming any stakeholder unnecessarily.

The PPF guides the project proponent to build and maintain positive relationships between all stakeholders including affected Indigenous and local communities, contractors, NGOs, governments, civil society members and the project proponents themselves based on the principles of transparency, inclusion, and mutual respect, so they can design and implement impact mitigation measures and local benefit generation collectively. Applying a risk-based approach to avoid overwhelming any stakeholder unnecessarily, the PPF provides a comprehensive framework on how to apply the principles of GFN and FPIC in ways that recognize affected people as equal partners on

[13] See World Bank (IN PRESS), "FPIC as a Game Changer: The Indigenous Peoples Participation and Partnership Paradigm," IN Good Practice Note: Industrial and Commercial Development in Indigenous Peoples' Territories; "Bringing Companies into the New IP Participation & Partnership Paradigm for FPIC-Inclusive Development," IN Implementing FPIC in the Context of Indigenous-Corporate Dialog, United Nations Permanent Forum on Indigenous Issues (UNPFII) Side-Event, April 2023.

the design and implementation of project activities that matter to them, and help the project obtain and maintain FPIC and a social license to operate throughout the project life.

Consistent with the principles of the GFN provided in the Guidance Notes of the World Bank's ESS7 and IFC's PS7, the PPF serves as the overarching framework for these TG by:

a) Providing detailed guidance on how to apply the principles of FPIC and GFN during the project implementation (FPIC Implementation) phase, in addition to the project preparation (FPIC Negotiation) phase.
b) Treating Indigenous and local communities as partners in project design and implementation rather than external entities to negotiate with.
c) Fashioning a tripartite partnership between Indigenous and local communities, the Project Office, and local governments (LG) for sustainable outcomes.
d) Allowing both Indigenous and local communities to participate in decision-making processes to develop and implement risk mitigation and benefit generation measures, including monitoring, evaluation, and GRM, as part of the IPP (Indigenous Peoples Plan) or SIMP (Social Impacts Management Plan) governance.

In these TG, where contexts or issues are similar, IP communities and non-IP communities are referred to collectively as "FPIC communities", except where a clear distinction is needed, such as when FPIC-1 and FPIC-2 approaches (see below) are selected.

2.7 Adjusting FPIC to Project Risk Level

As a form of stakeholder engagement, FPIC can take different forms and styles. Not all projects must pursue the full FPIC process—its scale and extent can differ depending on project circumstances. FPIC strategies should be responsive to the needs of the FPIC communities as well as the requirements of the financier and the regulator, so that rounds of consultations and other aspects of an FPIC effort can be calibrated to match likely project impacts and avoid overwhelming any stakeholder unnecessarily.

For example, when Indigenous and neighboring non-Indigenous communities are both affected by the same project, or when some Indigenous communities are subject to one of the three FPIC-requiring circumstances but others are not, all members of the affected communities could be incorporated into the same FPIC process as the FPIC communities. A possible expansion of FPIC scope, including the pros and cons of such an approach, should be carefully evaluated in the context of FPIC planning.

Conversely, the scope of FPIC may also be limited to certain project aspects, such as when a linear project passes through multiple administrative units and requires FPIC only for a specific component (see the World Bank's GN7 for further guidance on this matter).

Applying a risk-based approach, FPIC can be broadly classified into the following three categories:

a) **FPIC-1:** involves an extensive engagement with FPIC Communities that should be used for a project which will significantly affect an IP community. See **Annex 5** for detailed guidance on when this approach should be used. These TG will set out detailed processes and procedures

as well as governance mechanisms and implementation arrangements that should be applied when this approach is used.

b) **FPIC-2:** involves risk-based adjustments to specific steps, governance mechanisms and implementation arrangements of the FPIC-1 approach. Some steps may be slimmed down or dropped while governance mechanisms and implementation arrangements be simplified if risk assessments and level of project complexity make it appropriate to do so. Such assessments should be conducted together with the FPIC communities and in consultation with the financier and other stakeholders such as IPOs, and the results of the assessments clearly documented. See **Annex 5** for detailed sectoral guidance on risk assessment and adjustment.

c) **FPIC-3:** applies to those projects that do not affect an IP community but which involve significant stakeholder risks. Many elements of the FPIC-1 approach can be used to build collaborative relationships with key stakeholders toward resolving their concerns in mutually acceptable ways that benefit all, thereby giving the project a "social license to operate".[14] A formal consent statement—while desirable--may not be prepared unless required by financiers or regulators. An FPIC-inspired SIMP would be the operational equivalent of an IPP.

Note that these three approaches are a broad categorization to provide a conceptual framework for a risk-based approach to FPIC. All projects should design specific FPIC approaches based on the risks and benefits to affected people and the degree of complexities, using the guidance provided in these TG, in particular the "bottom line" requirements that any FPIC approach should meet (see **Section 2.7.1**), and sector specific guidance (see **Annex 5**).

2.7.1 Minimum requirements of the 3 FPIC approaches: the bottom line

While the project may seek to apply an FPIC approach less than the FPIC-1, the following activities should occur at minimum to qualify as FPIC:

- During project preparation, hold at least two rounds of community consultations: initially, to adopt the Consent Process Agreement (CPA) and finally to confirm that all conditions of the CPA are met and that the FPIC is considered to have been achieved. Ensure these two consultations are conducted in an inclusive manner, following sufficient community deliberation processes through FPIC Community Liaisons (FCLs; see **Section 3.8.3**). Set aside contingencies for additional consultations that may be necessary.
- Ensure that the Statement of Consent (SC) addresses all consent process and conditions provided in the CPA, describes key consent conditions and includes references to the relevant Consent Set of Documents (CSD, including IPP/SIMP, Tripartite Implementation Agreement [TIA], and Legacy Issues Document [LID] if relevant). If any Consent Document expected to be developed in the CPA is not developed, the reason should be described in the SC.

[14] This application of an FPIC approach to projects affecting non-Indigenous populations is being advocated more and more frequently: "If FPIC is to truly have social justice significance, its application should prioritize any and all marginalized and vulnerable people among all those who could be affected by any proposed project or land deal regardless of its proposed geopolitical location or purpose. This deeper interpretation of whose consent is required in FPIC should be consistent with the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), whose references to 'all peoples' encompasses all peoples within existing states and indigenous peoples" (Franco 2014: 14).

- Ensure that all conditions of consent provided in the CSD get implemented or amended based on the decision by the Governing Board (GB) and the endorsement by the Advisory Council (AC). See **Chapter 3** for details on GB and AC.
- During project implementation, the GB holds regular meetings to ensure a continual information flow to and from the FPIC Community members with the FPIC community representatives on the GB charged with conveying community opinions and GB decisions to both parties.

2.7.2 Selecting the appropriate PPF FPIC approach

Overall, projects without significant impacts on the land, livelihoods and cultural heritage of FPIC communities, legacy issues, stakeholder risks, political economy risks, and other significant social risks can apply an FPIC approach different than the FPIC-1. For example, simple school rehabilitation projects and transmission line construction projects will not likely cause significant social impacts even though limited land acquisition of customary territories may be necessary. This is the case especially in Indonesia where affected people are allowed to continue to live and carry out livelihood activities on the transmission line Right of Ways. However, even such "simpler" projects may have some peculiar characteristics or aspects that raise risk levels and require additional actions to manage stakeholder concerns and allow the project to gain a "social license to operate." The Project Office needs to assess various issues carefully before determining the FPIC approach that is right for the project, such as the following:

- Is the project impact significant in the eyes of FPIC communities? Project impacts may not look significant to project staff and external experts, but FPIC communities may see them as quite significant. Impacts on social structures, livelihoods systems, cultural values and vulnerable groups are difficult to identify for external experts. The project should conduct initial engagement right with community mapping, joint fact finding and participatory impact assessment as part of the Environmental and Social Impact Assessment (ESIA) process and decide when the FPIC approach can be simplified and when not.
- How complex is the project risk structure? Do some impacts occur simultaneously or in sequence to numerous communities, or have some communities experienced significant impacts in the recent past and have not fully recovered? Where such significant cumulative impacts exist, the project should apply the FPIC-1 and/or FPIC-3 approaches, even if the scale of impact from the project may not be significant on its own.
- Will the project generate significant revenues for the investors? Mining, energy or plantation projects are revenue generating unlike road or health projects and are often implemented by the private investors for profits. Many FPIC communities feel the investor should share profits they make from using the natural resources the communities have used for generations almost like their own communal resources, even if they do not formally own them. Such projects should conduct multiple rounds of consultations, mobilize more FCLs, organize and maintain inclusive Working Group (WG) and GB and allocate sufficient resources with contingencies throughout implementation, and seek to achieve consent on the sharing of natural resources and possibly also project benefits, even where the scale of operation is small and/or overall negative impact on FPIC Communities is not significant.
- Are there significant legacy issues, for example, did past projects fail to honor promises they made to FPIC communities, mismanage impacts, cause gender-based violence or other unrest within the communities, or anger community members in any way? Even if the project

has nothing to do with such past incidents, FPIC communities with legacy issues often see the project with suspicion because of past experiences. The project is advised to hire communication experts, mobilize multiple FCLs, initiate benefit sharing activities early on, and conduct other PPF activities including preparing the LID so as to address legacy issues, even if project induced impacts are not significant.

- Are there significant health and safety incidents that happened to similar projects nearby, significant civil society concerns about the type of project, major political economy issues in local areas, etc.? Such issues may have nothing to do with the project but cause significant stakeholder risks to the project. The project may counter such stakeholder risks by stepping up PPF activities to gain support of FPIC communities.
- Will the project affect traditional value systems of FPIC communities? Education or health projects may inadvertently infringe upon the traditional worldviews or practices that had been passed down for generations in FPIC communities. While they will surely benefit from knowledge on global science and health care practices, care should be exercised not to discredit Indigenous or local value systems unnecessarily. The FPIC process can help such projects "bridge the gap" with traditional value systems especially where FPIC may be required officially as lands in the IP's customary territories may need to be acquired.

Table 1 summarizes the characteristics of the three FPIC approaches during the FPIC Negotiation Phase.

Table 1. Overview of FPIC-1, FPIC-2, and FPIC-3 Approaches[15]

FPIC Step	FPIC-1	FPIC-2	FPIC-3
Select Facilitators	FPIC Specialist FFO	FPIC Specialist(s)	FPIC Specialist FFO
Determine FPIC communities	According to IP Policy (e.g., ESS7)	According to IP Policy (e.g., ESS7)	According to risk level
Project/FPIC Disclosure	FPIC Scoping	FPIC Scoping	FPIC Scoping
1st Round In-Community Consultations	1st Round In-Community Consultations; form AC; engage FCLs	1st Round In-Community Consultations; form WG; engage FCLs	1st Round In-Community Consultations; form AC; engage FCLs
Consent Process Agreement	CPA	CPA	CPA
(E)SIA Preparation/Reporting	Participatory Approaches (e.g., JFF, PCM)	--	Participatory Approaches (e.g., JFF, PCM)
Socialization of E&S Risks	ESIA/SIA disclosure consultations	ESIA/SIA disclosure consultations	ESIA/SIA disclosure consultations
Supplementary Assessments	• Capacity Assessment of Project Staff • Capacity Assessment of AC/GB Members	--	• Capacity Assessment of Project Staff • Capacity Assessment of AC/GB Members
1st AC & WG Meetings	1st AC & WG Meetings	1st WG Meeting	1st AC & WG Meetings
IPP/SIMP	Preparation of 1st Draft IPP by consultancy/	Preparation of 1st Draft IPP by consultancy/	Preparation of 1st Draft SIMP by consultancy/

[15] Abbreviations: (i) AC: Advisory Council; (ii) CSD: Consent Set of Documents (SC, IPP/SIMP, TIA, LID); (iii) CPA: Consent Process Agreement; (iv) FFO: FPIC Facilitator Organization; (v) IPP: Indigenous Peoples Plan: (vi) JFF: Joint Fact Finding; (vii) LID: Legacy Issues Document ; (viii) PCM: Participatory Community Mapping; (ix) PPF: Participation and Partnership Framework; (x) SC: Statement of Consent; (xi) SIMP: Social Impact Management Plan; (xii) TIA: Tripartite Implementation Agreement ; and (xiii) WG: Working Group.

FPIC Step	FPIC-1	FPIC-2	FPIC-3
	project with inputs by FFO, FPIC Specialist, FCLs	project with inputs by FPIC Specialist (and FCLs, if any)	project with inputs by FFO, FPIC Specialist, and FCLs
2nd Round of In-Community Consultations	2nd Round In-Community Consultations; review IPP#1; project questions	--	2nd Round In-Community Consultations; review SIMP#1; project questions
2nd AC & WG Meetings	2nd AC & WG Meetings; review of 1st draft IPP and other documents (SC, TIA, LID) prepared by FFO/ FPIC Specialist	--	2nd AC& WG Meetings; review of 1st draft SIMP and other documents (TIA, LID)[16] prepared by FFO/ FPIC Specialist
CSD: IPP/SIMP, TIA, LID, SC Preparation	Preparation of 2nd Draft IPP and other documents by assigned entity along with FFO/ FPIC Specialist	Preparation of TIA, SC, LID (CSD), as relevant, by assigned entity along with FPIC Specialist for later inclusion in the SEP/IPP	Preparation of 2nd Draft SIMP and other documents by assigned entity along with FFO/ FPIC Specialist
3rd Round In-Community Consultations	Communities review the CSD (SC, TIA, LID, IPP#2)	2nd Round: Communities review the CSD (including the IPP#1)	Communities review the CSD (TIA, LID, SIMP#2, "agreement")
3rd AC & WG Meetings	3rd AC & WG Meetings: review the CSD; make changes as necessary and make consent decision	2nd WG meeting: review the CSD; make changes as necessary and make consent decision; approved documents added to SEP/IPP	3rd AC & WG Meetings: review the CSD; make changes as necessary and make consent decision
Statement of Consent (SC)	Necessary	Necessary, as attachment to SEP/IPP	Recommended; could be an "Agreement"
Finalization of CSD	By FFO/Specialist of final drafts of CSD	By Specialist(s) of final drafts of CSD	By FFO/Specialist of final drafts of CSD
Finalization of IPP/SIMP (#3)	By consultancy/project with FFO/ FPIC Specialist input	By consultancy/project with FPIC Specialist input	By consultancy/project with FFO/ FPIC Specialist input
Initiation of IPP/SIMP and other CSD			
Implementation of Capacity-Building Activities			

Annex 5 provides detailed guidance on the choice of FPIC approach for different project types.

2.8 FPIC AND ESIA COMPLEMENTARITY

An ESIA (described in ESS1) is a process to identify and assess a proposed project's potential environmental and social impacts, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. The ESIA[17] is THE critical document in providing communities with the information they need to make informed FPIC decisions—whether in the FPIC-1, -2, or -3 modes. The FPIC process can benefit ESIA process by providing nuanced data and assessments on diverse social risks and impacts, in particular about vulnerable groups, while can also be benefited from the ESIA process by informing FPIC communities of project risks and impacts in a comprehensive manner. Where a SIMP is developed for the FPIC-3 approach, it may be integrated with the Environmental Management Plan (EMP) and included in the ESIA report as the Environmental

[16] In place of a Statement of Consent the FPIC-3 approach may substitute an "agreement."

[17] Or both an EIA (Environmental Impact Assessment) and a separate Social Impact Assessment (SIA).

and Social Management Plan (ESMP). In such a case, the FPIC process based on which the SIMP is developed may be described in the ESIA report, or in a stand-alone Stakeholder Engagement Plan (SEP).

2.8.1 ESIA content to meet FPIC requirements

An ESIA should assess all project-induced direct, indirect and cumulative environmental and social risks and impacts throughout the project life cycle. Depending on the nature and scope of the project, it may assess some or all of the following:

- Threats to human security through the escalation of personal, communal, or regional conflict, crime, or violence.
- Risks that project impacts falling disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable.
- Any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits.
- Adverse economic and social impacts with or without land acquisition and resettlement.
- Risks or impacts associated with land and natural resource tenure and service, such as potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources, as well as impacts on the health, safety, and well-being of workers and project-affected FPIC communities.

Risks to FPIC communities' lives and cultural heritage, as well as risks based on gender differences (e.g., Gender-Based Violence [GBV]), and price inflation which will have an impact on the community's livelihood, are among other potential risks which need to be assessed. In order to assess such social risks, the ESIA should, as relevant:

a) Collect sufficient information on FPIC communities' customary and traditional leadership, decision-making structures and conflict-resolution processes.
b) Identify likely impacts to collective and individual rights of FPIC communities.
c) Map out tangible and intangible cultural heritage.
d) Pay particular attention to obstacles to women's inclusion in project design and their inputs into mitigation measures and benefits packages (for example, IPPs/SIMPs).
e) Consider the vulnerability dimensions of FPIC communities and specific sub-groups within the community and how project development might exacerbate those aspects.
f) Indicate settlement relocation history within living memory. This would enhance an understanding of the group's tie to ancestral territories and clarify whether associated project facilities could impact such ancestral territories beyond where FPIC communities are currently residing.
g) Assess economic risks so that FPIC communities are provided with comprehensive information regarding the economic risks or benefits associated with the project. This encompasses job opportunities, changes in property values, or financial dependence on a single industry.
h) Anticipate long-term effects, both positive and negative, which can extend well beyond the project's completion.

i) Clarify legal rights and remedies: FPIC communities should receive sufficient information about their legal rights and available legal recourse in case of project-related grievances or disputes.

The FPIC process can serve as a platform to inform FPIC communities, and different subgroups therein, of the potential risks and impacts of the project, as well as design and location alternatives and their pros and cons. The FPIC process also allows them to express their views on the project design and the assessment process so that they can receive more benefits while facing smaller risks from the project. Public consultations of ESIA, typically conducted in one or a few rounds of townhall-style meetings, cannot easily capture diverse concerns of community members, especially as vulnerable and disadvantaged groups often find it hard to speak their concerns in a public forum.

The FPIC process also provides avenues for different subgroups within FPIC communities, in particular vulnerable people, to voice their concerns. The FPIC process should thus be implemented in close coordination with and as an integral part of the ESIA process to help ensure that FPIC community members are kept informed of the potential risks and impacts of the project as they become known, and able to voice their concerns and receive feedback freely. Doing so will also make it easier for the project to demonstrate the "prior" and the "Informed" dimensions of the FPIC formula.

The ESIA process and findings can take the "Mitigation Matrix" approach (see **Box 1** below), which guides a participatory identification and assessment of project risks and impacts in such a way that helps clarify perceived concerns among FPIC Communities and involve them in the process of mitigation measure development. The approach can help the project gain an informed consent of FPIC Communities about measures to mitigate real risks of the project while allay their perceived concerns by clarifying the risk levels at the same time.

Box 1. Mitigation Matrix to Mediate Project Impacts Anxiety

The Sakhalin-2 LNG Project ("the project"), which aimed to build oil and gas pipelines, caused great fear among local Indigenous Minorities (Nivkh, Uilta, Evenk, Nanaitsy) on Sakhalin Island in the Russian Federation (RF) that their lands and livelihoods would be severely affected by the project. This fear of environmental damage and associated livelihood losses formed a significant obstacle for the project in obtaining community acceptance of and collaboration with the project and its proposed community development benefits.

A joint Working Group—composed of Indigenous community members, company staff and consultants, and government representatives—devised an approach to collaboratively work with the affected Indigenous communities to address and resolve such fears one by one. A "Mitigation Matrix" was developed which proved very effective in predicting and managing fears over project impacts. The first step was to hold a series of Island-wide consultations with the affected communities, in order to help the project understand the total universe of their concerns and deal with them systematically through an engagement process that treated both sides with respect.

The WG then reviewed a very long list of issues and discussed the mitigation of each issue in turn, while also agreeing on a process of resolution. The outcome of this process was the "Mitigation Matrix," which defined six mitigation statuses—ranging from more research needed, mitigation by the project, or no action needed—and assigned one status to each issue. Meetings were held between the project,

affected Indigenous communities, representatives of the Sakhalin Regional Government, and civil society to discuss and identify ways to mitigate or avoid each real, potential or perceived harm. As the discussion progressed, concerns were resolved or eased as affected Indigenous communities came to know more and more clearly about the project and associated risks. A Memorandum of Understanding (MoU) was signed between the project and the representatives of affected Indigenous communities regarding ongoing engagement and provisions for risk mitigation and monitoring in the final Mitigation Matrix. *See Guldin & Zavyalova 2024*.

2.8.2 Participatory ESIA approaches

It is difficult even for experienced social experts to collect all necessary data and conduct a robust assessment that adequately covers all the relevant issues within a limited time without directly engaging with affected people, especially vulnerable groups for whom reliable data are rarely available readily. The FPIC process can serve as a platform to collect critical social data especially on vulnerable groups, deepen risk assessment through assessing risks with affected people themselves, continuously update risk assessment based on community inputs, and ensure the rigor of risk assessment cost effectively.

Community members can be given an opportunity to comment on the scope of assessment in the ESIA to ensure that all critical social risks are adequately covered and opportunities for benefit generation are included. Vulnerable groups should be identified through stakeholder mapping and mechanisms be developed to allow their good participation in the ESIA process by using the language that is easy to comprehend for them, conducting joint risk screening, holding the information-gathering in an easy-to-access location, organizing participatory workshops to assess significance of risks together, and so on. Care should be exercised so invitations to public discussions are received by all community members together with necessary information, as invitations sent through the villagers' or communities' traditional leaders or the heads of government in their particular regions may not be received by all relevant stakeholders in time. Presented below are examples of the approaches that can be used to facilitate FPIC community participation in the ESIA process.

2.8.2.1 Use of traditional decision-making mechanisms

It is often quite effective to establish a consultation and participation procedure that incorporates the traditional decision-making institutions, processes or methods. They will more likely be seen by FPIC communities as legitimate and acceptable; and specific processes and procedures as well as capacity to implement them well established. Care needs to be exercised and supplemental measures may need to be taken to ensure that the voice of women, youth, internal migrants and other socially vulnerable and excluded groups within the community is well captured.

2.8.2.2 Joint Fact-Finding

Working collaboratively with FPIC communities directly and through their designated organizations can add significantly to the effectiveness of ESIA and management planning and contribute to winning their consent to the project's risk management and benefit generation strategies. In this spirit, the ESIA and other studies can be set up as joint fact-finding (JFF) exercises, whereby the project and FPIC communities work together to understand the project's potential impacts and mutually develop approaches to mitigate them. Topics that could be included in a JFF exercise are covered in **Annex 6**.

2.8.2.3 Participatory Community Mapping (PCM)

A “participatory community mapping” can enrich the ESIA process and deepen assessments as it helps tease out local development priorities and capture community concerns and felt needs. PCM is particularly useful for a project using an FPIC-1 or FPIC-3 approach. Community mapping helps ensure that the concerns and desires of FPIC communities form part of the ESIA analysis and the mitigation and benefits packages that will be offered to the FPIC communities. Having communities participate actively to the point that they can see their own suggestions, recommendations, and demands form part of the project activities will make it far more likely that they grant consent. FPIC Community Liaisons (FCLs) should play key roles in the PCM as they organize discussion forums, collect concerns from community members and their suggested mitigation measures, and their preferences for benefit generation measures. The information thus collected can be summarized and presented in an annex to the ESIA, or any other planning documents such as IPP/SIMP, so that people can see that their voice has been heard.

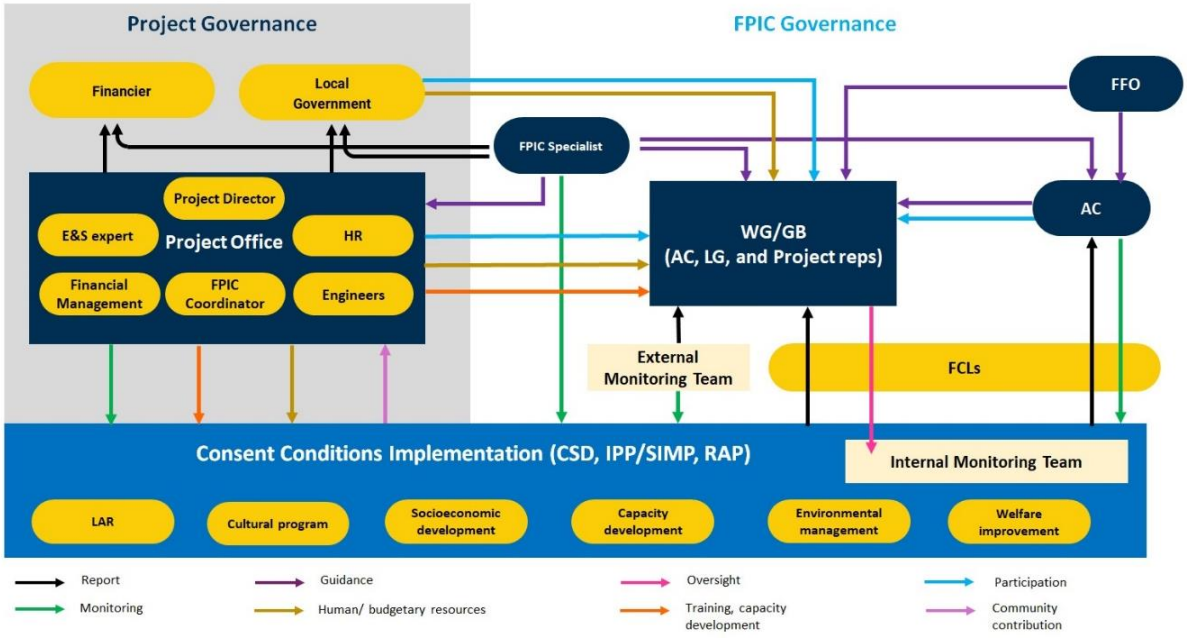
CHAPTER 3: FPIC GOVERNANCE

3.1 GOVERNANCE OVERVIEW

Since FPIC needs to go beyond simple consultations or "socialization" and seek an active partnership with FPIC Communities, a proper governance mechanism must be established and maintained. This is especially so when significant stakeholder risks exist and the FPIC-1 or FPIC-3 approach is used, and when the FPIC process needs to cover a large number of communities. A robust governance mechanism allows the project to establish discussion forums and decision processes in a systematic and efficient manner to inform affected FPIC communities, including vulnerable groups, about the project right from the beginning and on an ongoing basis, receive questions, clarify murky issues, resolve disagreements, and build a consensus. A systematic approach with clear roles and responsibilities of the core "FPIC Support Team" (see **Section 5.2** below) allows transparency and accountability in FPIC consultation, deliberation, and decision processes. Finally, clear decision processes based on agreed upon rules set jointly between the project and FPIC communities help hold both parties accountable for the decisions reached.

Figure 2 below shows the FPIC governance structure, both on the project side (left) and the community side (right).

Figure 2. FPIC Governance Structure



The Project Office[18] will implement and fund project activities including risk mitigation, benefit generation and the FPIC process during project preparation and implementation. It is typically led by the project director and consists of technical and administrative staff and reports to relevant government agencies and financiers the project performance including compliance on E&S matters. Where due to compliance requirements or high stakeholder risks the FPIC-1 or FPIC-3 approach is used, the Project Office should include the FPIC Coordinator who may be supported by his/her own staff, collaborates with relevant units of the Project Office, serves as a member of the Working Group /Governing Board, and reports directly to the project director. Importantly, a senior manager, ideally the project director or deputy director, should represent the Project Office and participate in discussions and decision making at the WG/ GB on matters that concern FPIC.

The Advisory Council (AC), the "consent body," provides its FPIC to the finalized agreement crafted by the WG that serves as the "decision body" on matters that concern FPIC. The AC consolidates the needs, requests and concerns of the FPIC communities it represents, sends a few of its members to the WG where representatives from the AC, the Project Office and the LGs discuss the input of FPIC communities and negotiate the terms of consent, and makes decisions on project matters that concern FPIC for consent by the AC. FPIC Community Liaisons (FCL) "connect" the AC with individual community members by facilitating discussions forums in-between consultation meetings and flag issues raised to the AC, so that the AC can provide a consent based on broad-based and inclusive deliberative processes. The AC may be supported by the FFO which can help the AC fill its capacity gaps so as to become better able to negotiate with the Project Office and the LG on an equal footing.

In between both sides there is the FPIC Specialist who will bridge the Project Office and FPIC communities and facilitate their negotiations, while also serving as the independent External Monitor (EM)[19] during FPIC implementation to monitor adequate implementation of consent conditions including risk mitigation and benefit generation measures.[20] At the bottom there are Program Committees comprised of AC community representatives to monitor the design and implementation of programs to address significant issues that concern FPIC. An Internal Monitoring Team (IMT)[21] will monitor progress and performance of activities agreed upon as consent conditions including risk mitigation, and benefit generation while reporting to the GB, AC and the Project Office.

Detailed roles and responsibilities of key players in the FPIC process are explained below.

3.2 The Advisory Council

The Advisory Council is the apex consenting body representing the entire FPIC communities and is empowered to negotiate FPIC on their behalf. Together with FCLs, the AC serves as the community voice throughout the FPIC process.

During FPIC negotiations, the AC consolidates the needs, requests and concerns of the FPIC communities it represents, negotiates with the representatives of the Project Office and the LGs at

[18] The "Project Office" may be called the "Project Management Unit,", the "Project Implementation Unit" or other names but refers to the office that makes an overall decision on project design and implementation and carries out such decisions.

[19] See Chapter 10.2.

[20] As will be mentioned below, the FPIC Specialist will play the role of the FFO where risks are not significant and having an independent FFO does not justify the cost; this would most likely occur only when the FPIC-2 approach is followed.

[21] See Chapter 10.1.

the WG, reviews the Concept Process Agreement (CPA), and the Consent Set of Documents (CSD) which cover impact mitigation, benefit generation, legacy issues (if relevant), and implementation arrangements. The AC is the body to provide—or withhold—its FPIC on behalf of FPIC communities if inputs from FPIC communities are adequately addressed and if all conditions of the CPA are adequately met. See **Chapter 6** and **Chapter 7** for details on CPA, CSD and other consent conditions.

Should FPIC be successfully achieved and the project moves to the FPIC Implementation Phase, the AC oversees the implementation of consent conditions and overall project effects on FPIC communities, and flags significant issues including a potential breach of consent conditions. The AC negotiates—via its GB representatives--with the project and the LGs at the GB to find resolutions and give consent to course corrections if necessary.

In each FPIC community, several community members are selected by their fellow community members as their AC representatives in such a way as to represent the broad community spectrum[22] in terms of gender, age, economic level, vulnerability, ethnicity, social institutional leadership position, and so on. Experience shows that the total number of AC members should be 100 or fewer to fulfill their roles effectively and to keep the total involved down to a manageable number. Where a project covers more than 100 communities, some AC members should be selected to represent multiple communities. Ensuring such a broad-based representation helps ensure that the FPIC process is both respective of traditional leadership while addressing gender, generational, and other equity questions as well.

AC members would keep FPIC communities they represent informed throughout the FPIC process through their own feedback to their communities as well as via the FCL. Important decisions made by the AC need to be endorsed by FPIC community members at large, based on the CPA. Community members may form sub-groups on specific issues that concern them significantly (such as land acquisition and resettlement, socio-economic development, cultural programs). Such sub-groups may be formed as AC subgroups (or Program Committees [PC]).

Specific duties and rights of AC members are described below.

3.2.1 Duties of AC members

a) Attend all AC meetings, take part in the issues discussed, make suggestions, comments and decisions.
b) Familiarize themselves with all FPIC-related procedures, documents, plans, reports, etc.
c) Develop the process for achieving consent in discussion with FPIC community members they represent.
d) Send a few selected representatives to the WG to negotiate the FPIC process to be conducted, to be formalized in the Consent Process Agreement (CPA), including the mechanism by which the consent (or refusal) would be expressed; and the consent conditions, to be formalized in the Consent Set of Documents (CSD), including risk mitigation, benefit generation measures, and the handling of legacy issues.

[22] For one Nepali project, village delegations of 10 were selected according to the formula of: 2 members (one male, one female) of families below the national poverty line; 1 person losing land/assets; 1 woman health worker; 1 spiritual/traditional leader; 1 female leader; 1 male leader; 1 schoolteacher; and 2 young people (one male, one female). Other projects in Nepal had somewhat different allocations.

e) Review the CPA decided by the WG and grant a consent to it if satisfied. For sensitive issues, community input will be sought through discussion forums that FCLs organize. If unsatisfied, return the CPA back to the WG for revision.
f) Review the CSD and other FPIC matters decided at the WG in light of the CPA and the critical needs and interests of FPIC communities, and grant consent if satisfied. For sensitive issues, community input will be sought through discussion forums that FCLs organize. If unsatisfied, return the CSD and other relevant issues back to the WG for revision.
g) During the FPIC Negotiation Phase, organize a series of discussion forums, through the FCLs, to inform and raise awareness of FPIC community members they represent about critical project matters, collect their input including "non-negotiable conditions", and form a broad-based consensus on consent conditions to negotiate with the project.
h) Provide guidance to the FCLs to ensure that FPIC community members understand on-going discussions under the FPIC process and that their views are clearly communicated to the AC member.
i) During the FPIC Negotiation Phase, represent the FPIC communities, negotiate and give consent to the Consent Set of Documents (CSD) on their behalf, should all conditions meet with their satisfaction.
j) During the FPIC Implementation Phase, send a few selected representatives to the GB and negotiate detailed implementation plans of consent conditions, if agreed to be developed in the CSD.
k) During the FPIC Implementation Phase, send a few selected representatives to the GB to oversee the implementation of consent conditions including risk mitigation and benefit generation measures, and agree on course corrections if needed for consent by the AC.
l) During the FPIC Implementation Phase, receive and manage community development funds if agreed in the CSD.
m) Carry out other tasks and responsibilities as specified by the AC.

3.2.2 Rights of AC members

All AC members have the rights to:

a) Review any project documents as deemed relevant to the FPIC process both during the FPIC negotiation and implementation phases.
b) Organize community discussion forums as deemed necessary.
c) Be present with the right of consultative voice at WB and GB meetings.
d) Request and receive the necessary documents and clarifications from the Project.
e) Seek support from the project including budgetary support in case noncompliance with consent conditions is suspected.

3.3 Working Group / Governing Board

The WG/GB is the decision body on project matters that concern FPIC for subsequent consent by the AC. It is comprised of (i) one or two AC representatives selected by AC members from each community and endorsed by community members they represent; (ii) one senior member of the Project Office (director or deputy director) and the FPIC Coordinator, supported by financial specialist, and other relevant Project Office staff; and (iii) LG representatives. Members of the FFO may also serve as non-voting observers or as full members, if consented by the WG/GB. For projects

with large numbers of communities, it is best to cap the WG/GB total number of members at 30 or so, with at least half being AC members, and the majority of the remaining slots filled by project staff.

During the FPIC Negotiation Phase, the WG negotiates the Consent Process Agreement (CPA) including the mechanism by which the consent (or refusal) would be expressed, based on the draft approved by the AC. A similar process would be followed for the other documents in the CSD, dealing with impact mitigation, benefit generation, and legacy issues (if any).

If FPIC is successfully achieved and the project moves into the implementation phase, the WG will be transformed into the GB, if the affected communities, the Project Office and LGs so agree. The GB will monitor implementation of consent conditions, including the implementation of impact mitigation, benefit generation, and legacy issues, and decide corrective actions, if and as relevant, for consent by the AC. The GB will also develop and/or approve for consent by the AC the detailed implementation plans of consent conditions, if agreed to be developed in the CSD. The GB will also oversee the grievance mechanism on FPIC-related project matters.

3.3.1 Duties of WG/GB members

a) Attend all WG/GB meetings, actively participate in discussions, make suggestions, comments, and decisions.
b) Familiarize themselves with all FPIC-related procedures, documents, plans, reports, etc.
c) Serve as the interface between AC, the Project Office and LGs and act as the primary decision body on FPIC-related matters during the Negotiation Phase and as the primary decision-making body during FPIC Implementation Phase.
d) Develop a code of conduct for WG/GB members.
e) Establish and operationalize FPIC-related grievance mechanisms during the Implementation Phase.
f) WG to develop and negotiate Consent Process Agreement (CPA) for consent by the AC and acknowledgement by the project and LGs.
g) WG to discuss legacy issues if raised by the FPIC communities and seek potential solutions through the project or in coordination with relevant governmental and non-governmental agencies.
h) WG to develop and negotiate consent conditions including Consent Set of Documents (CSD), and associated consent documents such as impact mitigation, benefit generation, and legacy issues.
i) WG to bring back critical FPIC-related issues raised at the WG meetings to the AC, the Project Office and the LGs, respectively, for feedback towards developing a consensus.
j) WG to determine areas requiring further information, possibly through a participatory Joint Fact-Finding process.
k) Transform WG into, or newly develop, GB should FPIC be achieved, and the project moves into the Implementation Phase.
l) GB to monitor implementation of consent conditions including impact mitigation, benefit generation, and legacy issues, and decide any course corrections if needed for consent by the AC.
m) GB to review, follow up, and approve internal and external monitoring reports.
n) GB to advise the project if additional budgetary or human resources are necessary to fully achieve consent conditions.

o) GB to develop and/or approve for consent by the AC the detailed implementation plans of consent conditions, if agreed to be developed in the CSD.
p) Carry out other specific tasks as decided on by the WG/GB.

3.3.2 Rights of WG/GB members

All Board members have the right to:

a) Review any project documents as deemed relevant to the FPIC process both during the FPIC Negotiation and Implementation Phases.
b) Be present with the right to consultative voice at WG and GB meetings.
c) Participate in all FPIC-related activities.

3.4 Working Group/Governing Board Secretariat[23]

3.4.1 General provisions

The WB/GB Secretariat is comprised of four WG/GB members (2 [gender-balanced] representing the communities, 1 from the LG, and 1 from the project) and acts on behalf of the WG/GB in-between meetings to make any decision that needs to be done urgently, with the understanding that Secretariat decisions are reviewable by the WB/GB. All Secretariat members will be selected by the Partner from among their respective WG/GB representatives. The Secretariat meets as needed as determined by the Secretariat Chair, with the Chair position being rotated and selected by Secretariat members on an annual basis, or any frequency as agreed by WG/GB. The main functions of the Secretariat are to enable rapid decision-making when required for smooth FPIC negotiation or CSD and other consent decisions implementation and to resolve any grievances that may arise during FPIC negotiation and implementation phases. The FPIC Coordinator will provide the Secretariat with secretarial support (e.g., meeting logistics, preparing reports).

3.4.2 Secretariat functions

a) Ensure that the decisions of the WG/GB and the AC are implemented, and make urgent decisions as needed in-between WG/GB meetings, subject to subsequent WG/GB approval.
b) Review draft consent decisions or their amendments as needed in-between WG/GB meetings and advise where revisions are needed.
c) WG members to coordinate discussions within the Project Office, the LG or the AC that they represent on draft consent conditions including legacy issues, as relevant.
d) Develop draft regulations for IPP/SIMP operation, as needed, as well as prepare annual work plans for Board approval.
e) Review grievances that may arise from FPIC communities with regard to the FPIC process (including the appointment of a working group to deal with each individual complaints).
f) Prepare implementation progress reports for GB decision on a quarterly basis.
g) Assistance in planning and organizing activities related to the Plan.
h) Help to promote the experience of the plan to external parties.
i) Advise participants in the IPP/SIMP.

[23] The Secretariat may not be necessary for the FPIC-2 approach; each project following that route should make a needs-based decision.

j) Oversee the PCs and the internal monitoring group and advise the GB.
k) Requesting technical and/or secretarial support from the FPIC Coordinator in organizing meetings and in preparing annual work plans and reports.

3.5 Program Committees (PC)

The PCs, comprised solely of AC members according to arrangements determined by the WG/GB, may be set up during the FPIC Negotiation Phase based on the sub-groups that affected communities form to discuss specific issues that concern them significantly (such as land acquisition and resettlement, socio-economic development, and cultural programs). The PC can be a useful platform where FPIC Community members discuss significant project related issues that matter to them and provide inputs to project design and ESIA processes. The PCs, if formed, should be under the overall oversight of the WG/GB to ensure that their activities are well-coordinated with other FPIC issues under discussion and discussed with the Project Office and the LG, as relevant, at the WG/GB. Should FPIC be achieved successfully, the PCs may oversee risk mitigation or benefit generation programs to be implemented under the project per agreed consent conditions in the IPP/SIMP, based on the operational manual and the code of conducts approved by the GB, and report to GB any emerging issues. Different PCs may be set up for different projects depending on the types and scale of project risks as well as the interests and needs of affected communities, ranging from the resettlement committee and the livelihood development committee to the cultural heritage program committee and the capacity-building program committee. Each PC should have a strong governance mechanism especially if the PC is involved in the distribution of benefits or compensatory measures. See **Section 9.2.1** for guidance on conflict of interest. See **Annex 7** for suggested PC roles.

3.6 Project Office

Where FPIC is required by the financier, and/or when stakeholder risk is high, the Project Office should establish adequate capacity and mobilize sufficient human and budgetary resources right from the beginning and throughout the FPIC negotiation and implementation process in order to avoid spending more later to manage problems that occur and sour project-stakeholder relationships. More specifically,

a) The project's senior management should empower their middle management by giving them decision-making capacity on FPIC matters. As they sit closer to FPIC communities and more familiar with local conditions than senior management, they can respond quickly and decisively to emerging issues and defuse them before they become crises.
b) Necessary budgets should be estimated during the initial phase including contingencies to respond to unforeseen expenses.
c) Project senior staff with decision-making power such as the project director or deputy director should be assigned as the project representative on the WG, and the GB if consent is achieved.
d) The project's environmental and social safeguards team should familiarize themselves with the FPIC process as described in these TG as well as local, regional, national and international regulations guiding FPIC.
e) For complex projects that require the FPIC-1 or FPIC-3 approach, the FPIC Coordinator should be assigned to coordinate between relevant project staff and report the progress on

FPIC negotiation and implementation directly to the project director. See below for more detail on the roles and responsibilities of the FPIC Coordinator.

3.7 FPIC Coordinator

The Project Office needs to appoint an FPIC Coordinator[24] to coordinate project interaction with the FPIC process and its many players at the beginning of the effort. This person is tasked with coordinating with project management and staff to ensure that the FPIC process is fully supported by the project with requisite resources and staff as necessary. The FPIC Coordinator participates in the WG together with senior project staff, monitoring discussions regarding the CPA, CSD and other consent conditions to ensure that they are designed so as to align well with overall project strategies and implementation arrangements. The FPIC Coordinator may be assisted by support staff as complex FPIC matters so require.

Upon successful conclusion of the FPIC Negotiation Phase, the FPIC Coordinator will coordinate within the Project Office to ensure that all consent conditions get implemented with adequate resources. As such, project staff with the requisite project management experience, office and communication skills, as well as the appropriate cultural awareness and language skills should be selected as the FPIC Coordinator. While the FPIC Coordinator will be seated within the Project Office, s/he will be an instrument of all three project partners and report to them all, and serve as a key node between the Project and the FPIC communities. Accordingly, the Project will do the recruitment and hiring of this person and consult with the GB on the final selection.

Tasked to coordinate between relevant project staff on social issues such as resettlement, benefit generation, cultural heritage, stakeholder engagement, capacity development, environmental management, technical/engineering issues, budget/financial management, the FPIC Coordinator helps ensure that consent conditions are planned and get implemented so as to align with overall project strategies and implementation arrangements, including on staffing and budget allocation as well as scheduling of project preparation and implementation. The FPIC Coordinator may be assisted by support staff as complex FPIC matters so require. The main roles and responsibilities of FPIC Coordinator include:

a) Ensure that the project is designed and implemented as agreed in the FPIC process by coordinating between relevant Project Office staff and ensuring their ownership of all the consented steps and measures including the adjustments of project design and locations and the allocation of budgetary and human resources.
b) Participate in the WG/GB together with senior project staff, designing and monitoring the implementation of the CSD and other consent conditions on behalf of the Project Office, including addressing FPIC-related grievances.
c) Support LGs where necessary, including their developing and filing reports on the implementation of consent conditions for which they are responsible.
d) Assist PCs in proper preparation and implementation of their respective activities including preparation and filing of their activities as well as provision of necessary resources.

[24] The FPIC Coordinator need not be a new hire; current staff can be reassigned to this task or these Lead functions added to their workload.

e) Coordinate with the FFO and the FPIC Specialist so they fulfill their expected roles and responsibilities.
f) Familiarize oneself with all FPIC-related procedures, documents, plans, reports, etc.
g) Familiarize project senior management with the FPIC process including key principles and requirements, keep them informed of the progress and seek their approval as and if needed, including allocation of necessary human and budgetary resources.
h) Strive to ensure fairness and transparency in support of the Tripartite Agreement in the FPIC implementation phase.
i) Prepare periodic reports on the CSD implementation progress as part of the project report to the relevant government agencies and the financiers (if relevant).

To ensure the FPIC process receives the attention it deserves in the project's planning and operation, the FPIC Coordinator will report directly to the project senior leadership.

3.8 FACILITATORS

The FPIC process is difficult to handle by the project team alone, especially where stakeholder risks and social risks are significant. Where risks are significant, the project will benefit from skilled facilitators. Also, formation of community consent, led by the AC, should be supported by participatory and inclusive deliberation processes within communities.

3.8.1 FPIC Facilitation Organization (FFO)

Given the ever more complicated and public nature of project-community relationships, it is advisable that projects mobilize an FPIC Facilitator Organization (FFO), especially if social impacts or stakeholder risks are significant and the FPIC-1 or FPIC-3 approach is used.

It is critical that an agency that is seen as both independent and qualified to work with FPIC Communities should be selected as the FFO. Their scope of work, resourcing, reporting, communication, etc., should be carefully constructed in the terms of their engagement and consulted with relevant stakeholders, with a full consideration of project risks, legacy issues, and intra-community dynamics. A local non-governmental organization (NGO) experienced in participatory approaches and facilitation skills, or an IPO with such experiences and skills, if available, should be hired as the FFO. It is critical to engage an FFO that is trusted by the FPIC Communities while at the same time commanding the confidence of the client and external observers. The FFO should act as a neutral participant in facilitating the FPIC process, being neither for nor against the project or the project activities against which FPIC is negotiated and implemented. Its neutrality will help all parties to understand their rights and obligations in the FPIC process. Familiarity with the cultures, religions, beliefs and languages of the FPIC communities will be a requisite in the selection of the FFO. The FFO's TOR should be comprehensive and cover all expected issues so that all necessary expertise is mobilized, and that sufficient budget is allocated. This could include access to legal and other expertise to assist FPIC community representatives in their FPIC work.

Should FPIC be achieved, and if so wished by the FPIC communities, the FFO may continue to support them and help ensure that all consent conditions are adequately met. The FFO representatives may serve on the GB as observers with non-voting status or as regular Board members, if agreed by GB members. For projects where the FPIC-2 approach is used, the role of the FFO can be fulfilled by the

FPIC Specialist, including for FPIC negotiations which may be as simple as documenting a consent process and preparing a consent documents, as needed. Roles and responsibilities of the FFO include:

a) Conduct desk review of the FPIC communities, their socioeconomic, cultural, political and other relevant backgrounds, existing Civil Society Organizations (CSOs), local history including past development projects conducted and community bad feelings that may remain, similar projects conducted with useful lessons learned, etc. Gain a basic understanding of traditional leadership and decision-making structures and assess potential drivers of exclusion in traditional and local institutions.
b) Conduct a capacity-building assessment of FPIC community representatives, the Project Office and the LGs as to their ability to engage in the FPIC process on an equal footing; help facilitate such training.
c) Help FPIC communities identify their representatives and develop their internal FPIC governance mechanisms, prepare for the FPIC process, estimate and inform the Project Office of the time and resource needs for the FPIC process.
d) Support FPIC communities in the development, implementation, monitoring and course correction of risk mitigation and benefit generation measures by offering advice and guidance on legal and IP rights related issues, project savvy, etc., and connect them to (and suggesting the project to cover the cost of hiring) subject matter experts.
e) Discuss with LG leaders to gain their perspectives, development priorities, existing development programs, etc.
f) Advise the selection of the FCLs and assist them in organizing discussion forums and facilitating FPIC deliberation processes within FPIC Communities.
g) Assist FPIC communities in the selection of their AC representatives.
h) Assist FPIC communities in developing gender and intergenerationally inclusive communication and consent development procedures within the communities.
i) Assist FPIC communities negotiating the CPA, including on what constitutes FPIC for the project, and processes to build consensus and bridge gaps within themselves.
j) Identify, assess and facilitate discussions on legacy issues.
k) Help the Project Office identify their representatives, clarify their sustainability objectives (if any), assess constraints including on budget and timeline, and develop their own governing principles and procedures on the FPIC process.
l) Support FPIC communities in identifying potential risks and impacts, as well as potential benefits generation measures by facilitating their participation in ESIA processes and negotiation with the project.
m) Prepare—in collaboration with the project—for in-community consultations and for FPIC-related meetings.
n) Respond to requests from parties to explain and guide their understanding and implementation of the FPIC process.
o) Help FPIC communities document both FPIC processes and outcomes, and the degree of community support as a record of measures agreed internally as well as with the project while also recording dissenting views.

3.8.2 FPIC Specialist

An FPIC Specialist should coordinate between the project, the FFO, the FPIC communities and others on the FPIC Support Team (see **Section 5.2** below) to support the FPIC process while maintaining a neutral position as to the outcome of the consent decision. As a neutral facilitator, the FPIC Specialist should bridge information gaps, bring in third party experts who can provide objective assessments, offer different perspectives when discussions are heating up, organize small group discussions, and do all other tasks to ensure that the project and the FPIC Communities can negotiate calmly for mutual benefits and on an equal footing. The FPIC Specialist should work closely with the Project Office, the financiers, FPIC Communities, LGs and the FFO (if relevant) to ensure that the FPIC process stays on track, while ensuring that all the regulatory requirements and/or policies of the financier(s) are carried out faithfully. Where the FPIC-2 approach is used, the FPIC Specialist will play the role of the FFO, as needed.

The FPIC Specialist should maintain close communication with the financier's social expert so that the FPIC process, including consent conditions and the process to achieve them, meet the financier's expectation. The FPIC Specialist should be both conversant with all social safeguard policies and experienced in facilitating FPIC processes. The FPIC Specialist may continue to serve the role into the FPIC Implementation Phase, if agreeable to the Project Office and FPIC communities (as expressed through the AC), and continue facilitating between them including monitoring of "consent conditions" implementation. The exact scope of roles and responsibilities of the FPIC Specialist, and required qualifications, should be carefully assessed for respective projects. Specific roles and responsibilities of the FPIC Specialist are as follows:

a) Engage with parties to the FPIC process to understand priorities, concerns and assess their capacity to engage in the process.
b) Identify any legacy issues that may affect the FPIC process.
c) Assess the capacity of the Project Office and FPIC communities in carrying through the FPIC process and achieving partnership and consent.
d) Identify potential roadblocks and constraints to achieve partnership and consent.
e) Discuss with relevant experts to understand potential risks and benefits of the project, and other issues that are not clear to the Project Office or FPIC communities.
f) Identify potential candidates who will serve in the role of FFO.
g) Provide input to the design of the FPIC process.
h) Serve as a sounding board to ensure that parties to the FPIC process communicate each other in a regular and constructive manner, and that discussions are carried out objectively and towards mutual benefit and partnership.
i) Provide coaching to the FFO as required as they design and lead the FPIC process
j) Serve as the External Monitor if agreeable to the Project Office and FPIC communities.

3.8.3 FPIC Community Liaisons (FCLs)

The FCLs serves as an information hub between the AC and WG/GB and FPIC community members. The FCLs do so by regularly organizing discussion forums and engaging daily with community members, discussing key risks and potential benefits of the project, informing them of ongoing discussions at the AC and WG/GB, collecting and delivering to the AC and WG/GB community needs, concerns and requests, including especially those of vulnerable groups. The FCLs thus serve as an ongoing feedback loop between representative bodies (the AC and WG/GB) and FPIC Community

members. FCLs may or may not receive stipends or other renumeration for the facilitation efforts they carry out. FCLs should be selected from and represent a broad cross-section of the FPIC communities, i.e., youth, elderly, the poor, men, women and other groups that are significant in respective communities. It is often useful to strategically match complementary profiles – a young and educated female community member can be a good pair to a respected–-though maybe less formally educated--elderly woman. FCLs should be empowered and work under the direct guidance of AC members to seek community inputs to ongoing discussions on risk mitigation measures, benefit generation programs and consent conditions. The Project Office should strive to develop their capacity to ensure that a community consent decision emerges based on inclusive and participatory deliberation processes.

3.9 Local Government (LG)

The active participation of LGs as observers of the FPIC process, and as co-participants in the development and implementation of consent conditions including risk mitigation and benefit generation measures, can benefit both the project and FPIC communities. After all, it is the LG's responsibility to ensure that projects do not violate the rights of all inhabitants within their jurisdiction, or negatively affect their wellbeing. They can implement legislation and policies designed to protect the rights of FPIC Communities.

LG representatives should be formal members of the WG/GB. This is particularly beneficial where, as is often the case, FPIC communities request actions/expenditures which go beyond the contractual remit of the project. The LG can coordinate with relevant government agencies or non-governmental entities who may be able to help resolve them. By involving LGs in the FPIC process right from the beginning, many confusions that often occur due to misunderstandings about the legal and contractual remit of the project can be avoided while alternative channels to meet their requests may be found. LG representatives should keep the WG/GB informed of the progress in their resolution, discuss possible sources of funding and potential solutions, to facilitate their resolutions. Where immediate solutions cannot be found, they may be documented in the Legacy Issues Document (LID). To help the LG fulfill such roles, they should be allowed to receive comprehensive information about the project and contribute to project design and implementation on an ongoing basis.

One practical difficulty is that the project and the FPIC process may need to engage multiple LGs with different perspectives, if the project's geographical scope is broad. Effective ways need to be devised to ensure that all LGs are represented in the FPIC process without complicating the decision process unnecessarily.

3.10 Civil Society Organizations

Engaging relevant CSOs[25] helps ensure that the project aligns with or at least respond to their needs and aspirations. IPOs and NGOs (local, national, and international) often get very interested in a project, especially when an IFI finances it and deals with IP communities. It is advisable to make early

[25] "Civil society [organization] refers to the vast array of nongovernmental and not-for-profit organizations that have a presence in public life and express the interests and values of their members or others based on ethical, cultural, political, scientific, religious, or philanthropic considerations." Civil Society Team World Bank, Consultation with Civil Society: A Sourcebook Working Document 2007, page 1.

outreach efforts to inform them about the upcoming FPIC process and invite them to be at least occasional observers of the process. It promotes transparency, accountability, and the inclusion of diverse perspectives, and helps the project build constructive relationships with them.[26]

The engagement with CSOs, if carefully maneuvered, can help unravel the complex political economy landscape that can entangle the project. Where the project is planned in a contentious geographical area and raise sensitive issues, as may often be the case for geothermal projects in Indonesia, relationships with CSOs should be carefully navigated to avoid the project getting embroiled in issues that may not directly and significantly concern FPIC communities. By establishing a constructive partnership with affected communities through the FPIC process while managing CSOs carefully, the project will be able to focus on substantive issues.

3.11 Governance Alternatives for the 3 FPIC Approaches

Governance structure under the FPIC-1 and FPIC-3 approaches are fairly similar as **Table 2** below lays out. However, the governance structure for FPIC-2 approach can be lighter.

Table 2. Comparison of Governance Structure for 3 FPIC Approaches

FPIC-1	FPIC-2	FPIC-3
Project FPIC Lead / FPIC Coordinator	Project FPIC Lead / FPIC Coordinator	Project FPIC Lead / FPIC Coordinator
Advisory Council (AC)	--	Advisory Council (AC)
Governing Board (GB)	Governing Board (GB)	Governing Board (GB)
GB Secretariat	--	GB Secretariat
Program Committees (PCs; 2-4)	Program Committee (PCs; 1-2)	Program Committees (PCs; 2-4)
Internal Monitoring Team (IMT)	Internal Monitoring Team (IMT)	Internal Monitoring Team (IMT)
External Monitor (EM)	--	External Monitor (EM)
IPP GRM as an independent track within the Project GRM	One GRM for Project: there is no separate track for IPP GRM	SIMP GRM) as an independent track within the Project GRM
Evaluation Team (3 individuals): 2 evaluations	Evaluator (1 person): 1 evaluation	Evaluation Team (3 individuals): 2 evaluations
• FPIC Facilitation Organization (FFO) • FPIC Specialist	FPIC Specialist	• FPIC Facilitation Organization (FFO) • FPIC Specialist

[26] See Civil Society Team World Bank, Consultation with Civil Society: A Sourcebook Working Document 2007, Tools and Methodology, page 32-35, for suggestions as to ways to work with CSOs.

CHAPTER 4: FPIC STAKEHOLDER ENGAGEMENT FOR GEOTHERMAL PROJECTS

This chapter will first discuss geothermal sector's unique aspects that cause distinctive stakeholder risks and affects the outcomes of stakeholder management, while foci later in these Guidelines will provide guidance on stakeholder engagement and FPIC processes for geothermal development stages:

1. Preliminary and 3G Surveys (geological, geophysical, geochemical): **Focus 1**
2. Infrastructure Preparation and Exploration Drilling: **Focus 1**
3. Construction (of well pads, access roads, piping system, power plant, etc.): **Focus 2**
4. Operation: **Chapter 9**

4.1 Long Time Frame

Geothermal project development commonly needs between five and ten years to fully move to commercial operation—and sometimes even longer. While this may be technically necessary, it raises some complications regarding local community engagement:

a) **Personnel turnover**: Contractors, developers, government and project staff, and community leaders in the latter stages of project development are usually not the ones that had initial discussions and reached initial agreements. Lack of awareness and lack of commitment to others' promises can cause a breakdown in communication and trust. The original individuals involved in negotiations or discussions may have been committed to any agreements made or understood but these can be easily forgotten or ignored as the individuals who represent their parties change. Without documented records of initial understandings memories get hazy and misunderstandings are born.

b) **Legacy issues**: Personnel turnover is exacerbated at a larger scale when different developers and contractors carry out geothermal operations at various phases and stages of development, depending on the investment program that has been approved. The change of the developer between the preparation/exploration and construction stages based on the tender results, this presents the question of continuity of completion from the preparation/exploration stage to the construction stage and beyond into operation. Legacy problems at each step need to be reviewed and steps taken to resolve them.

c) **Unmet promises and unrealistic expectations**: During early contacts and consultations unauthorized or implicit promises may be made to deliver benefits (such as connecting the affected communities to the electrical grid or to provide energy free of charge) or that the project will be implemented soon. When these promises don't materialize promptly due to unavoidable circumstances such as delays in bidding processes, time needed for the

developer to secure funding, etc., the initial positive or at least neutral attitude to the project begins to turn negative.

d) **Community "Consultation Fatigue"**: Repeated meetings with the community over years leads to community cynicism and boredom especially during early phases when community consultations discuss the project in vague terms and the project cannot take on many of the concrete inputs from community members. The risk is particularly large when the same old issues get discussed each time new staff get on board or new developers get hired to start engaging with affected communities newly.

e) **Regulatory Changes**: Regulatory frameworks can change over time, affecting project permits, compliance, and financial incentives. These also may affect communities.

4.2 Negative Public Perception of Geothermal Projects

There is a negative perception of geothermal projects due to widely circulated stories that claim serious negative effects. Community fears are multiple and mainly environmentally focused:

a) Geothermal projects will lower the groundwater supplies, pollute the water with poisonous chemicals, cause mudflows, and damage soil fertility.
b) Geothermal projects will cause poisonous gases like H2S (hydrogen sulfide) to be released into adjoining communities.
c) Geothermal projects will generate unpleasant odors, dust, noise, or visual disturbances which can cause health issues.
d) Geothermal projects will trigger landslides and earthquakes, and possibly floods as well.
e) Geothermal projects expose local employees to a range of safety hazards.

Economic and cultural risks also loom large:

a) Agricultural productivity will be harmed
b) Tourist industry will be damaged as natural resources are harmed or tourists scared away
c) Historical and sacred places will be damaged
d) Local communities will not likely benefit from the project, especially in the early stages of the project as land is taken out of production to build project infrastructure.

As Adityatama, et al 2018; Umam, et al, 2018; Purba, et al, 2020; indicate, such community concerns should be taken as genuine to avoid unnecessary community pushback. Geothermal projects should seek to bring affected communities along by honestly and transparently informing them as to the true nature, risks, and benefits in ways that are easy to understand for them, instead of explaining project risks and benefits in overly technical terms.

4.3 Informational and Compensatory Efforts are Critical

A significant informational and compensatory effort needs to be undertaken early on in project planning and initiation. The project needs to address community fears while not shying away from realistic and accurate risk assessments (along with planned mitigation measures). Yet highly complex technical issues are not easily conveyed in local community meetings, even if facilitated by skilled community workers; how to present them to the affected communities in an accessible format

needs to be seriously considered (see **Focus 2** and **Box 1**). Extensive consultations with information sharing need to take place from the start.

Communities should be entitled to:

a) Receive fair and objective information on risks and benefits of geothermal operations, including project risk management systems and emergency response mechanisms.
b) Benefit from geothermal operations through the corporate social responsibility (CSR) and/or community development programs.
c) Receive fair compensation for damages due directly to geothermal operations.
d) Participate in ESIA process and ESMP design and implementation.
e) Use fair and accessible Grievance Redress Mechanisms including judicial systems.

Information sharing and consultation process should go beyond community members directly or indirectly affected by the project. Developers in some countries—including Indonesia—are typically not experienced in engaging with NGOs from the start. Outreach to NGOs and CSOs is a critical part of the entire SE process so it's best if these groups are brought in to perhaps work with the project as facilitators of the FPIC process (see **Chapter 5**). Neglecting such stakeholders can cost the project dearly during a later stage, especially given the significant attention paid to geothermal development by NGOs and CSOs.

4.4 FPIC in Stages?

Geothermal projects are broadly classified into two phases: exploration and exploitation phases. The direct footprint of the first exploration phase is typically limited to a few hectares of land for drilling locations, depending on the number of required well pads, storage materials and drilling employee camps. This differs from the construction stage, which impacts larger areas, directly and indirectly. The FPIC process should be conducted differently at different phases given the different scale and scope of impact.

During the exploration phase, project impacts on local communities are typically limited other than loss of a limited size of land (approximately 100m x 100m). Compensation should be paid for land loss at the fair replacement value per SPI 204. Those community members outside the drilling site will not lose land or non-land assets and will thus not receive compensation. While this is legally compliant, it often frustrates many community members whose land will not be acquired as they feel they need to bear various, non-land risks from inadequate wastes and wastewater treatment to potential H2S leakages including during the exploration phase.

Also, community members will not likely make neat distinctions between the exploration and exploitation phases. Pointing out that the main risks and benefits will only occur if the project progresses past the exploration stage may do little to assuage concerns of the local community who may well consider that the exploration phase is just the early phase of an exploitation phase that will come inevitably. They may just become "concerned" from the moment they hear the word "geothermal" which they may associate with some incidents that occurred in another island. Addressing impacts that will occur during the exploration phase only may well not satisfy them.
It may therefore make sense that FPIC-2 approach is applied during the exploration phase, even when the size of impact and the characteristics of affected people may not require FPIC. It would involve

extensive information-sharing and consultations with the community at large in addition to those whose assets would be directly affected. It would set out an agreement as to how the project and the community would engage during the initial exploration stage including exploratory drilling and prior to a decision as to whether to develop the project was made. While the focus will be on activities during the exploration phase, the potential scale and scope of impact that may occur during the exploitation phase, and possible time lag between the two phases, should also be discussed so that community members can make an informed decision based on a good understanding of the full spectrum of the project.

If it is decided that the project would move to the exploitation phase, a new and second FPIC process should begin. Firstly, where there is a significant time gap between the two phases, or different agents are hired to do the exploitation than the one who did the exploration, the FPIC achieved at the exploration phase needs to be renewed. This time the affected communities would be asked prior to construction beginning to give their FPIC for the project and the measures which would affect them. Similarly, any documents such as an IPP prepared during the first FPIC process would need to be updated as would any comparable SEP. This second FPIC process would best follow guidelines for a full FPIC-1 or FPIC-3 (if no IP is affected) process, the scale and scope of which would be adjusted depending on the nature and scale of impacts.

PART TWO
FPIC NEGOTIATION

Part One provided the background and key principles of the FPIC process, how it is related to stakeholder engagement and why and how the FPIC process should build on but go beyond Good Faith Negotiations (GFN) and embrace the Participation and Partnership Framework (PPF). As a form of stakeholder engagement, FPIC principles can apply to any project with significant stakeholder risks, whether the affected people are Indigenous Peoples or not. While the requirements of the financier and the regulator need to be fully complied with, projects can apply a risk-based approach by putting GFN and PPF approaches to affected communities front and center. Part One also presented FPIC-1, FPIC-2 and FPIC-3 as potential approaches to apply FPIC principles based on the profile of affected people and stakeholder risks.

Building on Part One, Part Two provides technical guidance on how to initiate and carry through FPIC negotiations till the successful achievement of FPIC, applying the PPF approach. The FPIC Negotiation phase starts by assigning necessary staff, conducting desk-top review of local communities, carrying out scoping visits, setting out ground rules, helping affected communities choose their representatives, developing inclusive governance mechanisms and doing all the other preparatory works for subsequent rounds of consultations. The FPIC Negotiation phase then continues with a series of consultation meetings, in parallel with ongoing community discussion forums and the ESIA process, to negotiate and agree on consent conditions including risk mitigation and benefit generation measures in a Consent Set of Documents (CSD) which includes an Indigenous Peoples Plan (IPP) or Social Impact Management Plan (SIMP). FPIC process challenges and lessons learned are also reviewed in the effort to establish true collaboration as described in the PPF.

CHAPTER 5: SCOPING VISITS – GETTING STARTED ON THE GROUND

5.1 Initial Steps

When you are moving to a new area, you always want to visit the place first and get to know not only the physical layout of the area and its attributes but also the people who will become your neighbors—and with whom you might be living among for many years. So too with project proponents thinking of becoming a part of a project neighborhood—you need to make a few trips to the area to get to know the people you will be interacting with. So that's where and why the most important aspect of stakeholder engagement begins: with people living in the area where the project might possibly be placed. And if you want a relatively good chance of starting off on the right foot, start the FPIC process right from the beginning, regardless of whether or not a formal FPIC process must or will take place.

It is therefore prudent that the project appoints the FPIC Coordinator and includes him/her in the project team right from the beginning, especially if stakeholder risks are considered significant or FPIC is expected to be required by potential financiers. The FPIC Specialist also needs to be engaged and included on the Scoping Visit(s) so as to begin inclusive FPIC planning and exploring candidates to serve as the FFO. With the Scoping Visits completed and the overall scope and scale of the FPIC process becoming clearer, it is at that point prudent that the project allocates necessary human and budgetary resources to carry out the FPIC process.

5.1.1 Literature reviews

Project teams first need to prepare not only by knowing the technical project design details, potential sources of project funds, and the myriad bank and other regulations the project needs to follow. They also need to know if the project has been interacting with the local people earlier, and if so how. They also need to learn how other projects nearby have in the past or currently been interacting with their local communities, as anyone would want to know their new local community and their broad history before they move in and start living with them.

So check:

- Any existing project documents that may already exist, including for other projects implemented in the project area, that refer to past project engagements with the local communities, if any; the positive or negative history in relation to development projects conducted in project areas; and any other documents that may indicate the local community reception, or rejection, of any project in the past. If scoping/exploratory mission reports are already available, they should be reviewed.
- Social media for the existence of groups discussing the project.
- Public media such as newspapers discussing the project.

5.1.2 Legacy issues

While doing such literature and media reviews, be especially alert to learn:

- If promises have been made to local people formally or informally by project affiliated people—and the status of those promises.
- Whether conflicts or conflicting claims to ownership of or access to natural resources in the project area have arisen, in relation to the project or not, and if so, what were measures, if any, taken to mediate and resolve those conflicts.
- Has there been any mention of customary rights (and have such been identified and acknowledged as legitimate if not legally recognized or recognizable by state authorities in any way), in addition to legal rights?
- Have any development projects conducted in the past caused significant conflicts with or complaints from local communities which the projects failed to fully address?

5.1.3 Consultation styles

Project teams may have worked with many local communities on different projects, but each community has its own culture, language/dialect, and preferred ways of social interaction. The project team needs to learn to understand and respect any relevant customary laws: local communities, Indigenous or not, have their own customs or traditions regarding consultation and decision-making within their communities. Early in the consultation process, efforts must be made to understand these and design culturally appropriate consultation styles. Note too, that

> *"Internal decision-making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision-making processes to reach conclusions that are considered legitimate by the majority of the concerned participants (ESS7: fn14)."*

As part of the initial steps, teams are therefore advised to do a preliminary analysis of consultation styles that are appropriate (and those that are not appropriate) for respective communities with whom to initiate the FPIC Process.

5.1.4 Scoping visits

With such background information and considerations undertaken, scoping missions to the potential project area should include FPIC preparatory questions/issues in mind. So scoping or exploratory missions need to early on include a team member sensitive to exploring these sociocultural questions as well as the technical or financial. Hold some initial meetings with FPIC community members to present the project in general terms and establish to what degree:

- They would be willing to consider the project.
- The community has sufficient technical knowledge and capacity to participate in the FPIC process equitably.
- Community customary decision-making mechanisms and structures need to be recognized, acknowledged and respected.

At this early point project teams may also need to consider:

- Beginning discussions with community members on the need to establish how a consent decision would be recognized and the process for achieving consent (so that output and process is legitimate from the perspectives of the FPIC communities and can be shown to comply with relevant standards of the potential financiers such as ESS7/10).
- Raising the possibility of requiring bidders and consultancies to apply this more robust stakeholder engagement strategy and consider how to address legacy issues that have been present in the past.
- Working with the entity carrying out the ESIA process to ensure that the ESIA process reflects the needs of the FPIC process and reflects the insights and concerns of FPIC community members. It is extremely important to link the FPIC process with the ESIA process right from the beginning so that FPIC communities participate in the process to identify and assess all project risks and impacts. Doing so will help ensure FPIC communities are in sync with the project proponent regarding the project effects and raise the legitimacy of GFN processes.

Raising these issues early helps everyone deal with them with more forethought.

5.2 Mobilizing the FPIC Support Team

After the scoping visit, the FPIC Specialist in coordination with the FPIC Coordinator should organize the "FPIC Support Team" which consists of people working on the project's social issues broadly and the FPIC process specifically. When the FPIC-1 or FPIC-3 approach is used, the FPIC Support Team would likely include: (a) the FPIC specialist (2) representatives of the FFO (if any), (3) the FPIC Coordinator and relevant staff of the Project Office, (4) consultancies hired for the ESIA process, or for the development of IPP, SIMP, and other FPIC-related documents, as relevant, and (5) the financier's FPIC responsible representatives.

Early on, these people need to be identified, and regular remote conference calls conducted to guide the FPIC process along. This arrangement heightens the likelihood that no unforeseen roadblocks pop up and alerts all parties to the FPIC process of any scheduling concerns and requirements in advance.

5.3 Who to Meet With?

Even before the scoping visits, project teams need to figure out who they should meet and how. Meetings should be held in a culturally appropriate, inclusive, transparent, and flexible manner. Among other stakeholders, the scoping visit team should plan to meet with:

a) Local government leaders where the project will take place.
b) FPIC community representatives, including elected officials and traditional leaders such as religious notables and respected elders.
c) Cross-sections of the general population, broadly representative of different genders, social strata, generation, ethnicity, occupational status, and those with disabilities.

To carry out representative consultations it is critical that the consultation engages all levels of the FPIC communities' governance structure from the outset, starting with the highest level in the country (if one exists at the national level) and proceeding downwards to the local level. It is often wise to avoid over-reliance on officials – even if they are local or Indigenous – as they may be divorced from local realities, especially customary subsistence strategies, or from vulnerable and marginalized groups within the community.

The key principle here is to recognize community heterogeneity. There often exist intra-community stratification and power differences. All significant viewpoints that may exist within the community should be brought to the fore. People must be heard and contending voices recorded in the process of consultation. Divergence is expected and should not be ignored. Other ethnic groups, external migrants, multiple generations and genders, and any vulnerable or excluded groups must be included in the consultative mix. When the FPIC communities are found to be quite diverse for language or cultural reasons or due to varying levels of vulnerability to project-induced risks, separate consultations may need to be undertaken for each sub-group.

Community representation in project-community consultations should allow for:

a) the meaningful participation of all marginalized and vulnerable groups within the community, including children, the elderly, internal migrants, and those with disabilities.
b) proportionality, or meeting with groups in rough proportion to their distribution in the FPIC communities

Although it is highly desirable and proper to include customary governing structures or authorities in these consultative arrangements, those groupings might not necessarily be inclusive and decisions reached solely in their purview might not represent the consensus at the community level. Some additional or parallel measures to enhance inclusion may be necessary to supplement the traditional structures.

When community representatives are selected and their inputs in the FPIC process sought, project teams must ensure that the voices of youth, elderly, disabled and other marginalized segments of customary communities are heard. This might sometimes require holding small discussion groups consisting only of vulnerable groups or sub-groups and setting a quota of one-third or parity for their participation in all consultative and decision-making bodies.

See **Box 2**[27] for some examples of approaches to enhancing Indigenous inclusion which have been successfully applied in Latin America.

5.4 Information Disclosure during the Scoping Visits

The exploratory scoping visits begin the process of information disclosure to the key stakeholders: FPIC communities and local governments (LGs). Chances are that the LGs have been informed

[27] More examples of inclusive engagement targeting Indigenous Peoples can be found in the following projects: Ecuador Territorial Economic Empowerment for the Indigenous, Afro-Ecuadorian, and Montubian Peoples and Nationalities (TEEIPAM) (P173283) project; Mexico Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (P151604); Panama Support for the National Indigenous Peoples Development Plan Project (P157575); and Guatemala Dedicated Grant Mechanism for Indigenous Peoples and Local Communities Project (P170391) (see participatory planning and management section of chapter 3).

through official channels of the project but it is unlikely that a general information disclosure process has begun with the general public. Even during the scoping visits project teams should prepare brief project summaries including project objectives and descriptions, timelines, likelihood of worker influx, and a simple statement of the project proponent and possible financiers introducing themselves and offering to answer any questions during future meetings of the project representatives with FPIC communities and LG. Doing so is important to ensure that both LG and FPIC Communities have a similar information exposure and expectations at the onset of the FPIC Process.

Box 2. Enhancing Indigenous Inclusion

Producing information materials that reflect the perspectives and narratives of indigenous peoples may significantly contribute to inclusive participation. The Chile Technical Assistance for Geothermal Development Project has produced informational materials about geothermal energy, which incorporated indigenous peoples' traditions and myths. The booklet was called "The Heat of the Earth" (El Calor de la Tierra), and contained information about indigenous peoples' worldview of "the heat of the earth," including mythological, ceremonial, recreational, and economic aspects. Two learning visits for leaders of Indigenous Peoples were organized to geothermal energy development projects in Chile and Nicaragua.

Establishing clear and transparent participation criteria is also important. The Forest Conservation and Sustainability in the Heart of the Colombian Amazon Project (P144271), Colombia, employed a promising strategy to engage both indigenous and nonindigenous communities in the participatory planning and monitoring of project activities. It developed a participatory tool to prepare project policy with an Indigenous vision. In some cases, participation in traditional ceremonies was required to establish communication.

World Bank (2022):72-75.

This "early warning" of the upcoming project would begin to satisfy the "prior" in the FPIC requirement to inform communities sufficiently in advance of any decision point as to the communities' acceptance of the project (their granting of "social license" to the project). It allows the project to make a positive impression on affected communities, who will appreciate that they are informed of the upcoming project that may affect them. Care needs to be exercised to not create inflated expectations among some stakeholders; for example, as soon as they hear the news of the upcoming project, land speculators and ambitious local businesses may start negotiating with local residents to sell their lands with the expectation of subsequent price increases. While details on the project design, location, timeline, and positive and negative effects of the project can only be known in later stages when project planning is moving into high gear, the project must keep community members informed as to what is known, what is not known and when it will become known so that they can make an informed decision on whether or not to sell their land. The Environmental and Social Impact Assessment (ESIA) process will continue to assess project effects as the project design becomes defined. As already explained in detail in **Section 2.8**, the ESIA process should be conducted in a participatory manner to continue to seek inputs from FPIC communities and report back findings to them, fully linked and synchronized with the FPIC process.

5.5 Determining FPIC Communities

A critical early step in the FPIC process is determining which communities will be included as FPIC communities in the FPIC process.[28] **ESS7**[29] (and the other IFIs' IP policies) provides that FPIC is required under three circumstances:

a) **Adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation of IP communities**, which may include forests, water, herbs and shrubs, biodiversity and ecosystem services, and natural resources on which IPs depend for their economic, spiritual, cultural, and physical well-being. Care should be exercised because land may be individually registered under private ownership in an official cadastral book.
b) Physical **relocation of an IP community from land and natural resources subject to their traditional ownership or under customary use or occupation**. As is the case for adverse impacts on land, care should be exercised because land may be individually registered under private ownership in official cadastral books.
c) **Significant impacts on an IP community's cultural heritage that is material to their identity and/or cultural, ceremonial, or spiritual aspects of their lives**, which may include tangible cultural heritage (e.g., religious sites, sacred objects) and intangible cultural heritage such as practices, representations, expressions, knowledge, and skills, as well as the associated instruments, objects, artifacts, and cultural spaces that communities and groups recognize as part of their cultural heritage.

The three FPIC-triggering circumstances provide good guidance to determine who should be the target of the FPIC process and constitute the "FPIC communities." When subject to one or more of the three FPIC-triggering circumstances on a significant scale, chances are that affected people want to participate in the process to assess risks and explore mitigation measures so that they can be reassured that impacts will be adequately mitigated. They may also want to receive a share of project benefits if only to compensate for long-term inconveniences that the project may cause. The FPIC-3 approach can help manage such stakeholder concerns and help the project achieve a social license to operate, even if an FPIC may not be required officially.

When the initial desk study indicates that there may well be significant stakeholder concerns about the project, the project proponents should conduct a participatory risk assessment (see the next chapter) to identify the types and scale of risks and impacts that are significant in the eyes of the affected people. Examples of such risks include health and safety risks, which are significant for geothermal projects, risks related to labor influx and other sociocultural factors, and legacy issues. Note that stakeholders may see risks as significant even though experts may not think so because of lack of information or lack of familiarity with technical processes. Where risks are material, an FPIC-3 approach will help manage stakeholder concerns that may not be manageable even with a good stakeholder engagement.

[28] Preliminary selection by the client of the specific communities to be incorporated in the FPIC process should occur before FFO selection to enable FFO proposal preparation. Once in place, the FFO should advise the project if, in the FFO's (and the FPIC specialist's) opinions, the appropriate communities have been involved in the FPIC process.

[29] **Bolded sections** are directly quoted from ESS7 while unbolded parts are garnered from other IFI policies and/or Guidance Notes.

The positive aspects of an FPIC process—and its later evolution into an IPP/SIMP—are not lost on non-FPIC neighboring communities who are typically watching the FPIC process unfold amidst their neighbors and kinfolk. People in those communities see the benefits that the people in the FPIC communities begin to access and often want the same for themselves. Particularly when benefits are being distributed through an IPP/SIMP these neighbors will often ask to be admitted to the FPIC/IPP "club" and have their community designated an IPP/SIMP community fully entitled to all the accompanying benefits.

How should the project respond? While the project cannot accept everyone in the "club," it should open the door to those who face material risks and impacts and involve them in the discussion of risk mitigation and benefit generation. **Annex 8** provides a screening form to guide the aspiring community and the project to resolve the questions raised by such a request.

CHAPTER 6: FIRST ROUND OF CONSULTATION

In-community consultation meetings are the backbone of the FPIC process. Whereas the Scoping Visits only meets with a few representatives from selected villages, local governments, and civil society to lay the groundwork for the FPIC process, the First Round of Consultations formally launches the FPIC process with visits to each FPIC community, the selection of representatives and other FPIC activities. To get this FPIC process off to a good start, good prep work is needed at the local project level with good planning. In what follows, standard processes and key pointers to prepare and organize the first-round consultation meeting under FPIC-1 or FPIC-3 approach are explained. Where the FPIC-2 approach is used, simpler processes may be sufficient, which will be explained at the end of this chapter.

6.1 Preliminary Steps

By the time of the first full round of consultations with the FPIC Communities, certain steps need to have been taken.

6.1.1 By the Project

Preliminary steps by the Project (as discussed above in **Chapter 5**) include:

a) Engage the FFO (for the FPIC-1 approach for sure, likely for FPIC-3, but for FPIC-2 perhaps only the FPIC specialist[s] may need to be hired).[30]
b) Ensure that the FPIC communities have identified FCLs.[31]
c) Disclosure of basic project information by the project including frank and sufficient assessment of risks and planned mitigation measures as well as possible benefits to the degree possible at the time of FPIC initiation. At the time of the first round of consultations, a lot is still unknown. As the ESIA and other assessments proceed and more definitive and comprehensive data become available, additional information should be provided to FPIC communities on an ongoing basis including through a supplementary project backgrounder, using FCLs as dissemination and feedback mechanisms as well as members of the AC.

6.1.2 By the FFO

Preliminary steps below should be taken by FFO if an FFO is engaged. As for the FPIC-2 approach where an FFO is not engaged, these tasks may be the purview of the FPIC Specialist:

[30] Ideally the FFO and the FPIC Specialist would be engaged by an entity separate from the project (whether the financiers or another third party) but the reality of project arrangements often makes this unlikely. In such cases the potential for any conflicts of interest should be mitigated by contractual obligations to maintain objectivity and neutrality in the FPIC process and a high degree of operational transparency.

[31] See Chapter 3.8.3 for qualifications expected of FCLs.

a) Alert local government officials to the planned consultation schedule and meet them to respond to any concerns or questions they may have as the FFO carries out activities in their districts.
b) Carry out capacity-building for local people who have been recruited to act as FCLs to support the FPIC process. This can take place over a day or two's training on:
    - Basic knowledge and information on both the FPIC process and the project.
    - Gender Equality and Social Inclusion (GESI) as an integral part of FPIC Process.
    - Basic principles and operational tips on organizing and managing informal or semi-formal discussion forums.
    - Contact persons and means of contact (e.g. WhatsApp / phone number, email address) in case information about the project is sought.
    - Effective communication in conflict management, especially during the FPIC process.
    - Basics on financiers' IP and SE standards and an IPP, SIMP, SEP and other relevant management plans.
    - Effective management of community consultation meetings and preparation of meeting minutes.
    - Work-plan formulation for the three rounds of community consultation meetings and the community deliberation process in between the meetings.

    See Annex 9 for an IPO's list of suitable FCL training topics.
c) Consult with FCLs, government officials, Indigenous and other local leaders—including those of customary institutions—as well as average community members as to what a representative mix of local people from the FPIC communities would look like. Use such a consultative process to figure out a "formula" for village-level Advisory Council membership.

6.2 First-Round Community Consultation Meetings

The first round of in-communities consultations aims to provide FPIC Communities with detailed information about the entire FPIC process and raise their awareness about their rights, roles and responsibilities in the process, so they will be well informed of, proactively participate in, and receive feedback on their inputs to, the development of risk mitigation and benefit generation measures under the project.

From the communities' perspective the goals are long-term, as they seek to promote sustainable livelihoods and a safe future for the next generations while keeping socio-cultural norms, values and heritages alive. By contrast, the project will usually be focused on "getting the project off the ground" as speedily as possible. These perspectives are at odds and often cause misunderstandings and conflicts.

Meetings are usually conducted in every FPIC community separately unless there are physical barriers for the FFO to accomplish this on a timely basis (in that case nearby communities may be clustered). Note that the "FPIC community" needs to be defined based on specific local contexts. In countries like Indonesia where a "village" as the administrative unit covers a broad area and can include multiple culturally, ethnically and socially distinct groups, the "FPIC community" may be defined at a level lower than the village level. Local contexts need to be taken into account in determining the "FPIC community" appropriately.

Objectives of First-Round meetings typically are:

1. Inform the FPIC communities about the goal and features of the project, their geographical coverage, potential risks, impacts and benefits, building on the project information disseminated as preliminary steps. The FFO/FPIC Specialist present this information as received from the Project, being careful not to advocate for or against the project but simply to inform.
2. Explain the FPIC process, and ESIA, IPP, SIMP or other relevant management plans.
3. Begin discussions on the Consent Process Agreement (CPA). Explain that the CPA lays out the process through which and conditions against which the consent decision will be achieved and recognized, and to what degree it should include customary or contemporary decision-making processes. As will be mentioned in **Section 6.4.3** below, the CPA is expected to be adopted by the WG and consented by the AC after the first-round community meetings. It is therefore important that FCLs organize discussion forums in between the first-round community meetings and AC/WG meetings so that AC members can better represent the views of FPIC community members on CPA.
4. Explore any remaining issues or concerns that need to be addressed by the project.[32] If so, convey those questions, comments and concerns to the project. The project—not the FFO or FPIC Specialist—would have the responsibility to get back to the community with a response in a timely fashion to maintain their neutrality to the project; the FFO or FPIC Specialist should not advocate on behalf of or explain the project, nor should they advocate on behalf of the community although they will help the project understand community perspectives or vice versa, so their neutrality is not questioned.
5. Educate and advise respective FPIC communities about the criteria and process of selecting their representatives for an Advisory Council (AC) that systematically and collectively takes account of different voices, issues and concerns of their community.
6. Encourage FPIC communities—and in particular vulnerable groups—to engage with the FFO on an ongoing basis as an avenue to seek and receive clarifications about the project and the FPIC process and engage in an open discussion with peers through discussion forums.
7. Select AC representatives from respective FPIC communities.[33]

6.2.1 In-communities consultation meetings organization

6.2.1.1 Meeting Invitations

To boost awareness and participation, the FCLs can verbally contact or distribute letters to every household in FPIC communities. They can be instructed to keep evidence of such letter reception by collecting their signatures and emphasize that community members are free to decide whether or not to participate. FCLs and the FFO team can make follow-up calls to ensure the maximum participation of FPIC community members.

[32] If some issues need to be addressed by local governments as well, then these issues can be considered for inclusion in the Legacy Issues Document (LID) to be prepared during the later stage of the FPIC process.

[33] An AC may not be necessary for those projects following an FPIC-2 approach, relying instead on the WG approach only for community representation.

6.2.1.2 Meeting Process

Some pointers:

a) Meetings are prepared and facilitated by the FFO members (and co-facilitated by the FPIC Specialist, as appropriate). Disclosing meeting particulars beforehand can be entrusted to the FCLs who can be tasked with ensuring widespread awareness of the meetings and their purpose.
b) The FFO Team makes a good faith effort to carry out these and future meetings according to the local customary practices.
c) Best to have all meetings chaired by a local person; perhaps an elder or respected community leader, as per custom of the people attending.
d) Representation/Participation of political parties and NGOs should be prohibited.[34] This helps keep the focus on the effects the project will have on FPIC communities and their own careful consideration of their futures.
e) Meetings can make good use of mini-lectures to give background to unfamiliar topics, brainstorming on solutions to problems, while exposition of mini-case studies and graphic displays can all be methods applied to facilitate the meetings. Whiteboards, flipcharts and markers are also useful, especially when electricity access is limited.

Meeting topics can include:

a) Review briefly the project's goals as stated by the developer.
b) What is FPIC? Why FPIC?
c) What are the steps in the FPIC process?
d) Why is this FFO and/or the FPIC Specialist in the FPIC process?
e) Legal and Policy Framework for FPIC – regional, national, international, and IFI.
f) General discussion on the burning issues and concerns of FPIC Communities – compensation, risks and mitigation measures, provisions for long-term livelihood support, education and health facilities for children, senior citizens and disabled, GESI, conservation of cultural heritages, benefit generation, etc.
g) Need for a Consent Process Agreement (CPA): Begin discussion with FPIC communities on how consultations should be conducted and consent decision reached. This would lead to a CPA which establishes the form of consent and process for achieving consent, so that the FPIC output and process is legitimate from the perspective of FPIC communities and can also be shown to comply with IFI policies.
h) Need for ongoing feedback loop between representative bodies (the AC and WG/GB) and FPIC community members, emphasizing that they are all responsible for continuous reporting between the representative bodies and the FPIC communities they represent.
i) Inform and agree on the roles and responsibilities of FCLs in particular on organizing discussion forums on an ongoing basis to allow FPIC community members to deepen their understanding of the project, potential risks and benefits, and discuss consent conditions. The discussion forum is also a good avenue to collect questions and provide clarifications provided by the project, AC or local governments.

[34] FPIC community members may contact NGOs for guidance or technical advice, but in-community consultation meetings should be held without the presence of external stakeholders to ensure that FPIC process is of and for FPIC communities themselves.

6.3 Capacity Assessments[35]

After the first round of in-communities meetings and prior to convening the 1st AC and WG meetings (see **Sections 6.4** and **6.5** below), it is advisable to take stock of preparatory and foundational work that needs to be undertaken to carry the FPIC and project-community planning forward. To ensure that all participate in the FPIC process on an equal footing, two assessments might be necessary. It's important to assess where each party is and what steps need to be taken to enable everyone to fully take on their role—whether as AC members, project staff, local government officials, FCL, or other key participants of the FPIC process.

6.3.1 Capacity assessment of project staff

During this early engagement period, the FPIC Specialist should assess the capacity gaps of project staff in conducting meaningful consultations. The assessment could look at:

a) Familiarity with the culture of FPIC communities, including norms for interacting with different genders and social etiquette.
b) Experience with participatory assessments such as Joint Fact-Finding or similar approaches to collaborative social assessments.
c) Familiarity with the rights of all stakeholders as well as GESI issues.
d) Familiarity with the FPIC related requirements including those of the financier.
e) Awareness of key principles, values, and methods of FPIC and stakeholder engagement.
f) Awareness of conflict-reduction and facilitation techniques.

If gaps are found, the FPIC Specialist should discuss with the FPIC Coordinator how to fill them, including who may be able to provide the necessary training, timeline and the budget. The finding of the gap analysis should be discussed at the WG so all parties to the FPIC process are made aware of them and discuss collectively how best gaps can be filled. Where the FFO or FPIC Specialist does not have the necessary skill or capacity, a credible and representative Indigenous Peoples Organization (IPO) or NGO may be mobilized to conduct the training. Such training could take place over a half-day or day-long program and could also be made part of the project's Human Relations orientation for new project recruits. Contractor staff might likewise be required to partake of similar or abbreviated community engagement training.

6.3.2 Capacity assessment of AC/WG members

Just as project staff might need some capacity-building to enable them to better engage with their community partners, so too the AC and WG members will benefit greatly from such training. Oftentimes, FPIC Community members may have little experience with what the financiers and the government require for the FPIC, impact assessment tools such as ESIA/SIA, the IPP/SIMP, and basic project structures. Experience has shown that the older and female segments of the groups particularly benefit from skills-building which focuses on the fundamentals of record-keeping, budgeting, and meeting protocols. Traditional leaders may also benefit from basic awareness of inclusive deliberation and decision-making processes and sensitivity to diversity in terms of gender, age and so on. An IPO or NGO (or the FFO or FPIC Specialist) may be well positioned to carry out such training over one-half or one-full day.

[35] Unless there are unusual circumstances, these capacity assessments would not typically be required for an FPIC-2 approach.

The FFO or FPIC Specialist should assess the capacity-building needs of the AC and WG in particular on issues such as below:

a) Familiarity with holding meetings, taking notes (secretarial tasks), voting procedures.
b) Basic awareness on and sensitivity to social inclusion and diversity.
c) Basic understanding of the FPIC, the FPIC process and required actions.
d) Level of awareness and understanding of the customary rights of FPIC Communities including Indigenous communities if relevant.

If gaps are found, the FPIC Specialist and the FFO should discuss with the AC and WG members how to fill them, including the providers of the training, timeline and the budget. The finding of the gap analysis should be shared at the WG, and a credible and representative IPOs or NGO may be mobilized to conduct the training if the FFO or FPIC Specialist does not have the necessary skill or capacity. Such training could take place over a half-day or day-long program and could also be made part of the project's Human Relations orientation for new project recruits.

6.4 Advisory Council 1st Meeting

Sometime after the first round of in-communities consultation meetings, the first AC meeting would take place to discuss the FPIC process, set up the WG to negotiate the CPA, and start discussing consent conditions. Like any meetings held under the FPIC process, the meeting should be held in a location and at a time that is convenient to AC members. The FFO will organize and prepare for this first AC meeting, organizing accommodations, food and transportation for the representatives of FPIC communities.[36] Key documents such as the CPA draft, any of the IFI IP policies, or other project documents, would need to be in place in all necessary languages. Depending on the result of the capacity assessment of AC members (see **Section 6.3.2**), a capacity-building workshop could be held prior to the opening day/session of the 1st AC Meeting.

First AC Meeting Objectives are:

a) Equip AC members with the basic knowledge and information about the FPIC process, the relationship of the AC to the WG, and the status of project preparation.
b) Finalize the draft CPA for adoption by the WG.
c) Orientate AC members on their role, responsibility, tasks and duties.
d) Select the AC members who become WG members as AC representatives.

6.4.1 Inaugural session

AC meetings should all be conducted according to local cultural forms. This first AC meeting should set the pace with welcomes by local traditional leaders and honored notables, spiritual blessings as appropriate, and welcomes by FFO, project, and local government officials as desired. Honorary chairs selected from these notables—both women and men—should host each session and rotate throughout the day/days. Once the opening session was concluded a true working session could begin and the "guests" (i.e., the non-FFO, non-AC members) should withdraw. Following local culture gives AC meetings, and the decisions made, a process legitimacy to the eyes of FPIC communities.

[36] Budgeting for this should be provided by the Project and included in the contract of the FFO, if hired by the Project.

6.4.2 Orientation session

After the inaugural session and on the same day, an orientation session should be conducted to raise the awareness of the AC participants on some key subject areas:

a) A Brief Introduction to the Project: possibly by a senior project manager to demonstrate respect for the FPIC process.
b) The FPIC process and the separate roles of the AC and the WG.
c) GESI in the FPIC process, along with effective communication and conflict management in the FPIC process.

6.4.3 Consent Process Agreement (CPA)

IFI guidance notes on Indigenous Peoples (e.g., IFC, 2012 [PS7]:12) recommend deciding upfront and clearly documenting the agreement on how the decision on whether to support the project and its proposed activities will be made and who will make it. To avoid confusion or misunderstandings ("how do we know if we have consent?"), a Consent Process Agreement (CPA) can be prepared which identifies (i) how the representatives of FPIC communities are or will be chosen; (ii) the agreed process and protocols to be followed during the FPIC process and conditions that need to be met for community consent to be considered to have been given; (iii) the reciprocal responsibilities of parties to the engagement process; and (iv) agreed avenues of recourse in the event of impasses occurring, including external mediation.

The CPA can also define what would constitute FPIC, which should build on, but will likely be different from, traditional decision processes by ensuring that it is gender and generational inclusive, and allows meaningful participation of marginalized groups (e.g., the poor, landless, religious minorities).

Prior to the 1st AC meeting, the FFO/FPIC Specialist should draft the CPA that will address the issues mentioned above, based on the input received from FPIC community members following the first-round community meetings. The draft CPA should be discussed and adopted at the WG so that all parties to the FPIC process should agree under what conditions community consent can be considered to have been achieved. In order to ensure the smooth adoption of the CPA by the WG, the FFO and FPIC Facilitator should engage with the FPIC Coordinator of the Project Office and LG representatives, even before the AC meeting, to provide them with the background of the community inputs and convey feedback from the Project Office and the LG to the AC. Doing so will help ensure that the CPA approved by the AC broadly meets the expectations of all FPIC partners. The CPA adopted by the WG is considered to have been consented to by the AC unless significant revisions are made at the 1st WG meeting. For minor revisions that may be decided at the WG, AC representatives should be empowered to give consent on behalf of the AC.

The FPIC Coordinator should consult with and receive concurrence to the CPA from the financier's social specialist so that the financier cannot reject the consent achieved fully in line with the CPA agreed between the FPIC communities and the project. Support to CPA preparation is one of the key tasks of the FFO and the FPIC Specialist as described in **Section 3.8**. A sample template for a CPA can be found in **Annex 10a**.

For projects following an "FPIC-3" approach, the CPA may spell out how "broad community support" would be mutually recognized by FPIC Communities and the project. As FPIC is not formally required,

the goal is to clarify how consultations should be carried out (language, venues, times, formats, etc.) and on what basis a broad community support can be obtained. The objective is to help establish mutually agreeable protocols on project-community engagement, facilitate dialogue and avoid misunderstanding in later stages, and help the project achieve a "social license to operate".

6.4.4 Selection of AC representatives to Working Group (WG)

Each AC should select two of its members as their representatives to the WG. Care should be exercised to keep the WG gender balanced. WG members are required to pledge to prioritize the interests of their entire community over those of themselves, their families, and friends. As AC will likely have fewer members under the FPIC-2 approach (or perhaps no AC at all), the number of WG members will be proportionately smaller, keeping in mind the need for gender balance.

6.5 Working Group 1st Meeting

The tripartite WG consists of selected AC members, representatives of the Project Office and the Local Governments (LG). This sets the WG as the place where the representatives of the project, the communities and the LG get to know each other, engage regularly on project matters (and non-project matters) including through local media, close information gaps and resolve misunderstandings, and establish favorable relationships.

The FFO (or the FPIC Specialist where FFO is not hired) organizes the first WG meeting, perhaps in the same place and on the following day after the AC first meeting. Meeting objectives are:

a) Assist WG members understand their responsibilities, tasks and duties, including setting some basic WG meeting and decision protocols.
b) Discuss and adopt the draft CPA.
c) Look ahead to the preparation of future key FPIC documents such as the Statement of Consent (SC), a Tripartite Implementation Agreement (TIA), a Legacy Issues Document (LID) and a community development plan such as an IPP or an SIMP.
d) Formulate a work plan for supplementary assessments for capacity-building and a bottom-up needs assessment (see **Sections 6.3** and **7.2.2**).

Key 1st WG Meeting Topics are:

a) Review of 1st AC Meeting.
b) Responsibilities and roles of WG members.
c) Establish procedures to directly gather input from community leaders and other stakeholders on sensitive issues or matters needing thorough consideration.
d) Process of consensus building and consent among the three WG partners (community, government, project).
e) Contents of the CPA.
f) Capacity-Building Assessment work-plan.
g) Community needs Assessment: identification, selection and prioritization.
h) Next steps in the FPIC process.

6.6 FPIC-2 AND FPIC-3 APPROACHES

Where risks are not significant and the FPIC-2 approach is sufficient, the WG may be able to lead the FPIC process without an AC. FPIC community representatives on the WG may be selected directly by the FPIC communities and seek community consent to the decisions made by the WG by directly engaging with FPIC communities. FCLs should be actively used so FPIC Community representatives on the WG are well informed of community needs and concerns even without the AC. No one size fits all projects' or local communities' needs, so the FPIC Specialist (and FFO if hired) must work with FPIC communities to decide on a culturally appropriate FPIC structure.

Where the FPIC-3 approach is used and FPIC is not officially required, the project will unlikely be required to formalize consent including the CPA. The WG though may consider such a document most useful and produce its equivalent.

Focus 1: Initial Engagement during Exploration Phase in Geothermal Projects

Initial stakeholder engagement and the FPIC process for geothermal projects are affected greatly by their unique nature as discussed above in **Chapter 4**. As was noted therein, it's probably best to use the "FPIC-2" approach when working with affected communities during the exploration phase. Still, extensive consultations with the help of a neutral entity such as an FFO are advisable since affected communities often conceive of the exploration phase simply a preparation for the eventual exploitation phase, and given the significant stakeholder concerns on geothermal projects in Indonesia.

During this stage, projects need to establish community outreach programs as it might be challenging to explain to the community about the project, the technology to be employed and the potential effects on the community and the environment in a clear and easy-to-understand way. Such outreach efforts should include an overview of geothermal development in general, geothermal development in Indonesia, technical and environmental aspects, and potential impacts/risks to the community, and mitigation measures.

The FPIC-2 approach must also tease out what promises might have been made or implied by the project and the community and clear and honest clarifications made at this point (dealing with "legacy" issues).

Even at this early stage, fears may emerge and accidents occur. Stories will circulate of poisonous gas leaks but policy lacks specific regulations discussing safe boundaries between drilling locations and residential areas. Furthermore, national health and safety guidelines are often not properly enforced, adding to the doubts and confusion. For this reason, the exploration project should aim to integrate the FPIC-2 Approach with the ESIA process (see **Section 2.8**) so that affected communities fully understand and give consent to practical risk mitigation measures as well as systems to monitor their proper implementation—preferably with community co-participation. Furthermore, the developer can prepare a CSR-funded benefit program in close partnership with affected communities and start implementing them even before a decision is made to fully develop the geothermal field. However, projects must be leery of overpromising including impacts on job creation in this early stage since the need for technical skills will mean that few local jobs will be actually available at that time.

CHAPTER 7: CONTINUING FPIC NEGOTIATIONS

After the first round in-community consultations and the adoption of the CPA, the FPIC process moves into high gear. The project, FPIC communities and LG will discuss consent conditions including risk mitigation and benefit generation measures, and the legacy issues that may exist, under the facilitation of FFO and/or FPIC Specialist and based on the principle of participation and partnership. The result of discussions will be complied in the Consent Set of Documents (CSD) and related documents such as Indigenous Peoples Plan (IPP) and/or Social Impact Management Plan (SIMP).

7.1 Preparation of IPP/SIMP

The IPP is the main project instrument to mitigate risks and enhance benefits for IP communities based on the FPIC process. The SIMP is the equivalent for non-IP communities. Although formal consent from non-IP communities may not be required, their broad community support based on the FPIC-3 approach gives the SIMP and the project a strong "social license to operate. To substantiate the community consent or broad community support, as relevant, the IPP or SIMP should describe the FPIC process which led to a positive consent decision.[37]

The IPP/ SIMP needs to be informed by the Environmental and Social Impact Assessment (ESIA) which provides key information about the likely project risks and impact. FPIC communities need to be well informed of, and inform, the ESIA process so they can engage in the FPIC process knowingly. **Section 2.8.2** provides examples of methods to help FPIC communities participate in the ESIA process. One practical challenge is that ESIA is typically developed and made publicly available only in the last stage of project preparation. This late development of the ESIA report often proves to be a significant constraint to keeping FPIC communities informed throughout the FPIC process and causes unpleasant surprises to the FPIC community members as well as the project as some key risks get known only at the last minute.

To overcome the challenge, a risk and benefit "mitigation matrix" (see **Section 2.8** and **Box 1** for details on mitigation matrix) presenting key risks and impacts, as well as potential risk mitigation and benefit generation measures, can be prepared and kept updated as the ESIA process proceeds, and shared with the FPIC Communities. Such a matrix can be prepared in a tabular form, but it is important to ensure it is in a form and style that is easy to understand for FPIC communities. The FFO or FPIC Specialist can work with the ESIA team to develop materials as supporting documents for a better understanding of FPIC communities.

[37] The IPP and SIMP, if developed in a language other than the local language understandable to the affected FPIC communities, should be translated into whichever languages the project and the FFO feel are necessary to ensure their widespread and inclusive access.

7.2 Preparation of Key FPIC Documents

Aside from regular, collaborative and culturally appropriate meetings, there is no better demonstration of partnership than the co-creation of a set of FPIC agreements and documents. In addition to the Consent Process Agreement (CPA) which clarifies the process that needs to be followed and conditions that need to be met for a conclusion of the FPIC process to qualify for FPIC, the Consent Set of Document (CSD) which lays out the results of the FPIC process also needs to be developed collaboratively. The CSD includes:

- Statement of Consent (SC)
- Indigenous Peoples Plan (IPP) or Social Impact Management Plan (SIMP)
- Tripartite Implementation Agreement (TIA)
- Legacy Issues Document (LID)

Under the FPIC-3 approach, basically the same documents should be prepared with slight modifications as needed since the project will not affect an IP community. For instance, the SIMP will substitute for the IPP since no IP will be affected. For an FPIC-2 approach, the SC, TIA, and LID might take a simplified form. An IPP, however, should still be prepared if IP are present.

7.2.1 Statement of Consent (SC)

The SC briefly describes the FPIC process which has been undertaken (including the key elements of the CPA), and the method by which those granting consent are authorized to do so. Most importantly, the SC lists the various agreements consent is given for and may include a reference to whether or not consent is being given explicitly to the project itself. In addition, the SC should affirm the right of the designated and authorized representatives of the FPIC communities to suspend their consent if they believe that the agreements in the CSD are in serious breach.[38] Furthermore, the project is advised to refer to the SC in the project's loan agreement or other legally binding project documents so that the CSD can take full legal contractual effect. A sample template for a SC can be found in **Annex 10b**. **Annex 10c** and **10d** provide templates for the IPP/SIMP and TIA, respectively.

7.2.2 Indigenous Peoples Plan (IPP)/ Social Impact Management Plan (SIMP)

An IPP or a SIMP, which comprises a package of mitigation measures and benefits with implementation arrangements, will be prepared depending on whether the FPIC communities are IP or non-IP communities. Some key points to keep in mind when preparing the IPP/SIMP:

a) The IPP/SIMP should be prepared by a team of social experts with requisite experiences in both safeguard requirements and participatory community development, in close collaboration with community representatives (e.g. AC, WG and FCLs), the FFO and/or the FPIC Specialist. IPP/SIMP should be developed based on a robust ESIA.
b) In preparing the IPP/SIMP, a bottom-up risk assessment and priority-gathering should be conducted as its basis. FPIC communities should take the lead in setting priorities, with leadership and representatives selected by themselves such as the AC. While contents have to follow the form and style required by relevant regulatory frameworks or financier's

[38] In such cases, the project team should ensure that the loan agreements and/or similar binding documents provide for participatory and inclusive approaches to resolve such a CSD non-performance.

requirements, the process to develop the IPP/SIMP including how decisions should be made on risk mitigation and benefit generation measures must align with the preferences of FPIC communities. This includes consultations and meetings held in the local tongue(s), as necessary, and incorporation of Indigenous or local spiritual elements as appropriate. Involving FCLs in the process is critical.

c) Both the IPP and the SIMP include sections summarizing the project context, the results of the ESIA and the consultation record, including issues raised and solutions agreed upon. The heart of the IPP/SIMP is risk mitigation and benefit generation measures, and the description of the participatory process through which they have been, and will continue to be, developed. Differing views from the FPIC communities including those that are not adopted should be documented to the extent possible. The scope and depth of documentation will likely be proportionately simpler for an FPIC-2 approach. The IPP/SIMP can include the mitigation matrix (See **Section 2.8**), a summary of potential project risks, impacts and benefits developed under the FPIC-Process. As the IPP/SIMP gets implemented, the matrix can be updated periodically and reviewed by the AC.

d) Besides risk mitigation measures, the IPP/SIMP should describe benefit generation measures with sources of funding to support livelihoods development, small infrastructure development, cultural heritage interventions, language retention and documentation, and other measures preferred by FPIC communities. A Community Development Fund to provide funding on an annual basis to finance such community initiatives based on the development plan developed by FPIC communities themselves, rather than a financier or consultancy's Community Development Plan, goes a long way to win the support of FPIC communities.

e) The IPP/SIMP should establish its governance structure including monitoring and grievance mechanisms based on a participatory approach with strong representation of vulnerable and excluded groups. Also, the role and the structure of the Governance Board (GB), to be established for the implementation of consent conditions should FPIC be achieved, should be described in the IPP/SIMP, as well as in the Tripartite Implementation Agreement (see **Section 7.2.3** below).

f) The IPP/SIMP should clarify the role of the FPIC Coordinator within the Project Office (see **Section 3.5**) in overseeing its implementation. The AC should be empowered to periodically discuss with the FPIC Coordinator, at or outside the GB, on IPP/SIMP implementation performance and adjust IPP/SIMP jointly if needed. The IPP/SIMP should also describe the Program Committees (see **Section 3.3**) that will be set up, their membership, roles and responsibilities, types of risk mitigation/ benefit generation activities to be conducted or monitored, funding mechanisms, capacity-building, etc.

g) Transparency is key to maintaining both public awareness of and trust in the delivery of risk mitigation and benefit generation measures. Periodic reporting by the client, as well as public disclosure of external monitoring reports on the IPP/SIMP, are essential.

Clients should initiate the IPP/SIMP implementation within a reasonable period post-FPIC decision so FPIC communities do not lose confidence in the project and its promises. If it is expected that IPP/SIMP implementation may be delayed due to some unavoidable reasons such as obtaining required permits, project finance, etc., it should be discussed transparently with the AC, and bridge financing should be explored and secured to the extent possible to jumpstart IPP/SIMP implementation. SC, and TIA as needed, should refer to bridge financing. See **Annex 10c** for a sample IPP/SIMP outline as well as **Chapter 3** for IPP/SIMP governance.

7.2.3 Tripartite Implementation Agreement (TIA)

The TIA describes the implementation agreement between the FPIC partners (the AC, the Project Office, and LG) detailing their respective responsibilities to carry out the agreements of the SC. It is important to involve the LG as part of the agreement since the project proponents are typically not competent, legally or contractually, for the many mitigation or benefit measures that FPIC communities want, including especially legacy issues. The LG can also bring in parties with required capabilities into the agreement so they can deliver what FPIC communities legitimately want. It is important to make the TIA legally or contractually binding, including through financing agreements with financiers so all parties are legally bound to deliver what they promise to deliver. The implementation agreement should also refer to the mechanisms for monitoring the project's impacts as described in the IPP/SIMP and implementation of consent conditions in the SC and IPP/SIMP, as well as a means of redress if these conditions are not met. See **Annex 10d** for a template "Tripartite Implementation Agreement."

7.2.4 Legacy Issues Document (LID)

During the FPIC process, it often becomes clear that issues from the past, including those that may have nothing to with the project, make local communities skeptical and darken the otherwise promising FPIC process. Such issues can include commitments that different projects may have made but left without fulfilling, or gender-based violence or social unrest they may have caused without resolving before their departure. Or project staff may have promised some benefits to FPIC communities before leaving the project, which have hitherto been forgotten but are now resurrected. Or a government agency, which is different from the LG involved in the FPIC negotiation, may also have indicated a community development program which has not been materialized. Such issues from the past may have nothing to do with the project or its staff who aim to pursue the FPIC process in good faith, but they often influence the mindset of the FPIC communities, and the FPIC process, negatively. To avoid the past weighing down the present and future, these issues needed to be recognized as still ongoing issues, and through the FPIC process either address them directly or keep them alive for future discussion by way of inclusion in the LID.

Furthermore, FPIC communities' expectations of what benefits the project could provide are often greatly out of proportion with what the budgets of an IPP or SIMP could provide. All of their needs and demands cannot be met by a single project. The "wish list" of FPIC communities for project support can include demands for basic infrastructure such as hospitals, clinics and irrigation systems, when the project objective is to build a highway.

Rather than ignore such legacy issues or community demands, the list of issues that cannot be addressed by the project or the LG under FPIC can be compiled in the LID for continuing discussion. Specifically, the LID can list the legacy issues or community demands for future consideration; the stakeholders who have raised them; responses from the Project Office or LG; and potential next steps, together with a statement that they are not project commitments but that they are issues that the three FPIC partners agree to continue discussing in the future.

The LID allows the Project Office and FPIC communities, in collaboration with the LG, to prioritize issues directly relevant to the project, versus issues that can be set aside temporarily but which all sides agree to continue to explore solutions for. Such documentation of the legacy issues and ongoing community demands helps avoid the FPIC process getting derailed by issues that are not directly

relevant to the project. Although the project staff may feel that they are not a party to the issues, ignoring them will not make them go away. The LID can serve as a convenient place to "park" contentious issues temporarily while the FPIC process moves forward.

7.2.5 Second-round community consultations

When an initial draft of the IPP/SIMP (Draft #1), or an advanced mitigation matrix in case the draft IPP/SIMP is not ready for disclosure, as well as draft Consent Set of Documents become available, a second round of community consultations should be held. The FFO and the FPIC Specialist would review the draft IPP/SIMP or the advanced mitigation matrix, as relevant, and draft the CSD, prior to the Third Round of In-Communities Consultations.

Similar to the first round, the second-round consultations should be held at every FPIC community unless there are physical barriers to accomplish this on a timely basis, or nearby villages need to be clustered. Sufficient prior notice should be given to FPIC Community members through the FCLs. The primary objective of these second-round consultations is to review project progress in the development of consent conditions including risk mitigation and benefit generation measures, and formally review the CPA adopted at the 1st WG meeting.

Prior to the second-round community consultations, the final CPA, as well as the initial IPP/SIMP draft or the mitigation matrix, will be distributed through the FCLs for review at community discussion forums. Extra efforts should be made to collect the perspectives of vulnerable groups. The FFO through the FCL will gather comments and questions about the draft IPP/SIMP, or the mitigation matrix, and convey them and receive responses at the AC or WG meeting(s). This is an important step to ensure that community members meaningfully participate in the FPIC process, even if the WG and the AC are the primary decision and consent bodies.

7.3 Second Advisory Council (AC) Meeting

Two sessions would probably be needed. The first session will start with reflections on and reminders to all present as to the earlier meeting decisions, roles, responsibilities, and mandate of the AC members as community representatives followed by a review of the final CPA.

The second session will review the draft IPP/SIMP or the mitigation matrix considering the comments and questions from FPIC Community members received during the Second Round of In-Communities Consultations and through the FCLs. The FFO will consolidate such feedback from the AC and present them to the WG together with a summary of comments from FPIC Communities for further review.

7.4 Second Working Group (WG) Meeting

Taking place following the Second AC meeting, the main objective of the second WG meeting is to review the draft IPP/ SIMP or the mitigation matrix in light of the comments by the AC and the in-communities consultations. In particular, the WG will review the overall adequacy of risk mitigation and benefit generation measures and inform the project representatives and the FPIC Support Team in case gaps are found. The WG will continue to discuss legacy issues raised by FPIC communities.

The representatives of the project and/or LG will report any potential solutions to the legacy issues identified.

Key issues raised by the FPIC communities related to the project could be raised here as well so that the project could hear directly of ongoing or new concerns and perhaps consider responding to such questions. The role and function of an External Monitor[39]—based on a risk evaluation—in addition to that of an Internal Monitoring Team (IMT) would also be discussed as well as possible sources of funding. How to ensure that community inputs continue to be heard and incorporated into the final CSD prior to the next, third-round community consultation meetings should also be discussed.

7.5 Continuing Preparation of IPP/SIMP (Draft #2)

Inputs from the Second-Round Community Consultations, as well as the outcomes of discussions of the AC and the WG, would be utilized for the ESIA process on an ongoing basis as well as for the continuing development of the IPP/SIMP to best capture community inputs to risk and impact assessment as well as risk mitigation and benefit generation measures. FCLs and discussion forums they can organize should continue to be used to seek inputs to the risk assessment as well as risk mitigation and benefit generation measures from FPIC communities. Such ongoing consultations will make it easier to obtain community consent to the final IPP/SIMP and the other CSD elements by addressing or responding to the needs and concerns of FPIC communities on an ongoing basis.

7.6 Third-Round Community Consultations

The third round of in-communities consultations would provide FPIC communities the opportunity to review and instruct their AC representatives their positions on the full CSD (see **Section 7.2** for details).

The advanced draft ESIA, and the full CSD including IPP/SIMP should have been made publicly available prior to the third-round consultations, allowing FPIC communities to review the CSD in light of the risk mitigation and benefit generation measures proposed under the project. For ease of understanding by FPIC communities, key elements of the ESIA as well as IPP/ SIMP should be summarized in the mitigation matrix for discussion by FPIC communities. It is most important that the FCLs engage with communities on an ongoing basis between the second and third round consultations and seek their inputs as these documents are prepared. It is highly unlikely that FPIC community members get to understand the myriad of project risks, impacts and benefits through a one-time community-meeting – they should come to the third-round consultation meetings with a basic understanding of what matters to them. Particular attention will be paid to collecting perspectives of vulnerable groups. The draft documents should be made available in an accessible manner, supplemented by briefs, visuals or other materials that are more easily understood by community members. Sufficient early notice should be given to FPIC community members prior to the 3rd round of consultations meeting.

[39] The FPIC Specialist may post-consent serve as the External Monitor if the PPF FPIC partners so agree; see Section10.2.

7.7 Third Working Group Meeting

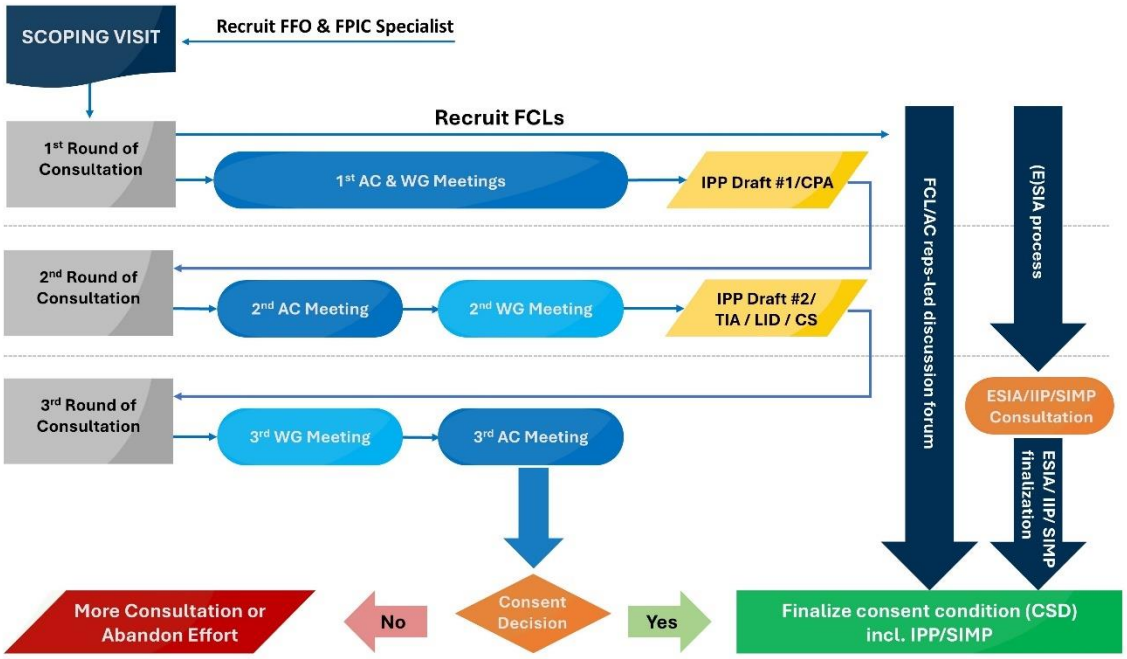
This WG meeting will review the CSD as well as risk mitigation and benefit generation measures proposed under the project (which may be presented in a mitigation matrix for ease of understanding). It will also review the CPA and assess if the FPIC process has been carried out as required in the CPA and if the consent conditions spelled out in the CPA are all adequately met. To facilitate the review process, the staff and consultants from the Project Office who are responsible for the ESIA process as well as IPP/SIMP development should participate in the meeting together with the FPIC Coordinator and answer questions that WG members may have.

If satisfied, the WG will decide that the CSD as well as risk mitigation and benefit generation measures proposed under the project are adequate. If not, the WG will make adjustments to the CSD as well as risk mitigation and benefit generation measures together with responsible staff of the Project Office, till satisfied. The WG may decide if another round of consultation is necessary in the event that no satisfactory solution can be found. Note that WG decisions need to be consented by the AC for them to qualify as FPIC.

7.8 Third AC Meeting

Facilitated once more by the FFO, the Third AC Meeting will be held after the WG meeting. The project representatives to the WG and the FFO should also be on hand to attend portions of this third AC Meeting if so requested so they can answer questions that may be raised by AC members. If the WG successfully decides that the CSD as well as risk mitigation and benefit generation measures proposed under the project are adequate, the AC will review them in light of the CPA and comments and questions received from FPIC Community members so far. If satisfied, the AC will grant their consent according to the manner laid out in the CPA and the FPIC process comes to a successful conclusion.

Figure 3. CSD Preparation and Consent Decision Path



If not, then the WG needs to decide on next steps: either to authorize a fourth round of consultations or a mediation effort between the three parties. Or to abandon the FPIC-seeking effort. See **Figure 3** for an overview of the FPIC process.

CHAPTER 8: BUILDING PARTNERSHIP

All three partners to the FPIC process (the FPIC communities, the Project Office, and the LG) have their own goals, concerns, and preferred ways of interaction, which are not always clear to the other partners and which often causes confusion and mistrust. FPIC communities typically have very different life experiences, desired goals, felt needs, and circumscribing constraints from the project staff and LG officials. Their everyday life is often governed mainly through traditions and cultural norms, which are usually different even from those of LGs, where bureaucratic procedures play key parts, not to mention that of the Project Office, for whom legal and contractual obligations prevail in addition to financial matters. FPIC communities often become increasingly weary or even suspicious as FPIC negotiations go on in a style and manner that is alien to them, even when their own language is used. The Project Office, in particular the FPIC Coordinator, with the help of the FFO and FPIC Facilitator, should know such differences well and be prepared to prevent any misunderstanding, misconception, or misinterpretation from developing and standing in the way of building a true partnership.

8.1 Bringing Three FPIC Partners Together

As mentioned above, the FPIC communities, the Project Office, and the LG engage in the FPIC process without being fully aware of each other's needs, preferences and constraints. Facilitators to the FPIC process, in particular the FFO, FPIC Specialist and FPIC Coordinator, should become fully aware what "baggage" they bring with them as they engage in the FPIC Process so they can better build a constructive partnership.

8.1.1 Project Office

It is often difficult to convince the cost-conscious project senior management of the "value for money" of engaging an FPIC process that costs more than conventional, regulatory stakeholder engagement. Even where FPIC is contractually required by their financier, they often see it merely as a compliance cost which should be minimized to the extent possible. It is important to convince the project senior management that FPIC, if done well, can generate some real value to the project, including:

a) The project can minimize the risk of "surprises" by gaining the trust of affected communities who are willing to inform the project through ongoing two-way communication mechanisms of emerging risks before they start to develop into real problems.
b) Even where real problems start to emerge, affected communities will be more willing to work with the project to resolve them rather than seek external support to oppose the project.
c) Successful FPIC efforts can enhance the reputation of the project proponent as an industry leader rather than an example of failed stakeholder engagement.

Middle management (FPIC Coordinators, E&S managers, Financial Manager, HR Manager, etc.) should be granted authority to make technical decisions in working with communities. The FPIC process and its progress should be highlighted in periodic project reports so the senior management is aware of the progress as well as emerging issues including what may potentially require additional costs. The FPIC Coordinator and others involved in running the FPIC process should receive adequate recognition and support for the real though non-technical or financial contributions the successful FPIC process makes to the success of the project.

Other issues which senior management might raise to the FPIC process, and potential responses, are provided in **Table 3** below:

Table 3. Possible Issues and Suggested Responses: Project Management

Senior Management Possible Issue	Suggested Response
Reluctance to share decision-making power with non-project actors ("they are outside our project. Why do we need to ask for their permission? Who authorizes them?").	To gain a social license to operate, we need to engage local communities as partners in the project. The more we involve them in our project decision processes, the more likely they trust us.
Concerns about releasing information, particularly regarding land purchase/lease ("this will only encourage land speculation"; "they have no right to see the information other than required by the law").	Disclosing non-proprietary or non-confidential information to affected communities will build confidence and trust in our project, a key step in gaining their consent and gaining the social license to operate."
Reluctance to spend money for what is not a core part of the project such as capacity development of FPIC Communities (i.e., "why do we need an FPIC Coordinator? E&S specialists can do it all well'; "why do we need to spend money to help community members do sustainable farming? We are an energy company doing an energy project!").	"Given the growing social media, CSO network, and global attention to sustainability, partnering with host communities and supporting their sustainable development will help us gain positive market reputation and attract investors keen on supporting sustainability."
Mistrust of affected communities in their ability to make good judgments (i.e. "we are technical experts and know what need to be done. Community members don't even finish secondary education!").	"Yes, we know technical issues, but they know how technical issues play out in their communities better, like what will happen to vulnerable people when they lose access to the forest. If we engage with them and know what may happen to them, we can adjust the design and lower negative impacts, and win their trust."
Resistance to begin financing consent conditions before financial closure ("We need to wait till funds are secured. Before then, when the project can start, or if the project can start at all, is not clear").	"If we delay implementing consent conditions for too long, we risk losing all the positive goodwill we earned in the FPIC process. Securing bridge financing to start some activities that benefit local communities can help us avoid disappoint them."

8.1.2 Local Government

Many local government officials are not used to engaging with community members, especially Indigenous communities, on an equal footing. Transparently sharing information with community members, keeping them up to date on project status, allocating budget based on the requests from local communities, and involving them in the decision on who to hire as the FFO and when the project is considered ready to start, for example, may be alien to them. Nonetheless, they play an important

role in the FPIC process since many actions that can turn communities to supporting the project, in particular benefit generation and legacy issues, are outside the legal and contractual capacity of the Project Office. Without their participation, options that are available for the project to achieve FPIC are limited, and sustainability of FPIC beyond when it is obtained is at risk.

To convince local government officials of the value of the FPIC, they may be reminded of the following:

a) The project's long-term viability depends a lot on investor-local community relationships. The project proponent can "vote with their feet" when they realize that the cost of social management, or the reputational risk from negative local community relationships, is too high. The FPIC process can help the project establish and maintain positive investor-local community relationships and contribute to the project's long-term presence in local areas.
b) The cost associated with FPIC will gradually decline as positive investor-local community relationships are established and reinforced. Once trust is built between them and the mechanisms established to generate benefits and mitigate negative impacts, costs to maintain them usually become primarily incremental.
c) The LG can directly and indirectly benefit from the FPIC process in the form of increased revenues, etc., as the local population becomes better off and external investments increase as a result of benefit generation measures.

Where the financier or the regulator requires FPIC as a condition of financing or project approval, local governments will lose out if the project does not materialize for lack of FPIC.

8.1.3 FPIC communities

To most communities, Indigenous or non-Indigenous, FPIC, or even stakeholder engagement beyond simple socialization, is a novelty. If LG officials or project proponents are not used to engaging with local communities on an equal footing and need to learn how to do so, the opposite is true too. Building a constructive partnership is particularly difficult when community members have negative experiences in the past in working with LGs or development projects.

Issues which FPIC Communities might have about the FPIC process, and potential responses, are listed in **Table 4** below:

Table 4. Possible Issues and Suggested Responses: FPIC Communities

Issue	Possible Responses
Mistrust of the project and LG as reliable partners (“we were promised a school by a project 10 years ago and the LG officials promised providing teachers and equipment, but it never happened”).	Let project senior management commits at the WG to honoring any promise the project makes. Document all outcomes of negotiations in the TIA and legacy issues in the LID. Let the WG seek a solution to legacy issues.
Mistrust of information about project benefits, risks and impacts (“ESIA socialization meeting of the previous project was too technical and incomprehensible, and a lot of negative impacts happened that we never heard about”).	Conduct a participatory ESIA process with a simple mitigation matrix to keep FPIC communities informed of the project's risks and impacts. Discuss benefit generation measures extensively at the AC/WG meetings and document them in the IPP/SIMP.

Issue	Possible Responses
Political organizations and decision-making structures of FPIC communities may not be fully inclusive and participatory ("the previous meeting with FPIC communities was dominated by a few male community leaders and few women, youth and external migrants spoke up").	Discuss with FPIC community members and LGs during Scoping Visits how to make AC membership inclusive. Establish guidelines for social inclusion including gender equity and continue to sensitize FPIC communities of the value of social inclusion.
Fear that the "consent" the FPIC community grants being misconstrued into an open-ended "yes" to everything that the project plans to do ("we have no idea of what "consent" means; that is completely new to us, and the explanation by the project staff is too technical and incomprehensible").	Organize discussion forums and let the FFO explain in simple terms what consent means with concrete examples. Clarify the scope of consent in the SC and disclose it publicly. Build into Loan Agreements as well as TIA sanctions for non-compliance with consent conditions.
Fear of inappropriate pressure applied by the project or the LG ("if the government wants it, how can we oppose them after all?").	Disclose SC and TIA publicly (except the part agreed at WG to be confidential) to bind the project and the LG to consent conditions. Prohibit the presence of security forces, or recording of discussions without community consent, during FPIC consultations. Allow anonymity and confidentiality of grievances.
Internal conflicts within FPIC communities over access to project benefits ("only those close to AC members seem to benefit from the project. Our applications have never been accepted!").	Establish transparent and participatory processes to advertise and select beneficiaries. Develop conflicts of interest guidelines. Limit terms of AC, GB, and PC members.
Unfamiliarity with formal procedures and regulatory requirements ("too many meetings, too many documents, and too much talk about rules!").	Simplify procedures where possible. Train FPIC communities on FPIC procedures. Let FCLs conduct discussion forums to enhance their understanding.

8.2 Tips to Build a Constructive Partnership

8.2.1 Allocate sufficient time and resources

In order to build a partnership based on trust, the FPIC process need to (i) ensure continuing two-way communication; (ii) allow the FPIC communities to understand what the project and impacts are; (iii) build confidence of marginalized groups to speak their concerns and priorities through repeated engagements; (iv) reflect many risks and impacts as they become clear in the ESIA process; and (v) swiftly capture emerging risks and amend risk management and benefit generation plans, and CSD accordingly. All of them require additional time and resources, in addition to documenting, translating, and communicating all the consultation activities.

The FPIC process will likely take twice the time than a simple "socialization," which typically stop short of participatory consultations in the four levels of stakeholder engagement described in **Section 2.5**, although the FPIC-2 approach will likely require a lot less time. By starting the FPIC process early, during the Feasibility Study or at the beginning of engineering designs, however, much of the additional time needed for the FPIC process can be easily absorbed in the standard project preparation schedule. In fact, one reason why the FPIC process will likely take significantly more time is because most development projects start engaging with stakeholders very late, normally only when

the regulatory E(S)IA is prepared and ready for public disclosure, at the cost of low community understanding and acceptance of the project. Continuing the FPIC process during the implementation phase can also be easily built into risk mitigation or benefit generation processes. Most importantly, the project can benefit from the positive dividends of constructive partnership that FPIC help builds:

a) Lower likelihood of social conflicts and disputes occurring and lower community management and litigation costs.
b) Ease of demonstrating FPIC-related compliance.
c) Higher satisfaction of FPIC communities yielding a positive reputation for the project.

8.2.2 Keep FPIC communities informed

To achieve FPIC, the project needs to keep affected communities informed about the project activities and their potential risks and benefits in a culturally appropriate manner and in plenty of time so they can make an informed decision. Various communication tools and formats can be used to achieve the objective, including presentation printouts, nontechnical summaries, project leaflets, audio-visual materials, pamphlets, and any other means that are easy to understand for FPIC communities. Formal and informal discussion forums led by community members themselves but participated by technical experts can complement the disclosed information and help deepen the understanding of FPIC community members.

This information disclosure must begin during the Scoping Visits (see **Chapter 5**). Once beyond that initial phase, the ESIA process serves as the main source and avenue for appropriately informing FPIC communities of the potential risks, impacts and benefits of the project (see **Section 2.8**). It is essential that communities are informed of potential risks on an ongoing basis as the ESIA process identifies them. Transparency is key to achieving the trust of the affected people, as hiding some problematic issues that affected communities get to know later will only harm gaining their consent. A frank and honest disclosure is key to ensuring “prior” and “informed” conditions of FPIC while also for the project to gain a “social license to operate”.

8.2.3 Build the capacity of FPIC partners

Many FPIC communities lack experience or technical expertise in legalistic and cumbersome procedures and structures typical of a development project. Many project staff as well as LG staff also lack experience in directly engaging with local communities on an equal footing. Skills such as facilitation, mediation, cross-cultural communication, and knowledge of participatory and collaborative partnerships are where capacity gaps are often observed both among FPIC communities and project as well as LG staff. As explained in **Section 6.3**, the capacity of AC and WG members as well as project staff needs to be assessed, and capacity gaps identified be filled. The FFO and the FPIC Specialist can be tasked to work with the FPIC Coordinator of the Project Office and provide extra support to fill critical capacity gaps by providing training or identifying external providers of relevant capacity development services.

8.2.4 Prevent factional fighting

As noted in **Table 4**, key social cleavages—whether along kinship, class, caste, ethnic or political party lines—can disrupt the FPIC process. All FPIC partners as well as facilitators like the FFO and

FPIC Specialist need to be aware of such social divisions and not allow them to dominate the FPIC process. Proven avenues to decrease such a possibility include:

a) Allocate community representation according to predetermined categories (e.g., poor households, elderly, those losing land, teachers) universal for all locations.
b) Discourage direct representation of political, caste/class, or kinship groups in the representation categories.
c) Develop clear and transparent conflict of interest rules to lessen the likelihood of factional capture of project benefits.

8.2.5 Enhance social inclusion and equity among FPIC Communities

Community social norms may embed traditional and customary forms of social stratification that could disempower women, youth, disabled or other traditionally excluded groups. The importance of social inclusion and equity as a core principle of FPIC should be emphasized right from the beginning. Once the issue is raised, community members tend to embrace it and decide how to respond in a fashion which befits their worldviews and sense of fairness—and in recognition of the changing ways of the world.

8.2.6 Use existing traditions and cultural processes wherever possible

Development projects are usually a complex cross-cultural process where myriad cultures of the FPIC communities, the project staff, the LG, the contractor, the consultant, the financier, among other parties, interact. All involved need to become culturally sensitized, however, since the FPIC process takes place on the home grounds of the FPIC communities, awareness of their cultural environment is of paramount concern.

Box 3. Consecrating Project FPIC Documents

A demonstrated commitment to maintaining and supporting local cultures and traditions helps build solidarity between the project and its host communities. FPIC activities—from meetings to project activities to documents—should be imbued with local cultures and traditions to reflect the lifeways of affected people. One example is the ceremony held after the achievement of FPIC with Tamang Indigenous People after an all day and night GFN session. The very next morning local *bompo* (Tamang: shamans) and *lamas* (Nepali: Buddhist monks) consecrated the FPIC set of documents on the project site.

With the project's CEO on hand to personally receive the blessings according to Tamang custom, the IPP and the other FPIC documents were encompassed in a spiritual dimension which made the Project truly a part of the worldview of Tamang Indigenous People. So too were the FPIC meetings begun and concluded with Tamang invocations, singing and dancing to render the FPIC process and the IPP truly suffused with Indigenous character. When the CEO also promised to sponsor a *puja* (Nepali: worshiping ritual) at critical points in the unfolding of the Project, his words were well received by the villagers who are the beneficiaries and co-managers of the IPP implementation.

Box 3 brings home the need for cultural embeddedness. Just as FPIC communities are asked to follow legal and administrative procedures of the financiers and the government, so too must projects, financiers, and governments learn to accommodate – if not embrace – the culture of FPIC communities as a symbol of partnership. The project should thus:

- Let local communities set the tone by respecting their spiritual and social ways of being.
- Unless it would otherwise jeopardize the FPIC process, use the institutions and procedures of FPIC communities in FPIC processes or modify them as needed.
- Let senior project management and LG officials participate in local cultural activities and encourage their on-site staff to make similar gestures on a regular basis.
- Develop cultural sensitivity materials and train all staff including those of contractors, including on Indigenous Peoples' special stakeholder status.
- Install signposts to remind project staff and contractors of appropriate behavior or dress.
- Assess local institutions and procedures considering FPIC principles and use them with modifications as and if needed in the FPIC process.
- Learn how local ceremonies or rituals are carried out—whether for a house-warming, a school graduation, or a betrothal. Some of their elements can be incorporated to make a properly hybrid form, ready-fit for the project.
- Encourage local customary religious leaders to join the AC so their perspectives and actual and figurative blessings are bestowed on the FPIC process, and the project.
- Sacralize critical project milestones, such as FPIC accomplishment, with traditional rituals to imbue them with a spiritual aspect, which will help maintain the good spirit and relationships that a successful FPIC process engenders. Encourage senior project and government officials to join such rituals. The goodwill generated will serve current and future GFN processes well.

Focus 2: Achieving Social License & FPIC in Geothermal Projects: Exploitation Phase

Once the decision is made to move to the exploitation phase, a new phase of FPIC process must begin. Whereas the initial survey and exploration phases might have sufficed with an FPIC-2 approach, the full FPIC approach is probably necessary in this exploitation phase because the impacts are bigger:

- Drilling production wells and injection equipment
- A piping system
- A power plant
- An access road

At this point, community attitudes often begin to turn negative as a large external workforce is brought in and local cultural norms come under stress. They often become concerned about environmental risks (noise pollution, water pollution, induced earthquakes/landslides), foreign workers' influences, and diminishing skilled and non-skilled job opportunities.

Land clearance and associated loss of forests to build the access road, well pads, and basecamps often trigger community concerns related to loss of ecosystem services including clean water and agro-forestry opportunities, fears of wild animals' entering villages, and so on. Heavy equipment mobilization and soil movements often induce soil and water contamination, dirty roads, dust, or even injuries and fatalities. An extensive use of local water sources can induce contamination and loss of water resources. Health and safety risks related to H2S gas and blowout events can be a source of significant concerns (Adityatama, Purba, & Kristianto, 2018). The presence of large external workforces often raises local concerns about the different cultures and social values between local and non-local workers in daily interaction.

The FPIC process must consider all these fears honestly and transparently through an inclusive ESIA process (see **Section 2.8**). A well-crafted and facilitated FPIC process can keep affected communities informed of potential project environmental and social risk and impacts while also informing the project and the ESIA process of their needs and concerns in return. Potential benefit generation measures can also be discussed and agreed upon, including through the establishment of community development fund to which the project can contribute parts of the operating revenues to fund initiatives identified by community members themselves. As a result, affected communities will be able to gain a deeper understanding of project effects and mitigation measures and receive long-term benefits that may more than compensate potential residual risks, helping the project gain a social license to operate and become better able to manage risks that may unexpectedly occur despite all the management measures.

FOCUS 3: STAKEHOLDER ENGAGEMENT & LAND ACQUISITION IN INDONESIA

The Four Stages of Land Acquisition in Indonesia

Per prevailing regulations,[40] land acquisition is conducted in four stages: planning, preparation, implementation, and handover. However, the four-stage process is mandatory only when the size of land acquisition is greater than 5 hectares. If not, land acquisition can be carried out directly between the land-seeking party and rightsholders through direct purchase, asset exchange, or other mutually agreeable means. Processes and procedures through which such direct negotiations should be conducted, and the overall stakeholder engagement process that should be carried out, are not regulated. Also, no additional stakeholder engagement measures are required in relation to physical relocation.

Planning Stage

Community involvement in the land acquisition process begins during the planning stage when the land-seeking party (the project proponent) carries out a Regulatory EIA (AMDAL/UKL-UPL) and a feasibility study (FS), which are undertaken in parallel with the preparation of the Land Acquisition Planning Document (DPPT). The DPPT is required to describe the socioeconomic baseline and environmental and social impacts due to land acquisition. In this planning stage, stakeholder engagement is required to be conducted at the community level through interviews with local governments, relevant agencies, civil society organizations and community leaders, although some individual affected people are also interviewed on a sample basis to collect socioeconomic baseline data. Additionally, public consultation of the AMDAL scoping results is conducted at this stage through townhall-style meetings, typically with a large number of participants.

Preparation Stage

During the preparation phase, an initial community outreach will be conducted through socialization meetings, notification letters, or media. Specifically, landowners, land users and laborers, as well as those whose land will not be acquired but whose livelihood or welfare may still be affected by the land acquisition, will be informed about the project objective, location, overall timeframe, and the planned land acquisition process.

Following the initial community outreach, an Initial Inventory Survey will be conducted to identify all potentially affected people (landowners/occupants) and enumerate the assets that will be affected. Public consultation will be conducted by the Project's Land Acquisition Team in a townhall format within 60 days after the completion of the Initial Inventory Survey, to obtain feedback to the proposed project location in light of the land and non-land assets that will be affected if the project is to be conducted at the planned location. The role of assessors in determining compensation values, and incentives provided to and the rights and obligations of affected people will also be discussed. Importantly, compensation amounts eligible to individual affected people are not informed since detailed measurement and valuation are to be conducted in the next stage. If consent is achieved on the planned project location, it will be documented in recorded minutes along with the attendance list, photographs or videos.

[40] Law No. 2 of 2012 on Land Acquisition for Development for the Public Interest, as amended by Law No. 6 of 2023 on Job Creation; Government Regulation No. 19 of 2021, amended by Government Regulation No. 39 of 2023; and the Ministry of Agrarian Affairs and Spatial Planning Regulation No. 19 of 2021.

If no agreement is reached on the project location, a second public consultation should be conducted within 30 days of the first consultation meeting. If no agreement can be reached after the second consultation, the project proponent may report to the governor/head of location who will form an investigation team. If the finding of the investigation supports the objection, the project should either be cancelled or be located to an alternative site.

If land acquisition involves customary land, the project proponent is required to discuss with customary leaders and directly affected rightsholders the terms of land acquisition under the coordination of the local government.

Once the project location is confirmed, the project proponent will submit an application for PENLOK (*Penentuan Lokasi*), or location determination permit, to the governor together with the minutes of consultations indicating the agreement of the affected people and community on the proposed project location. Once approved, the Project's Land Acquisition Team will post the announcement of PENLOK approval in the local government office and through printed or electronic media. After the PENLOK issuance, the project location is considered as "final and non-negotiable".

Implementation Stage

Following the PENLOK issuance, a licensed surveyor will carry out a Detailed Measurement and Inventory Survey and collect required information about affected landowners/users such as their identification numbers, occupations, addresses, detailed inventory of the affected assets and evidence of land/asset ownership/occupancy, and the conditions of the affected assets such as building materials, age of asset, trees with economic value, etc. Also, the year of occupancy, land use, and the income gained from using affected land, businesses, and other relevant information about affected people will be collected. The results will be recorded in the "Nominative List" which will be posted at the local government office and in the proposed project location for 14 days, during which the affected people can raise an objection to the Nominative List. Should any objection be raised, investigations/assessment towards the objections should be conducted, and the measurement survey may be repeated.

If no objection is raised to the Nominative List within the disclosure period, a licensed appraiser will assess the value of individual losses due to land acquisition as enumerated in the Nominative List, including the loss of "non-physical components" such as income from using the affected land, moving cost, solatium, etc., based on the national valuation standard. A notification will be sent to each affected landowner/user to request their attendance during the valuation process when relevant personal information such as the length of occupancy (which is taken into account in the valuation of solatium), their own evaluation of losses *(Nilai Kompensasi Wajar)*, are also directly gathered from affected people.

Once the valuation of losses is completed, the Land Acquisition Team, with the assistance of the appraiser and the project proponent, will individually inform affected people of the compensation amounts determined by the appraiser. Affected people can request an alternative form of compensation payment other than cash, such as land replacement, resettlement, and shared ownership, however, they cannot negotiate the compensation amounts determined by the appraiser which are considered to be final and non-negotiable. The affected people may still submit their

objection to the court regarding the result of the appraisal process no later than 14 days after the appraisal result is informed.

If the affected people agree with the compensation amount and form, the project proponent will pay them compensation within (7) days. If not, affected people can submit their objection to the court through the consignment process. Settlement of compensation will be issued through court, the project proponent can place the money in the remand of the courts, and project implementation may commence.

Handover Stage

Once compensation payment is completed, the Land Acquisition Team will prepare and submit a Completion Report to the project proponent. The land acquisition is considered to have completed even if some compensation is in the consignment or court process. There is no formal disclosure requirement for the Completion Report.

Land Acquisition and FPIC in Indonesia

Given the significant impact including long-term impoverishment that land acquisition can cause, affected people should be meaningfully engaged to determine all impacts of land acquisition above and beyond the loss of land and non-land assets, so they are fully mitigated. It is in the interest of the project proponent to do so because the risk of community holdouts causing delay and additional cost can be minimized. The three FPIC approaches: FPIC-1, FPIC-2, and FPIC-3 can be applied to guide the project as to how to engage affected rightsholders in a meaningful manner, based on the scale of risks.

Regardless of the approach used, the FPIC process should start right at the beginning of the Preparation stage, to capture all impacts of land acquisition through the participatory ESIA process, including non-asset losses such as loss of access to livelihood resources, loss of “attachment” (solatium), losses due to the disintegration of community fabrics including safety net and identify bases. Where significant legacy issues exist that can affect the land acquisition process, they should be identified through the participatory ESIA process, or as part of the DPPT process if the ESIA preparation is delayed. The assessment should be conducted in a participatory manner, using the methods introduced in **Section 2.8.2**.

In order to facilitate the assessment process, affected people can be assisted to organize their own representatives, in the form of the AC, and appoint FCLs as channels through which they can ask questions and receive clarifications. External facilitators such as an FFO and an FPIC Specialist can be hired to facilitate the process especially where risks including legacy issues are high. A joint committee between the project and the representatives of affected people, in the form of the WG described in **Section 3.3**, can be organized under the mediation of LG, to negotiate how impacts of land acquisition can be fully mitigated including any additional support that may be needed for physical relocation can be provided. The LG should explore potential solutions for significant legacy issues that cannot be resolved by the project due to its regulatory or contractual remits.

Such a participatory assessment process, and the formal endorsement at the WG, is particularly important because, following the issuance of PENLOK and finalization of DPPT report, the project location and the scope of compensable losses are considered “final and non-negotiable.” Risks due

to oversights of some significant losses in the assessment process and lack of their official recognition can be minimized through engaging affected communities directly in the assessment process.

A CPA may be developed at the beginning of the FPIC process to set the agreed upon processes and targets to be achieved in the land acquisition process. The CSD may also be developed to document all consent conditions including terms of compensation and other impact mitigation measures such as relocation and livelihood restoration plans, to document all the agreements reached through agreed-upon processes at the point of project approval, or when a PENLOK is issued. Confusions and disputes that often occur during land acquisition implementation due to misunderstandings about the terms of compensation can be minimized this way. A Program Committee can be set up to oversee the implementation performance of land acquisition plans including on physical relocation and livelihood restoration.

Importantly, the scale and scope of the FPIC process, and the level of time and resources that need to be spent, will vary depending on the risk level. Risk screening and scoping should be conducted in a participatory manner to determine exactly what needs to be conducted under the FPIC process. **Section 2.7** and **Annex 5** provide guidance on a risk-based approach. Crucially, the total size of land acquisition and the scale of physical relocation are useful indicators to determine the scale of impact and the choice of the appropriate FPIC approach to use, but the decision on the appropriate FPIC process should be made based on the participatory assessment of all risk factors, including the presence of Indigenous and vulnerable communities.

PHASE TWO: IMPLEMENTING FPIC

KEEPING FPIC'S PROMISE

PART THREE
KEEPING COMMITMENTS

Part Three discusses the importance of keeping commitments after a positive consent decision has been made so that the good connections and common feeling of accomplishment do not dissipate in the post-FPIC decision period. These chapters discuss how the FPIC principles embedded in the Participation & Partnership Framework continue forward through project implementation so as to help the project maintain a Social License to operate. IPP/SIMP governance which reflects these principles can truly bring positive benefits to Indigenous/local communities, projects, and local governments.

CHAPTER 9: FPIC IMPLEMENTATION: FIRST STEPS

Achieving FPIC for the Consent Set of Documents (CSD) including an IPP/SIMP is just the first step. Post-consent actions to fulfil and implement commitments made during FPIC negotiations are equally crucial to ensure that the project retains the hard-won "social license to operate". Without such follow-up FPIC communities can get disappointed and the disappointment can lead them to oppose the project even when no major negative impacts occur. Failing to maintain the positive project-community relationships built during the FPIC process benefits neither party. Once the FPIC process has concluded successfully, attention should turn to the fulfillment of consent conditions. The FPIC governance structure used to achieve FPIC based on the active partnership and participation of FPIC partners can serve as a solid foundation for ongoing renewal of the social license to operate during the FPIC implementation phase.

9.1 Good Faith in Motion at the Start: Quick Launch of IPP/SIMP

The project needs a structure to maintain the collaborative partnership established during FPIC negotiations as it transitions to the FPIC Implementation Phase. A detailed FPIC implementation plan should be developed to clarify all implementation partners about their roles and responsibilities and help them start implementing them right from the beginning and avoid losing the positive momentum gained. Projects must quickly begin implementing their consent conditions even if the project cannot be officially "started" because it has not reached the financial closure, for example. Bridge finance may have to be secured to cover the cost of initial FPIC implementation, and who will cover the cost needs to be clarified in the IPP/SIMP and the SC. Otherwise, the Project's hard-won social license to operate can be squandered. See **Box 4**.

Box 4. Delay and Delay

This lesson was brought home forcefully in the case of a hydropower project in Nepal. The IPP and other consent conditions were not launched immediately after the achievement of FPIC since the financial closure of the project was delayed due to a number of non-FPIC related issues, including the COVID-19 pandemic. This led to some loss of momentum and trust with FPIC Communities which the project attempted to repair through a series of ad hoc arrangements with the provisional IPP Governing Board. As more time went on dissatisfaction grew till nearly five years later the project and Financiers began a facilitated process to quickly launch the IPP with the hope that the promises made in consent conditions would be quickly put back on track for implementation.

Some good practice post-consent actions to keep the positive momentum achieved during the FPIC process include:

a) Review existing capacities within the Project Office to implement consent conditions, and adjust and allocate if needed the human and budgetary resources necessary for the implementation of consent conditions.
b) Set out a timeline for initial FPIC implementation including when the IPP/SIMP will be formally launched. At this point, the project also needs to reiterate its pledge to implement benefit generation measures promised and consented to during the FPIC negotiation.
c) Develop an FPIC implementation manual with input from the financiers, the project, the facilitators, and the FPIC communities.
d) Transform the Working Group (WG) into the Governing Board (GB), and reconvene the Advisory Council (AC). Their membership may be renewed with new elections. If the start of FPIC implementation gets delayed beyond one year or two of the FPIC decision, community elections may need to be held again.
e) Convene a WG meeting to review the Tripartite Partnership Agreement (TPA) to discuss actions that can be implemented quickly and secure funding.
f) (Re)institute existing Program Committees (PC) or develop new ones as agreed in the CSD and let them initiate some activities that can be initiated with available resources. Planning of benefit generation measures (see below) including organization of cultural events and FPIC training sessions, and planning for the physical relocation process (if expected to start soon), are examples of activities that PCs can initiate even before the project implementation has fully started.
g) Implement some benefit generation measures to achieve quick results such as an expansion of school classrooms, enhancement of water/sanitation facilities, donation of textbooks or health/medical equipment, or any other small investments.
h) Incorporate local cultural elements as an integral part of IPP/SIMP launch.
i) Get third parties, including the contractors and the subcontractors, to understand and abide by consent conditions where relevant; any roles they should play and actions they should take to fulfill consent conditions should be reflected in the bidding documents, and their contracts.
j) Continue or expand the capacity strengthening of the Project Office staff, FPIC communities, relevant LG officials, and the contractors and the subcontractors to fulfill their roles and responsibilities during FPIC implementation. Sufficient funds must be allocated and budgeted during the FPIC negotiation for such capacity-building, including provisionally for course corrections of consent conditions if and as needed.
k) Conduct joint activities amongst the three FPIC partners to further solidify their relationships. Joint celebration of a community holiday or opening of a new clinic funded under the IPP/SIMP, or holding of a sports competition, can be easy and low-cost ways to deepen their partnership.

9.2 Key to Successful FPIC Implementation

Experience shows that attention should be paid to several critical issues in order to successfully implement all consent conditions and maintain FPIC throughout the project life.

9.2.1 Conflicts of interest should be avoided

Members of the AC including its representatives to the GB and the Program Committees serve as a critical intermediary between the FPIC communities they represent and the project. They will have

direct access to information that is valuable such as the details of the project benefits that will be available to all community members and how to access them. As time goes on, they will become more familiar with these areas and thus their responsibility to use that knowledge and experience equitably will increase.

Members of the GB will likewise have decision-making authority when promised benefits are allocated. They may also be involved in the distribution of compensations to negatively affected FPIC community members. Ensuring that the process is fair and transparent to all FPIC community members is important. Particularly problematic are situations wherein community members serving on committees allocating benefits are asked to review the applications of their family members and close friends. AC, GB, PC and other relevant units need to discuss and clarify what procedures are necessary to guard against conflicts of interest. Code of Conducts with penalty clauses are helpful in setting and applying the rules of the game transparently.

9.2.2 FPIC principles should be complied with throughout project life

The spirit and core principles of FPIC should be maintained throughout the FPIC implementation phase (see **Chapter 2**). Specifically, the following norms should be observed at minimum:

a) Respect the rights of all stakeholders.
b) Respect collective rights, collective domains/issues, collective representation, and collective decision-making.
c) Respect, promote, protect, and safeguard the rights of FPIC communities to determine their own futures and their contributions to conservation and management of land, territories, and resources.
d) Recognize and respect the knowledge, livelihood, and lifeways of FPIC communities, giving adequate recognition with cultural sensitivity to their customary law and practices.
e) Ensure full and effective participation of FPIC communities in matters related to them.
f) Disclose information transparently to the FPIC communities through accessible channels at regular intervals.

9.2.3 Project risk mitigation and benefit generation measures should be integrated with Government Plans

Many consent conditions can be made easier to implement if they are integrated in and implemented within the framework of existing government programs. The LG can play a key role:

a) Review existing and planned government programs and assess if some of the risk mitigation or benefit generation measures can be delivered through them, with possible funding from the Project Office. Do note that the mitigation of impacts due directly to the project is the sole responsibility of the Project Office and, even though their implementation may partially be conducted by a third party including the LG, their cost should be fully covered by the Project Office.
b) Explore potential sources of funding to risk mitigation or benefit generation measures that cannot be easily delivered by the project due to their contractual or technical remit.
c) Actively participate in monitoring the implementation of risk mitigation or benefit generation measures including through participating on the Internal Monitoring Team.

d) Maintain regular communication with the FPIC Coordinator, inform him/her of emerging issues that could affect the FPIC communities and discuss potential solutions, which may be further discussed at the GB and consented to by the AC (if necessary).
e) Be part of the Grievance Redress Mechanism (GRM) and participate in resolving grievances from FPIC communities. See **Section 10.5** on the GRM for the FPIC process.
f) Take steps necessary to help ensure successful implementation of the IPP/SIMP.
g) Advise PCs as to the feasibility or opportunities for collaboration with LG programs/initiatives of FPIC community proposals before the PCs.

9.2.4 Capacity of all stakeholders should continue to be built during FPIC implementation

The capacity of all FPIC stakeholders should continue to be raised to adequately implement all consent conditions, including the capacity of the contractors, the subcontractors and others who start getting involved in the project following the FPIC achievement. Also, the capacity needed during the FPIC Implementation Phase is different from the capacity needed during the FPIC Negotiation Phase. Tailored capacity development program needs to be developed and implemented for the project to maintain the social license to operate.

a. Capacity assessments of AC and GB members as well as the relevant Project Office staff should be updated to assess if they (and recent hires) have adequate capacity to implement consent conditions. Capacity on inclusive and participatory decision-making process and sensitivity to diversity and vulnerable groups should continue to be enhanced. In addition, the following types of capacity need to be enhanced during the FPIC Implementation Phase:
    1. Basic knowledge of risk mitigation and benefit generation measures relevant to the project.
    2. Monitoring and evaluation of project effects, and adaptive management.
    3. Fair and equitable allocation of benefits across community members.
    4. Transparent and accountable conflict resolution.
b. A series of workshops can be held with contractors and subcontractors immediately after their contract launch to review their roles and contractual obligations in relation to IPP/SIMP and relevant consent conditions. Sensitize them to the general cultural sensibilities and awareness on diversity and inclusion.
c. Contractor and subcontractors should be required to develop codes of conduct including penalty clauses for their staff, and to organize induction and periodic workshops to instruct new hires and remind existing staff of their FPIC-related obligations and general rules and good practice in their regular engagement with FPIC communities.

Note such investments in capacity development can continue to bring dividends throughout the project life even after most or all of the consent conditions have been delivered by helping maintain positive relationships between all stakeholders. As FPIC communities as well as LG officials play active roles in the implementation, monitoring, oversight and course correction of consent conditions, their capacity should continue to be enhanced which will directly or indirectly contribute to the successful implementation of the project.

9.2.5 Timely information-sharing is key to achieve transparency

Transparency and timely information-sharing are key to successful FPIC implementation. All relevant documents, plans and agreements including those produced during the various phases of the project cycle and the FPIC process should be made available to FPIC communities in a timely manner. Information dissemination should be culturally and socially appropriate. Quarterly, semi-annual, or annual progress reports can be issued and shared with AC and FPIC communities at-large. The AC meets annually (or semi-annually if so decided) to review CSD progress including risk mitigation and benefit generation, and to identify any course corrections that are needed. Prior to the (semi-)annual meetings, FPIC communities should be informed of the findings of the reports and provide the AC their feedback, possibly through FCLs and the AC representatives.

The GB and the AC need to receive all key project documents in their preferred language(s) as well as English, as appropriate. Key meeting documents need to be disseminated early enough so that all FPIC community members have adequate information upon which to make decisions. Contractors and subcontractors may be invited to such discussions and receive decisions that concern them. The contractors often exacerbate the relationship between the project and FPIC communities out of ignorance of the commitments the project has made. Far better to bring them up to speed soon after the FPIC and other agreements have been reached.

To ensure that contractors are not totally extraneous—or oblivious—to the FPIC CSD implementation, the following should be conducted:

- The project needs to conduct familiarization workshops for contractors soon after they get on board to alert them and their staff about consent conditions that matter to them.
- Contractors should be invited to meet with the AC or GB as appropriate to mutually discuss issues of common interest.
- The project needs to mandate the contractor to regularly interact with the AC and/or GB in their contracts.
- The contractor should be mandated to develop codes of conduct for its hires regarding their roles and responsibilities with regard to FPIC and ensure its standard operating procedures are consistent with consent conditions that matter to them.

9.2.6 Meaningful participation and proper representation of all FPIC communities should be ensured throughout the project life

Legitimacy of decisions and broad-based ownership of them rely on meaningful and inclusive participation and proper representation of FPIC communities in decision-making processes. The AC must be able to meet without undue pressure from the GB nor from the LG representatives or the project. AC members must be able to hold meetings following their own agendas and with the liberty to restrict the participation of non-members in their deliberations. At the same time, an active involvement of FCLs in the deliberation and decision-making process helps bridge the AC and FPIC community members, especially the vulnerable groups, and strengthen the legitimacy of consent provided by the AC. Mechanisms should be established and maintained to ensure meaningful participation and proper representation of the FPIC communities.

CHAPTER 10: FPIC MONITORING, EVALUATION, REPORTING AND GRIEVANCE MECHANISM

Monitoring, evaluation, reporting, and grievance mechanisms are all important parts of the implementation of consent conditions including the IPP/SIMP. It is important to integrate them into the Tripartite Implementation Agreement (see **Section 7.2.3** and **Annex 10d**), as well as the IPP/SIMP, so they are officially recognized as part of the project monitoring and evaluation mechanisms and budgeted. Where risks are significant, external monitoring should be conducted in addition to internal monitoring. For the FPIC-2 approach, an internal monitoring effort alone might be sufficient while evaluation could be the joint task of an external social expert hired for the task. In addition, functioning Grievance Redress Mechanisms (GRM) should be established and maintained, regardless of the types of FPIC applied.

The challenge of monitoring and evaluation in the context of FPIC is that, ultimately, FPIC consent continues till the closing and decommissioning of the project, which makes its effective monitoring and evaluation difficult to implement in reality. FPIC monitoring and evaluation may therefore need to focus on the IPP/SIMP and may officially conclude when the IPP/SIMP has been fully implemented. Even if consent conditions are not included in the IPP/SIMP, they need to be monitored and evaluated at least till the completion of the IPP/SIMP. Under most situations, however, the IPP/SIMP—renewed every few years—will continue until the project is completed.

10.1 Internal Monitoring

Internal Monitoring is carried out by an Internal Monitoring Team (IMT).

- The IMT is composed of at least one representative of each of the three Partners. Monitoring takes place based on a schedule decided by the GB but at least annually. Care should be exercised to avoid conflict of interest. (see **Section 9.2.1**)
- The FPIC Coordinator of the Project Office is responsible for collecting internal monitoring reports and preparing a general report on the results of internal monitoring.
- The IMT monitors the implementation of impact mitigation and benefit generation measures to ensure that all consent conditions are adequately achieved, or suggests course corrections for decision by the WG and consent by the AC.

Internal monitoring involves visiting FPIC communities and reviewing relevant implementation reports, including financial documentation. The IPP/SIMP should provide a matrix of monitoring arrangements including monitoring indicators that can be used for the IMT. A monitoring report will be prepared and shared with the AC, GB, and the External Monitor if relevant (see below). In addition, the IMT will meet with AC members to request support in conducting monitoring activities in their

communities and provide their findings (verbally and/or in writing) at the end of each monitoring activity.

The GB will develop internal monitoring procedures on the dates and frequency of monitoring, list of risk mitigation and benefit generation activities that are subject to internal monitoring together with the criteria used to select them, as well as monitoring indicators (e.g., resettlement process, compensation payment, km of roads or number of schools built, number of households that benefit from water supply systems built, community grants disbursed and income raised).

10.2 External Monitoring

For projects with substantial risks, such as when the FPIC-1 or FPIC-3 approach is used, it is advisable that the project engages an External Monitor (EM) to conduct periodic monitoring in order to provide the GB and the AC with an independent verification of the project compliance with consent conditions including the IPP/SIMP, and a basis to discuss corrective actions if relevant.

The EM shall be a social science professional with extensive experience in the FPIC communities and/or the FPIC process. A social scientist from the FPIC communities themselves with the defined qualifications would be highly desirable. The Statement of Consent (SC) should briefly describe the EM arrangements, while the exact scope should be set out in the IPP/SIMP. The EM can be the FPIC Specialist appointed during the FPIC Negotiation or Implementation Phases.

10.3 Evaluation

Where an FPIC-1 or FPIC-3 approach is used, two, or more if needed, formal evaluations should be undertaken by a 3-person Evaluation Team (ET). The first will be conducted mid-way through the project implementation, or when the time-bound IPP/SIMP implementation is half-way through, while the second will be conducted during the final year of IPP/SIMP implementation. The evaluations may result in a “Midterm Evaluation Report” and an “IPP/SIMP Completion Evaluation Report” which will be submitted to the GB and disclosed publicly. EM Reviews will be superseded during the midterm year and final year if overlapping with the formal evaluation. For the FPIC-2 approach the formal evaluation may only be conducted in the final year of IPP/SIMP implementation by a social scientist selected by the GB. These evaluations will assess the achievement of IPP/SIMP objectives, and report to the GB any actions needed for the project to fill gaps. Recommendations of the mid-term evaluation report will be considered by the GB for implementation during the remaining period of the IPP/SIMP. Recommendations of the IPP/SIMP Completion Evaluation Report will be used to assess if the project has unmet commitments and inform preparation of succeeding IPP/SIMP or alternative benefit and risk reduction packages.

All GB decisions as to the revisions of the risk mitigation and benefit generation programs will be put to the AC for final review and consent.

The ET will be composed of two social science professionals (one of them being the EM) selected by the Project with the concurrence of the GB members and one representative of FPIC communities selected by the AC. The EM may serve as the lead of the ET and coordinate—in consultation with the

FPIC Coordinator —their work program. For the FPIC-2 approach, the EM may carry out the evaluations.

10.4 Reporting and Disclosure

10.4.1 Reporting

FPIC implementation performance can be reported through a combination or some or all of the following:

a) Quarterly Reports by the Project Office on IPP/SIMP implementation progress (prepared by the FPIC Coordinator) as well as a final report upon IPP/SIMP completion.
b) Governing Board Secretariat Quarterly Reports.
c) Program Committee Semi-Annual Reports.
d) Internal Monitoring Team Annual Reports.
e) External Monitor (or Evaluation Team) Annual Reports.
f) Project-dedicated IPP/SIMP website occasional postings, including above reports and IPP/SIMP announcements.

10.4.2 Disclosure

In addition, several measures should be undertaken to enhance transparency in the implementation of risk mitigation and benefit generation programs. A databank can be created to file data on IPP/SIMP implementation on an ongoing basis, which can be used to review and substantiate if impacts are properly mitigated and benefits shared to the intended beneficiaries, while ensuring transparency. Any changes in the IPP/SIMP programs should also be promptly made available to the public - posted on the project IPP/SIMP site and conveyed to all AC members. The FPIC Coordinator needs to maintain transparency with periodic public reporting of impact mitigation and benefit generation including those who have received benefits. These reports should be issued at least semi-annually and maintained cumulatively for the life of each multi-year IPP/SIMP. Such reports can include the information indicated in **Annex 11**.

10.5 FPIC Grievance Redress Mechanism (GRM)

A GRM can either be implemented as one common GRM for the entire project or one specifically for FPIC issues, specifically for the implementation of the IPP/SIMP. Some projects might prefer the clarity of having one GRM for all complaints while others—recognizing the distinctive nature of IPP/SIMP related issues—might opt to develop a separate GRM channel better geared to the nature of the grievances each channel is dealing with. Experience with GRMs for FPIC-1 IPP/SIMPs demonstrates that those working to resolve grievances for respective risk mitigation and benefit sharing measures require a level of technical knowledge related to FPIC issues not usually available to general GRM staff. For both GRM approaches, all GRMs under the same project should be integrated into the single system with different grievance handling channels in order to avoid fragmentations and possibly contradictory responses to grievances of common features. Also, a grievance log should be developed to file and regularly monitor (potentially by a third party such as the EM) all grievances registered with periodic reports made available to significant IPP/SIMP stakeholders, as well as the financiers.

The IPP/SIMP specific GRM channel, if established, would only process grievances relating to specific IPP/SIMP activities or to the operation of any IPP/SIMP governance body. This IPP/SIMP GRM channel is thus separate and distinct from other GRM channels that the project may have for non-IPP issues. In any case, the FPIC Coordinator should be informed of any grievances that are related to FPIC in one way or the other. Also, the FCLs should be tasked to facilitate an ongoing feedback loop in the GRM by serving as a communication hub between the project and the grievant.

The IPP/SIMP-specific GRM channel may handle grievances such as the following:

- Incomplete delivery of mitigation measures
- Bias or delay in benefit allocation or decision-making, including project-created jobs.
- Improper financial transactions, paperwork irregularities.
- Undeclared conflicts of interest.
- Any other IPP/SIMP-related issues.

The following types of grievances may should be addressed by separate GRM channel(s) with necessary capacity:

- Complaints about damage caused by the contractor.
- Complaints related to project environmental impacts.
- Any other complaints related to project-related activities.

See **Annex 12** for more guidance on the GRM Process and popularization of the process.

POSTSCRIPT: FPIC-COMPLIANT STAKEHOLDER ENGAGEMENT AS A PROJECT BONUS

While some projects have dreaded carrying out an FPIC process, experience shows that projects benefit by embracing the FPIC principles to build positive and long-lasting relations with affected communities and local governments in a spirit of participation and partnership. What might have been previously resisted as a burden, FPIC can develop into a multi-stranded bonus for the project that.

- **Deals with the Past**: through multiple rounds of stakeholder engagement, the FPIC process provides an opportunity to "press a reset button" by addressing any outstanding project "legacy issues" during the negotiations leading to an agreement.
- **Deals with the Present**: allows the project to come to an understanding with the affected communities as to the impacts of the project, risk mitigation, benefits-sharing, and resolution of outstanding concerns/grievances culminating in an FPIC agreement.
- **Deals with the Future**: By building an ongoing project-communities governance structure, the project can carry over the good will and trust that the FPIC process can engender into long-lasting collaboration with local communities.

Although, per international safeguards standards, "consent" can be granted or determined at only one point in time, any significant change to the project design, implementation arrangements, and/or expected outcomes may require the project to obtain FPIC for such changes.[41] Project designs, and implementation schedules and arrangements, often change during implementation. Also, many unexpected incidents occur during implementation. It is therefore a prudent risk management strategy to establish a constructive partnership with affected communities based on FPIC principles without regard to compliance requirements. Doing so requires unpacking compliance requirements with regard to FPIC in light of strategic risk management and apply FPIC principles flexibly based on the needs of all key stakeholders including the project, affected communities and local governments. The results are sustainable outcomes that benefit all: stable financial return with good market reputation for (private) project proponents; the achievement of policy goals and the expansion of economic base for (local) governments; and the enhanced welfare level and voice for affected communities.

[41] ESS7 Guidance Note 28.1 provides the following: "If there are significant changes to the project design, implementation arrangements, and/or expected outcomes that result in additional risks to, and impacts on, the affected communities of IP/SSAHUTLC, and if it is evident that the FPIC already provided is insufficient to include such changes, the Borrower will obtain FPIC for such changes".

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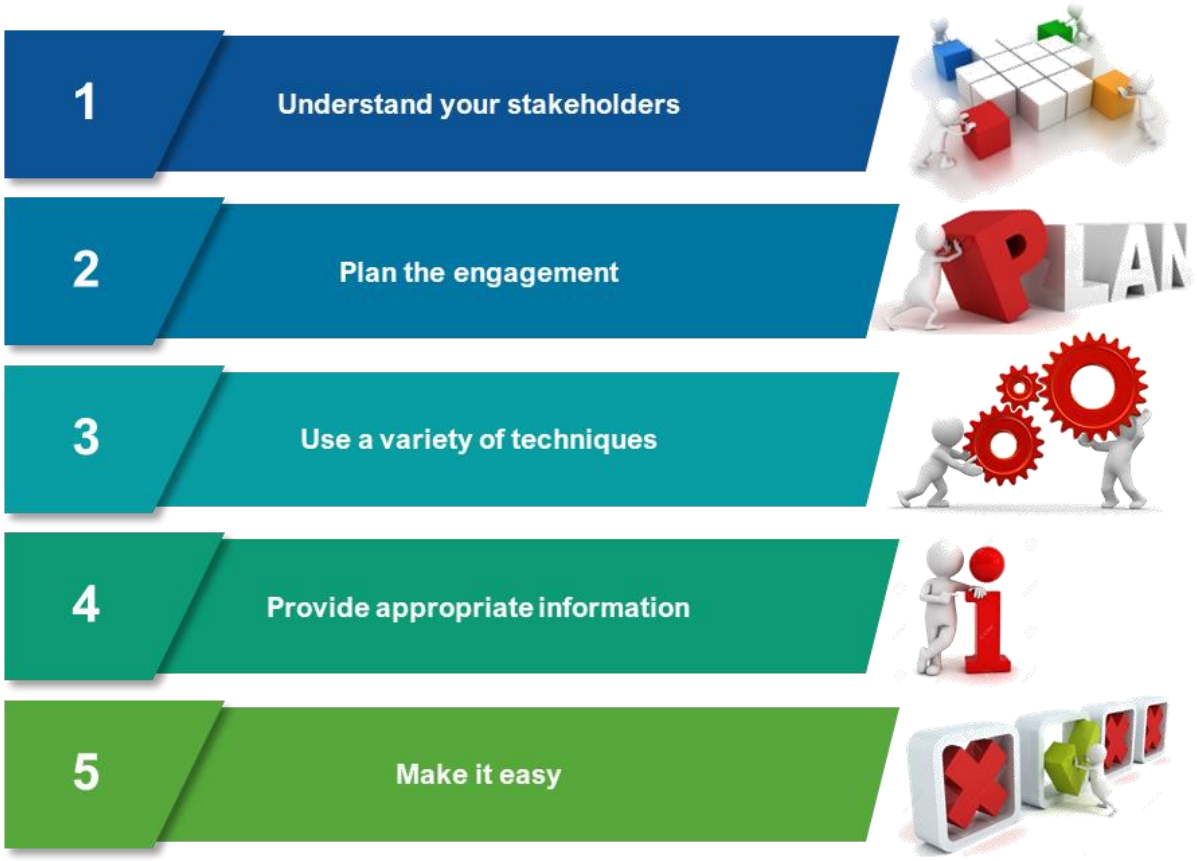
ANNEXES

ANNEX 1: KEY STAKEHOLDER ENGAGEMENT TECHNIQUES

Right engagement methods should be used for engaging with respective stakeholders based on their needs, accessibility, availability, affordability, capacity, and so on. It's often beneficial to use a combination of techniques for a comprehensive and inclusive approach. Five (5) main factors should be considered in choosing the right stakeholders engagement techniques (see **Figure 4**). A mixture of quantitative and qualitative techniques is often used for a meaningful stakeholder engagement. Whichever method is used, closing a feedback loop is most important for stakeholder engagement by responding to feedback received in a timely manner.

Figure 4. Main Factors in Ensuring Successful Stakeholder Engagement Techniques



1. Focus Group Discussion (FGD)

A focus group discussion (FGD) is a facilitated discussion in which a small group of participants, usually 6 to 12 people, are brought together to discuss specific topics or issues under the guidance of a moderator. Typically, the mode of discussion is semi-structured where requires a careful plan and cautious execution. FGDs encourage participants to openly express their opinions, perceptions,

and experiences. This method is valuable for gaining deep insights, exploring different perspectives, and understanding attitudes and beliefs related to the topic under discussion.

FGDs may be more effective when participants have similar characteristics. There are several types of FGDs, depending on participants' characteristics, objectives and nature of the discussion, such as demographic groups, expert groups, and community-based groups. Usually, homogeneous groups often share opinions and understand each other more effectively, leading to higher-quality discussions compared to heterogeneous groups. Each FGD type offers a unique perspective and contributes to a comprehensive understanding of the topic at hand. The advantages and disadvantages of FGD are shown in **Table 5**.

Table 5. Advantages and Disadvantages of Focus Group Discussion

Advantages	Disadvantages
• **Diverse Perspectives:** FGDs gather opinions from a variety of participants, offering diverse viewpoints on the topic. • **Interactive Environment:** Participants can interact and build on each other's ideas, leading to richer insights. • **In-Depth Understanding:** FGDs allow an in-depth exploration of attitudes, beliefs, and experiences, providing detailed qualitative data. • **Group Dynamics:** Group discussions can reveal social norms, group influences, and consensus on certain topics. • **Quick Data Collection:** FGDs can generate a significant amount of data in a relatively short time.	• **Limited Generalizability:** Findings may not represent the entire population since FGDs involve small and specific groups. • **Moderator Bias:** The facilitator's influence and questioning style can affect participant responses. • **Dominant Participants:** Strong personalities might dominate the discussion, limiting inputs from quieter participants. • **Social Desirability Bias:** Participants may provide socially acceptable responses rather than expressing their true opinions. • **Resource-Intensive:** FGDs require skilled moderators, transcription services, and substantial time and effort for analysis.

2. Interview

The interview is a technique where questions are asked to, and responses received from interviewees. It is a structured conversation aimed at gathering specific information, insights, or opinions from individuals. Researchers use interviews to collect qualitative data, explore in-depth details about a topic, or understand participants' experiences and perspectives on a particular subject. Interviews can be semi-structured, allowing flexibility in questioning, or fully structured, following a predetermined set of questions. The method provides a personalized and interactive way to gather valuable information. The various formats of interview are shown in **Figure 5**, while the advantages and disadvantages of the interview method is shown in **Table 6**.

Figure 5. Interview Formats

Face-To-Face

Direct conversation between an interviewer and a participant conducted in person.

Over The Phone

Gathering information where the interviewer and the participant communicate via a telephone conversation.

Video Calls

Conducting interviews where the interviewer and the participant communicate in real-time using video conferencing technology.

Table 6. Advantages and Disadvantages of Interview Method

Advantages	Disadvantages
• **In-Depth Information:** Interviews allow a detailed exploration of topics, providing rich and nuanced data. • **Flexibility:** Interviewers can adapt questions based on responses, allowing for a deeper understanding of participants' perspectives. • **Personal Connection:** Interviews establish a personal connection between the interviewer and the participant, encouraging openness. • **Probing**: Interviewers can probe further to clarify responses or explore specific points, leading to comprehensive insights. • **Contextual Understanding:** Interviews provide context-specific information about the participants' experiences in depth.	• **Social Desirability Bias:** Participants may provide responses they think are socially acceptable, rather than their true opinions. • **Interviewer Bias:** Interviewers' tone, body language, or phrasing of questions can influence participants' responses. • **Resource intensity**: Conducting interviews, transcribing, and analyzing the data can be time-intensive, especially with a large sample size. • **Limited Sample Size:** Interviews are usually conducted with a small number of participants, limiting the generalizability of findings. • **Participant Discomfort:** Some participants may feel uncomfortable discussing sensitive topics and impacting the quality of responses.

3. Public Forum

A public forum is a space or event where people gather to discuss, debate, or share information about various topics of public interest. It provides an open platform for individuals to express their opinions, ask questions, and engage in conversations with others in the community. Public forums can take different forms, including town hall meetings, community discussions, public debates, or online forums and social media platforms (see **Figure 6**). These forums promote free speech, democratic participation, and the exchange of diverse viewpoints on social, political, or local issues. The advantages and disadvantages of public forum as shown in **Table 7**.

Figure 6. Types of Public Forum

Town Hall Meetings
Organized gatherings open to all community members for discussion of matters important to the community.

Community Discussions
Interactive sessions designed to address specific topics, typically among participants who share common interests.

Public Debates
Structured discussions where participants present and discuss their viewpoints on specific topics.

Online Forums
Internet-based platforms where people can discuss various subjects, share opinions, and engage in conversations.

Social Media Platforms
Conversations on social media platforms like Twitter, Facebook, or Reddit.

Table 7. Advantages and Disadvantages of Public Forum

Advantages	Disadvantages
• **Free Expression:** Provide a platform for individuals to freely express their opinions, ideas, and concerns on various topics. • **Diverse Perspectives**: Allow diverse voices and viewpoints to be heard, fostering inclusivity and understanding among different communities. • **Democratic Participation:** Promote civic engagement and allowing citizens to participate in public discourse. • **Awareness and Education:** Raise awareness of important issues, leading to informed decision-making. • **Ease of organization:** Relatively easy and less expensive to organize, especially informal discussion forums or existing online platforms.	• **Misinformation:** Sources of misinformation and rumors, spreading false or misleading information to a wide audience. • **Conflict and Polarization:** Discussions sometimes escalate into conflicts, polarizing communities and hindering constructive dialogue. • **Lack of Accountability:** Due to the anonymity often allowed in online public forums, there might be a lack of accountability for statements made, leading to irresponsible behavior. • **Echo Chambers:** Create echo chambers where individuals are only exposed to opinions similar to their own, reinforcing existing beliefs and limiting exposure to diverse perspectives.

4. Workshop

A workshop is a method used for interactive learning, skill development, or problem-solving. It involves a group of people, often led by a facilitator or expert, who participate in discussions, activities, and practical exercises to achieve specific goals. Workshops are designed to encourage collaboration, creativity, and hands-on learning. Participants actively engage in discussions, share ideas, and work together to solve problems or acquire new skills. Workshops can vary widely in format and focus, catering to diverse topics such as team building, professional development, creative arts, or specific technical skills. The advantages and disadvantages of workshops as shown in **Table 8**.

Table 8. Advantages and Disadvantages of Workshop

Advantages	Disadvantages
• **Interactive Learning**: Workshops provide a hands-on and interactive learning	• **Time-Consuming**: Workshops can be time-intensive, requiring thorough preparation,

Advantages	Disadvantages
experience, allowing participants to engage actively with each other. • **Skill Development**: Workshops focus on specific skills or topics, enabling participants to acquire new skills or enhance existing ones. • **Participant Engagement**: Workshops encourage active participation, discussion, and collaboration among participants, fostering a conducive learning environment. • **Networking Opportunities**: Workshops bring together individuals with similar interests, providing opportunities for networking, collaboration, and knowledge exchange. • **Problem Solving**: Workshops often involve group activities and problem-solving exercises, allowing participants to apply theoretical knowledge to real-life situations.	organization, and facilitation, which may be challenging for participants with busy schedules. • **Resource Intensive**: Workshops may require resources such as materials, venue, and facilitators, making them costly to organize, especially for large groups. • **Variable Participation**: The level of participation and engagement among attendees can vary, impacting the effectiveness of the workshop. • **Limited Focus**: Workshops typically focus on specific topics, which might limit the breadth of knowledge participants gain compared to comprehensive courses or seminars. • **Facilitation Challenges**: Effective facilitation is crucial for a successful workshop. Inexperienced or ineffective facilitators can hinder participant engagement and learning outcomes.

5. Public Display

Public display is the presentation of information, exhibits, or visual content in a public space where it can be viewed by a large audience. These displays are often designed to convey specific messages, promote products, raise awareness about social issues, or share educational content. Public displays can take various forms, including posters, billboards, digital screens, art installations, and museum exhibits. They are strategically placed in high-traffic areas, such as streets, shopping centers, museums, or public buildings, to maximize visibility and reach a diverse audience. Public displays serve as a means of communication, creating public awareness, sparking discussions, and conveying important messages to the community. The advantages and disadvantages of public display are shown in **Table 9**.

Table 9. Advantages and Disadvantages of Public Display

Advantages	Disadvantages
• **Information Dissemination:** Public displays can convey important information, announcements, and messages to a large audience, increasing awareness on various topics. • **Visual Impact:** Well-designed displays can capture attention and convey messages effectively through visuals, making complex information easier to understand. • **Promotion:** Public displays are used for promotional activities, marketing	• **Visual Pollution:** Overuse of public displays, especially in urban areas, can contribute to visual pollution, affecting the aesthetics of the environment. • **Limited Attention Span:** Passersby might have limited attention spans, making it challenging to convey complex or lengthy messages effectively. • **Maintenance Costs:** Public displays require maintenance to ensure they function

Advantages	Disadvantages
campaigns, and advertising products or event for potential customers or attendees. • **Civic Engagement:** Public displays can facilitate civic engagement by sharing information about community events, public services, and local initiatives, encouraging community participation.	correctly, and repairing or updating them can be costly. • **Privacy Concerns:** Certain public displays, especially those with surveillance capabilities, can raise privacy concerns among individuals who feel their privacy is being invaded. • **Environmental Impact:** Public displays consume energy, and if not energy-efficient, they can contribute to environmental issues, such as increased carbon emissions.

6. Project Information Kit

Project Information Kit is a collection of documents and materials that provide comprehensive information about a specific project. Typically, it includes the objectives, scope, timeline, stakeholders, and any other relevant information. It may contain brochures, fact sheets, technical specifications, presentations, and other materials tailored to different audiences, including investors, stakeholders and the general public. It aims to communicate essential project information clearly and effectively, fostering understanding and support among stakeholders and interested parties. The advantages and disadvantages of the project information kit are shown in **Table 10**.

Table 10. Advantages and Disadvantages of Project Information Kit

Advantages	Disadvantages
• **Clarity:** Provides clear and concise information about the project, ensuring stakeholders have a comprehensive understanding of its objectives, scope, and benefits. • **Transparency:** Promotes transparency by sharing project details, timelines, and goals with stakeholders, building trust and credibility. • **Engagement:** Engages stakeholders effectively, encouraging their involvement and cooperation by keeping them informed about project developments. • **Consistency:** Ensures consistent communication by providing standardized project information to all stakeholders, minimizing misunderstandings and confusion. • **Reference:** Serves as a reference document for stakeholders, allowing them to revisit project details whenever necessary, aiding in decision-making processes.	• **Information Overload:** Stakeholders might feel overwhelmed with an overload of information and cannot absorb crucial details. • **Outdated Information:** Project details might change over time. Stakeholders could be working with outdated or inaccurate information if the kit is not updated regularly. • **Limited Interactivity:** Traditional project information kits might lack interactivity, limiting stakeholder engagement compared to dynamic online platforms or interactive presentations. • **Accessibility:** Printed kits might not be accessible to all stakeholders, especially those in remote areas or with limited access to printed materials. • **Cost:** Designing, printing, and distributing project information kits can be costly, especially for large-scale projects, impacting the project budget.

7. Video Conferencing Application

Online discussions can be a primary alternative for those who cannot physically participate due to constraints such as natural disasters or disease outbreaks. Video conferencing applications such as Zoom, Microsoft Teams, and Google Meet enable these virtual meetings, which are now widely used by the public and government agencies.

However, it is important to recognize that traditional face-to-face methods remain more effective for certain stakeholders. For instance, online discussions may not be suitable when a majority of participants are elderly and are not familiar with technology. Similarly, communities located in rural and remote areas may have limited access to reliable telecommunication networks, making online discussions challenging to conduct. The advantages and disadvantages of video conferencing applications are shown in **Table 11**.

Table 11. Advantages and Disadvantages of Video Conferencing Application

Advantages	Disadvantages
• **Remote Collaboration:** Allows people from different locations to collaborate in real-time, fostering teamwork and productivity. • **Cost-Efficiency:** Reduces travel expenses and associated costs, making meetings more affordable for businesses and individuals. • **Time-saving:** Eliminates travel time, enabling instant communication and decision-making without delays. • **Increased Participation:** Encourages active participation, as participants can engage through chat, polls, and raised hands features. • **Flexibility:** Provides flexibility in scheduling meetings, accommodating participants in various time zones. • **Recordable:** Meetings can be recorded for future reference, ensuring important discussions are not lost. • **Visual Cues:** Allows participants to observe facial expressions and body language, enhancing communication.	• **Privacy Concerns:** Video conferencing can raise privacy issues, especially if the conversation is recorded without consent or if there are security vulnerabilities in the application. • **Distractions:** Participants may face distractions from their surroundings, reducing the focus and quality of the conversation. • **Technical Issues:** Connectivity problems, software glitches, or hardware issues can disrupt meetings. • **Fatigue:** Prolonged virtual meetings can lead to video conferencing fatigue, affecting participants' attention and engagement. • **Limited Interaction:** Lack of physical presence may reduce the richness of communication, leading to misunderstandings. • **Dependency on Devices:** Participants need compatible devices and a stable internet connection, excluding those without access to technology. • **Overlooked Non-Verbal Cues:** Subtle non-verbal cues may be missed, impacting the depth of communication.

8. Structured Survey

A structured survey with questionnaires is a method of collecting data from a group of respondents using a series of structured questions. Respondents are asked to answer questions based on their opinions, experiences, or demographics. It is commonly used in research to collect quantitative data efficiently and systematically. Researchers design questionnaires to obtain specific information, and

the responses collected are analyzed to reach conclusions, identify patterns, or make informed decisions based on the data obtained. There are several types of structured surveys as shown in **Figure 7**. The advantages and disadvantages of structured surveys are shown in **Table 12**.

Figure 7. Types of Questionnaires

Postal
Postal questionnaires are surveys that are sent by mail. People fill them out and return them to the organization.

In-house
In this type of questionnaire, researchers go to people's homes or workplaces and interview them face-to-face.

Telephone
In telephone surveys, researchers call people and ask them questions over the phone.

Electronic
Electronic surveys, often sent by email or online, are among the most common types of questionnaires.

Table 12. Advantages and Disadvantages of Questionnaire Survey

Advantages	Disadvantages
• **Efficiency:** Questionnaire based surveys are a quick and effecient way to collect information from a large number of respondents at the same time. • **Cost-Effectiveness:** Surveys are inexpensive compared to methods such as interviews or focus groups. • **Anonymity:** Respondents can remain anonymous, making it easier for them to answer honestly. • **Standardization:** The same questions are used for everyone in the questionnaires, which keeps the process fair and reduces bias. • **Quantifiable Data:** Responses can be converted into numbers and statistically analyzed. This helps to understand the data objectively.	• **Limited Understanding:** Questionnaires may not capture the depth of information that can be obtained through interviews or qualitative methods, especially for complex topics. • **Bias Response:** Respondents could answer the way they think the researchers want them to, leading to response bias. • **Limited Context:** Surveys lack the context that a face-to-face conversation provides, making it difficult to solicit or clarify answers in real-time. • **Low Response Rate:** Surveys may suffer from low response rates, especially if participants are not motivated to complete them. • **Misinterpretation:** Poorly worded questions can lead to misinterpretation or confusion and affect the reliability and validity of data.

ANNEX 2. STAKEHOLDER ENGAGEMENT STAGES AND SEQUENCING

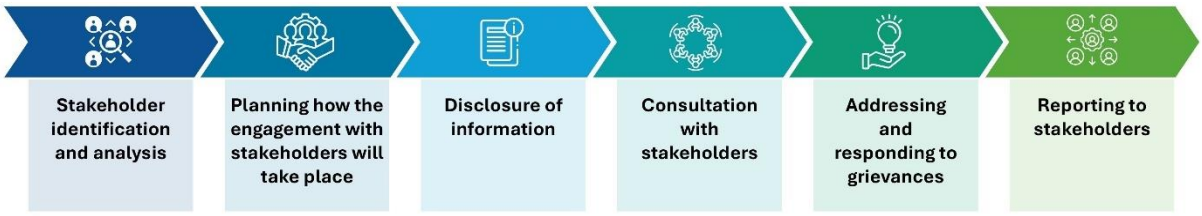
Stakeholder engagement is a comprehensive process that spans the entire project life cycle, from project identification until project closure. There are two phases of engagement, namely before the project commences and during the project's implementation, as illustrated in **Table 13** below:

Table 13. Stages of Stakeholder Engagement

Prior to the Commencement of the Project	During Project Implementation
• Stakeholder consultation to inform stakeholder analysis. • Dissemination of relevant project material, including explanations of potential project benefits and risks, and, where appropriate, the setup of a project website or other information dissemination venues. • Stakeholder consultations on proposed project design, environmental and social risks and impacts, mitigation measures, the proposed Stakeholder Engagement Plan (SEP), and draft environmental and social risk management instruments. • Disclosure of information on how stakeholder feedback was incorporated into project design and environmental and social risk management instruments.	• Stakeholder consultations on implementation and supervision issues; any new project characteristics or environmental and social risks, and progress of environmental and social risk mitigation measures and social benefits. • Regular efforts to keep stakeholders informed on project implementation. • Review of the adequacy of stakeholder identification (and its possible revision) in light of project implementation and related revisions to the SEP.

The stakeholder engagement process should at minimum involve the following action sequence as displayed in **Figure 8**.

Figure 8. Stakeholder Engagement Action Sequence



Every engagement must be documented and published in a timely fashion in relevant languages through channels that are accessible to stakeholders. This documentation includes the following, as appropriate:

- Date and location of each meeting, with a copy of the notification to stakeholders.

- The purpose of the engagement (for example, to inform stakeholders of an intended project or to gather their views on potential environmental and social impacts of an intended project).
- The form of engagement and consultation (for example, face-to-face meetings such as town halls or workshops, focus groups, written consultations, online consultations).
- Number of participants and categories of participants.
- A list of relevant documentation disclosed to participants in languages and formats that are accessible to stakeholders..
- Summary of main points and concerns raised by stakeholders.
- Summary of how stakeholder concerns were responded to and taken into account.
- Issues and activities that require follow-up actions, including clarifying how stakeholders are informed of decisions.
  Source: ESS 10 Guidance Note on Stakeholder Engagement and Information Disclosure, GN 9.1

ANNEX 3. COMPARISON OF WB AND GOI SE POLICIES/APPROACHES

Stakeholder Engagement Plan

Existing Indonesia Regulations	WB ESF's Best Practices/Standards
Reference • Law No. 2 of 2012 on Land Acquisition for Development in Public Interest as amended by Law No. 6 of 2023 on Job Creation. • Government Regulation No. 22 of 2021 concerning Environmental Protection and Management. **Description** • Land acquisition for public interest is conducted through planning involving directly affected people which typically means only a) those whose land or assets are to be acquired, b) those using the land or assets, or c) communities immediately adjoining the land to be acquired. • The Environmental Impact Assessment (AMDAL) preparation is required to involve directly affected communities. Once AMDAL is approved, no further consultations are required. If AMDAL is not required, no public consultations are carried out. • Preparation of an SEP is not required.	• The World Bank requires projects to develop an SEP in accordance with the nature and scale of the project as well as its potential risks and impacts. • The SEP needs to be disclosed as early as possible before the project appraisal begins. • The project seeks the views of stakeholders on the SEP, including the identification of stakeholders and plans for future engagement. • Vulnerable groups need to be given the opportunity to participate.

National regulations require engagements with directly affected people under the land acquisition planning process or the preparation of the EIA. This differs from what the World Bank stipulates, which includes the involvement of "other interested parties" encompassing Non-governmental Organizations (NGOs) and other vulnerable groups as well as those who may be affected significantly by the project, even if they will not lose lands.[42]

Furthermore, stakeholder involvement in national regulations is limited to the planning stage. This contrasts with the requirements of the World Bank, which mandate their participation in planning through monitoring. As a result, most projects start implementation without adequate strategies,

[42] An example: An E&S assessment of a floating solar project did not identify a significant impact on fishing communities even though they would likely face significant livelihood loss, because the fisherfolk will not lose land from a project that installs solar panels on the lake. Access to a key resource would nevertheless be impeded.

mechanisms, and procedures for ongoing community engagement to manage emerging stakeholder concerns as they arise, risking their escalation.

FPIC principles can enrich the stakeholder engagement process by allowing the project to go beyond simple "socialization" with affected landowners and users; see **Focus 3** on stakeholder engagement and land acquisition in Indonesia.

Information Disclosure

Existing Indonesia Regulations	WB ESF's Best Practices/Standards
Reference • Law No. 14 of 2008 concerning Public Information Disclosure. • Law No. 2 of 2012 on Land Acquisition for Development in Public Interest as amended by Law No. 6 of 2023 on Job Creation. **Description** • Every person has the right to view and know public information, attend public meetings to obtain public information, obtain copies of public information through requests in accordance with this Law; and/or disseminate public information in accordance with the regulations. What constitutes the "public information" that requires disclosure is often limited. • The determination of land acquisition locations must be announced to the public.	Information is required to be disclosed, include: • The purpose, nature and scale of the project. • The duration of proposed project activities. • Potential risks and impacts of the project on local communities, and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize these. • The proposed stakeholder engagement process highlighting how stakeholders can participate. • The time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported. • The process and means by which grievances can be raised and will be addressed. • The information is also disclosed in relevant local languages and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).

Information disclosure is governed by Law Number 14 of 2008; it is less comprehensive than the World Bank's ESS10. For instance, it only requires that information must be disturbed in an understandable language.

The prospective land acquisition is required to be announced but the announcement is limited to land acquisition: it does not encompass all the aspects as required in the World Bank ESF, which extends to all potential risks and impacts on local communities. Not only should a broader range of information be made publicly available and shared with affected people, but a two-way

communication process and a feedback loop be established, following the FPIC approach described in these TG, to ensure that all stakeholders can understand the nature, risks and benefits of the project that concerns them.

Grievance Mechanism

Existing Indonesia Regulations	WB ESF's Best Practices/Standards
Reference • Law No. 25 of 2009 on Public Service. • Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform No. 62 of 2018 concerning Guidelines for the National Public Service Complaint System. **Description** • Every public service institution (e.g., ministries, local governments) is obligated to implement public service complaint management. • These are for "complaints" as opposed to a formal GRM process which is only required for land acquisition and resettlement issues at the project level.	• The grievance mechanism is required to be set up to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement activities and will make publicly available a record documenting the responses to all grievances received. • Handling of grievances will be done in a culturally appropriate manner and be confidential, objective, sensitive and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

The complaint handling procedures in national regulations allow the use of local languages and apply the principle of transparency, consistent with the World Bank's ESF. However, the complaint handling tends to be time consuming and inefficient, as they are carried out as part of formal procedures of the relevant government agencies which often involve many steps for review and clearance. Also, beyond the remit of land acquisition matters, no grievance resolution process is required to be established. The FPIC approaches described in these TG, including an active use of FCLs as a communication hub and WG/GB as the tripartite decision body, allows the project to set up two-way communication channels to respond to grievances in a timely manner.

Public Consultation

Existing Indonesia Regulations	WB ESF's Best Practices/Standards
Reference • Law No. 2 of 2012 on Land Acquisition for Development in Public Interest as amended by Law No. 6 of 2023 on Job Creation. • Government Regulation No. 39 of 2023 on the Implementation of Land Acquisition for Development in Public Interest.	Meaningful consultation is a two-way process, that: • Begins early in the project planning process to gather initial views on the project proposal and inform project design. • Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in

Existing Indonesia Regulations	WB ESF's Best Practices/Standards
• P.26/MENLHK/SETJEN/KUM.1/7/2018 on Guidelines for the Preparation, Assessment, and Inspection of Environmental Documents in the Implementation of Business Licensing Services via Electronic Means. **Description** • Public consultations are conducted with Rightful Parties, Goods Managers, Goods Users, and directly affected communities. • Public consultations can be conducted more than once. In the event of objections from the community, a repeat public consultation is carried out. If objections persist, they are conveyed to the Governor. • The business entity conducts public consultations to involve the affected communities[43] in preparing the Environmental Impact Assessment (AMDAL).	the identification and mitigation of environmental and social risks and impacts. • Continues on an ongoing basis, as risks and impacts arise. • Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders. • Considers and responds to feedback. • Supports active and inclusive engagement with project-affected parties. • Is free of external manipulation, interference, coercion, discrimination, and intimidation. • Is documented and disclosed by the Borrower.

The public consultation process in land acquisition is carried out at the planning stage and is not carried out continuously. When the community rejects the land acquisition plan, the decision rests entirely with the governor. This differs from what the World Bank outlines, which emphasizes the need for ongoing consultation as risks and impacts emerge.

Furthermore, national regulations do not require the public consultation process beyond those designated as "Rightful Parties, Goods Managers, Goods Users, and directly affected communities". This differs from the World Bank's ESS, which involves other stakeholders, such as NGOs and Vulnerable Groups, whether directly affected or not.

Public consultations of the EIA (AMDAL) report are required but they are typically conducted for data collection based on a pre-defined questionnaire rather than as an opportunity to seek inputs from local communities. Also, townhall-style public consultation meetings are conducted only twice as required in the national regulations, which makes it very difficult to capture the needs and emerging concerns of vulnerable groups. Furthermore, oftentimes AMDAL is not prepared at all because the expected project impacts do not meet the prescribed impact threshold, even when some or all of community members consider, true or not, significant environmental and social risks will likely occur. In such cases, requirements for SE will be very light no matter how stakeholders feel about the impact.

The FPIC approaches described in these TG, including the two or three rounds of facilitated community consultation processes and an active use of FCLs to organize discussion forums, will help ensure consultation processes are ongoing, two-way and meaningful.

[43] Affected Communities include the community that will benefit or experience positive impacts from the business plan and/or activities, and the community that will incur losses or experience negative impacts due to the business plan and/or activities.

ANNEX 4. INDONESIAN REGULATIONS ON PADIA

The regulations of PADIA and involvement of Indigenous People can be seen in **Table 14**:

Table 14. RI Regulations in Relation to PADIA

	Regulation	Title	Provision
1	Law No. 39 of 2014, as amended by Law No. 6 of 2023 on Job Creation	Plantation	Authorized officials are prohibited from issuing Plantation Business Permits on Customary Community Land unless an agreement has been reached between the Customary Community and Plantation Business Actors regarding the land transfer and rewards (Article 17).
2	Ministry of Environment and Forestry No. P.2/MENLHK/SETJEN/ KUM.1/1/2018 of 2018	Access to Wild Species Genetic Resources and Sharing of Benefits from its Utilization	Definition: Prior Informed Consent, hereinafter referred to as PIC (PADIA), is the approval of the provider of Genetic Resources (SDG) and/or supervisor of Traditional Knowledge related to Genetic Resources (PT-SDG) on the request for access to SDGs and/or PT-SDG after considering all information regarding access to SDG and/or PT-SDG activities that were notified in advance by the access applicant. (Article 1 point 9) a) The requirements in PADIA as well as mutual agreement, are determined by the National Competent Authority b) Access to SDG and/or PT-SDG of wild species carried out by access applicants to obtain SDG and/or PT-SDG owned or managed by the provider. Provider is the entity providing PADIA and mutual agreement (Article 5 (2)) c) PADIA and collective agreements are requirements in applying for access permits for commercial or non-commercial wild species SDG and/or PT-SDG. (Article 9 paragraph (1) letter b number 3) d) PADIA, as referred to in paragraph (1) letter b number 3, at least contains: e) applicant's identity f) provider identity g) purpose of using SDG and/or PT-SDG of wild species to be accessed h) information on SDG and/or PT-SDG of wild species to be accessed

	Regulation	Title	Provision
			i) access activity period j) mediator in administering PADIA if any; and k) consent from the applicant and provider as evidenced by the signature. (Article 9 paragraph (2)) l) As per Article 18, sanctions may include written warnings, government coercion, and/or the revocation of permits for violations of PADIA
3	Ministry of Environment and Forestry Regulation No. P.34/MENLHK/SETJEN /KUM.1/5/2017 of 2017	Recognition and Protection of Local Wisdom in the Management of Natural Resources and Environment	Definition: • Prior Informed Consent, hereinafter referred to as PADIA, is notification from the applicant for access to the Customary Law Community or the local community regarding all information in the context of activities for utilizing Local Wisdom as consideration in granting approval for access to Local Wisdom. (Article 1 point 12). • An inventory of local wisdom and the existence of local wisdom administrator communities is carried out by Local Wisdom communities. One of inventory activities is documentation of inventory results. The documentation is carried out after obtaining PADIA from the Local Wisdom communities. (Article 13 paragraph (4)) • Local wisdom administrator community has right to get fair treatment in PADIA and refusing or accepting access requests to PADIA. (Article 23) • In accessing local wisdom, accessor requires carry out PADIA and collective agreement with Local Wis Administrators. (Article 24)
4	Regulation of The Governor of The Central Sulawesi No. 37 of 2012	The General Implementation Guideline of Free, Prior, and Informed Consent (FPIC) on Reducing Emission from Deforestation and Forest Degradation Plus (REDD+) Program	Definition: • Free, Prior, and Informed Consent (FPIC) is a process that ensures that IP and/or local communities can exercise their fundamental rights, namely expressing a democratic choice regarding an activity, program or policy that will be implemented and has the potential to influence community life, whether on land, areas, resources, and community life. (Article 1) • The free element signifies that the community can express its choices regarding a planned activity, program, or policy without any coercion from any party. (Chapter 2) • The prior element signifies obtaining consent before the policies or activities are carried out, following an understanding of the information provided. However, community consent may also be obtained during the activity in coercive circumstances. (Chapter 2)

	Regulation	Title	Provision
			• The informed element signifies that before the consent process, the community must receive comprehensive information in a language and format they can easily understand. Information should be complete and objective, including potential social, political, cultural, and environmental impacts, and information should be provided to the community regarding the benefits and risks that the community will accept before consent is given. (Chapter 2) • The consent element signifies that a decision or agreement is reached through an open and gradual process that collectively respects customary and/or local customary law with all the authorities adhered to by themselves. (Chapter 2) • FPIC will be conducted between indigenous communities and/or local communities and the initiator of the program/project. (Chapter 2)
5	Ministry of Agriculture Regulation No. 37/PERMENTAN/OT.140/7/2011 of 2011	Conservation and Utilization of Plant Genetic Resources	Definition: Prior Informed Consent (PADIA) is approval to access SDG from the owner or proxy to the applicant (Article 1 letter n) • To conserve SDG through exploration, the related party is obliged to apply for exploration permit, one of the requirements is to attach PADIA and collective agreement from local government or customary leader. (Article 10 (2))
6	Government Regulation No. 48 of 2011	Animal Genetic Resources and Livestock Breeding	Foreign governments or international institutions that will transfer animal genetic resources must meet the requirements, one of which is to prepare a draft approval based on prior informed consent (PADIA), collective agreement, and agreement on the transfer of animal genetic resources; (Article 66 paragraph (1) letter a)

ANNEX 5. SECTOR-SPECIFIC GUIDANCE FOR THE CHOICE OF FPIC APPROACH

ANNEX 5A: HYDROPOWER

Hydropower projects involving the construction of a large reservoir can cause major social impacts including physical and economic displacement; livelihood losses; child/forced labor; labor influx and community health and safety risks including exposure to construction related hazards, gender-based violence and communicable diseases; disruptions of traditional land use and customary tenure and the associated loss of culture, value systems and social fabric which may cause loss of community cohesion and safety net. FPIC-1 or FPIC-3 should apply, unless community mapping, joint fact finding and participatory impact assessment find project social risks including but not limited to those mentioned above are not significant. Many unexpected impacts occur during implementation for large hydropower projects, and it is important to retain the FPIC approach in the FPIC implementation phase, with some modifications in the expertise of FFO, etc. Affected communities may feel they have legitimate rights to claim parts of the profits the investor makes from using the natural resources they have used for generations like their own communal resources, even if they do not formally own them. A good benefit-sharing mechanism designed and implemented by the WG/GB on the back of tripartite partnership can help meet such expectation adequately.

In addition:

- Work with the FFO and the FPIC Specialist to organize at least three, and possibly more, rounds of community consultation meetings, unless impacts on affected communities such as those mentioned above are not significant. If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Ensure transparency and accountability of the AC and WG/GB with the meeting and decision protocols and the codes of conduct for members. Consult with the FFO and the FPIC Specialist to ensure vulnerable groups are represented in the AC.
- The FFO should be retained with more resources in the post-FPIC implementation phase to address emerging issues. Where a large-scale physical relocation of vulnerable groups is required, the FFO can work together with subject matter experts (who may be hired by the project) to help affected communities adapt and adjust and advise the AC on adaptive management.
- Ensure participation of a high-level decision maker from the Project Office and ideally a person in charge of finance from the project proponent in the WG/GB.

- Mobilize more than one FCL for each community to represent vulnerable groups respectively (e.g. youth, women, groups with less voice) and retain or mobilize more of them in the FPIC implementation phase to address emerging issues especially where a large-scale physical relocation is involved. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks, such as changes in the availability of natural resources, can be easily captured. The AC will likely want their own independent FCLs as monitors apart from the project's own community liaisons.
- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC and community members.
- Encourage the formation of appropriate program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies in case the FPIC process takes longer to achieve and significant adjustments need to be made during implementation. Large hydropower projects almost always require significant course corrections during implementation.
- Encourage the FPIC partners to plan for multiple community consultation meetings at regular intervals in the post-FPIC implementation phase to address emerging issues.
- Where significant legacy issues exist, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Use the WG/GB to develop benefit-sharing schemes so community demands that cannot be met by the project proponent due to lack of contractual and technical competencies may be met by local governments, and document them in the TIA.
- Invite some AC/WG and FFO members to visit nearby hydropower projects to better inform community members as to likely impacts and risks.
- Explore, through a participatory ESIA, potential downstream impacts and seek ways to involve some of the downstream communities facing significant risks and impacts in the WG/GB.

ANNEX 5B: MINING[44]

Large mining projects can cause major social impacts including physical and economic displacement; livelihood losses; child/forced labor; labor influx and community health and safety risks including exposure to construction related hazards, gender-based violence and communicable diseases; disruptions of traditional land use and customary tenure and associated losses of culture, value systems and social fabric which may cause the loss of community cohesion and safety net. FPIC-1 and FPIC-3 approaches should apply, unless community mapping, joint fact finding and participatory impact assessment find social risks including but not limited to those mentioned above are not significant. It is important to retain or broaden FPIC approaches in the FPIC implementation phase, with some modifications in the expertise of FFO, as many unexpected impacts occur during implementation of large mining projects, with impacts often much broader than the direct project footprint and occurring much more quickly or slowly depending on shifting global markets. Critically, mine closure plans should be prepared prior to mine opening using FPIC approaches. Affected communities may feel they have legitimate rights to claim parts of the profits the investor makes in the area where they have lived for generations like their own territories, even if they do not formally own them. A good benefit sharing mechanism designed and implemented by the WG/GB on the back of tripartite partnership can help meet such expectation adequately.

In addition,

- Work with the FFO and the FPIC Specialist to organize at least three, and possibly more, rounds of community consultation meetings, unless impacts on affected communities such as those mentioned above are not significant. If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Ensure transparency and accountability of the AC and WG/GB with meeting and decision protocols and codes of conduct for their members. Consult with the FFO and the FPIC Specialist to ensure vulnerable groups are represented in the AC.
- Retain and possibly expand with more resources the FFO in the FPIC implementation phase to address emerging issues. FFO should assist the AC in negotiating with the project on emerging issues including hiring of subject matter experts for additional assessments. The FFO may have its own monitoring mechanisms or use FCLs to monitor emerging issues on the ground.
- Ensure the FFO provides the AC necessary support to ensure that adequate mine closure plans are developed before implementation starts as one of the consent conditions, continue to update them till mine closure, and negotiate the FPIC process for the development of the final mine closure plan.

[44] The World Bank Group does not facilitate mining operations. However, given the importance of FPIC and meaningful stakeholder engagement in mining operations without regard to the source of finding, the guidance on the mining sector is added.

- Ensure participation of a high-level decision maker from the Project Office and ideally a person in charge of finance from the project proponent in the WG/GB.
- Mobilize more than one FCL for each community to represent vulnerable groups respectively (e.g. youth, women, groups with less voice) and retain or mobilize more of them in the post-FPIC implementation phase to address emerging issues. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks including those mentioned above, can be easily captured. The AC will likely want their own independent FCLs as monitors apart from the project's own community liaisons.
- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC and community members.
- Encourage the formation of program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies in case the FPIC process takes longer than anticipated and significant adjustments need to be made during CSD implementation. Large mining projects almost always require significant course corrections during implementation.
- Encourage the FPIC partners to plan for multiple community consultation meetings at regular intervals in the FPIC implementation phase to address emerging issues.
- Where a significant legacy issue exists, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Use the WG/GB to develop and implement benefit-sharing schemes so community demands that cannot be met by the project proponent due to lack of contractual and technical competencies may be met by local governments, and document them in the TIA.
- Invite some AC/WG and FFO members to visit nearby mining projects to better inform community members as to mining project impacts and risks.

ANNEX 5C: RAILWAYS

Most railway projects affect very many people along the long stretch of railway corridors but do not cause major social impacts on individual members of affected communities (if railway corridors are selected well), which may justify an FPIC approach less than FPIC-1 or FPIC-3. Significant social impacts can occur depending on railway alignments, for example, when railways pass through a densely populated (semi-)urban area where many poor live without recognizable tenure rights, requiring land acquisition and physical relocation of numerous vulnerable people including possibly Indigenous communities. Labor influx and community health and safety risks may be significant including exposure to construction-related hazards, gender-based violence and communicable diseases. FPIC-1 or FPIC-3, as relevant, should apply, unless community mapping, joint fact finding and participatory impact assessment find social risks including but not limited to those mentioned above are not significant.

In addition,

- If community mapping, joint fact finding and participatory impact assessment find significant social impacts, hire the FFO and the FPIC Specialist and organize three, or possibly more, rounds of community consultation meetings, and assist the AC in working with the project to mitigate negative impacts and generate benefits for affected communities. Retain them during implementation with sufficient resources if significant social risks are expected during implementation.
- If the project traverses multiple Indigenous and ethnic communities, an FFO with multiple language capabilities and cultural competencies will be preferred. Alternatively, more than one FFO might be necessary given the distances and social complexities involved.
- Given the long distance they traverse, chances are that many railway projects affect cultural heritages important to affected people including Indigenous communities. Ensure participatory impact assessment mobilizes knowledgeable persons from affected communities to identify sacred sites and other cultural heritages that are important to them.
- If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Where a significant legacy issue exists, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Organize the WG/GB even if impacts are not significant, if FPIC is required by the financier. Ensure participation of a high-level decisionmaker from the project proponent in the WG/GB, and ideally a person in charge of finance especially if impact is significant. Help affected communities organize an AC in addition to WG/GB if impacts are found to be significant.
- Ensure transparency and accountability of the AC and WG/GB with meeting and decision protocols and codes of conduct for their members. Consult with the FFO and FPIC Specialist to ensure vulnerable groups are represented in the AC.

- Ensure participation of a high-level decision maker from the project Office in the WG/GB, and ideally a person in charge of finance too especially if impact is significant.
- Mobilize one FCL for each community along the railway alignment, even if impacts are not significant. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks such as community health and safety risks, can be easily captured. Mobilize more FCLs if impacts are significant to represent vulnerable groups respectively (e.g. youth, women, groups with less voice) and retain or mobilize more of them in the FPIC implementation phase to address emerging issues.
- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC (or WG/GB if AC is not formed) and community members.
- Encourage the formation of program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies especially if significant impacts are expected.
- Under usual conditions, the need and frequency for consultations and the number of FCLs would decrease during the operational phase, unless participatory impact assessment finds significant uncertainties.
- The WG/GB should explore possible benefit generation for affected communities especially if there are significant impacts, for example, concessional rates for students, seniors, and low-income individuals.

ANNEX 5D: AGRICULTURE

Large plantation agriculture often causes major social impacts due to land acquisition; loss of livelihood resources; land conflicts; child/forced labor; labor influx and health and safety risks including exposure to injuries and health hazards, gender-based violence and communicable diseases; soil and water contamination; and land conflicts. Where plantations are established on Indigenous or customary territories, disruptions in traditional land use and customary tenure and the associated loss of culture, value systems and social fabric may occur which can cause the loss of community cohesion and safety net. FPIC-1 and FPIC-3, as relevant, should be used, unless community mapping, joint fact-finding, and participatory impact assessment find impacts including but not limited to those mentioned above are not significant. Many unexpected impacts occur during the operational phase of large plantations, and it is important to retain FPIC schemes in the FPIC implementation phase, with some modifications in the expertise of FFO. Affected communities may feel they have legitimate rights to claim parts of the profits the investor makes from using the natural resources they have used for generations like their own communal resources, even if they do not formally own them. A good benefit sharing mechanism designed and implemented by the WG/GB on the back of tripartite partnership can help meet such expectation adequately.

In addition,

- Work with the FFO and the FPIC Specialist to organize at least three, and possibly more, rounds of community consultation meetings, unless impacts on affected communities are not significant. If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Ensure transparency and accountability of the AC and WG/GB with the meeting and decision protocols and codes of conduct for their members. Consult with the FFO and the FPIC Specialist to ensure vulnerable groups are represented in the AC.
- Retain and possibly expand with more resources the FFO in the FPIC implementation phase to address emerging issues. FFO should assist the AC in negotiating with the project on emerging issues including hiring of subject matter experts for additional assessments. FFO may have its own monitoring mechanisms or use FCLs to monitor emerging issues on the ground.
- Ensure participation of a high-level decision maker from the Project Office in the WG/GB, and ideally a person in charge of finance.
- Mobilize more than one FCL for each community to represent vulnerable groups respectively (e.g. youth, women, groups with less voice) and retain or mobilize more of them in the post-FPIC implementation phase to address emerging issues. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks including those mentioned above, can be easily captured. The AC will likely want their own independent FCLs as monitors apart from the project's own community liaisons.

- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC and community members.
- Encourage the formation of program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies in case the FPIC process takes longer to achieve and significant adjustments need to be made during implementation. Large plantation projects almost always require significant course corrections during implementation.
- Encourage the FPIC partners to plan for multiple community consultation meetings at regular intervals in the post-FPIC implementation phase to address emerging issues.
- Where a significant legacy issue exists, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Use the WG/GB to develop and implement benefit-sharing schemes so community demands that cannot be met by the project proponent due to lack of contractual and technical competencies may be met by local governments and document them in the TIA. In particular, arrangements for local sourcing including on labor, food and other essential materials for the operation of agriculture plantations can be brokered by local governments, ensuring the minimization of worst forms of child labor, and the sustainability of natural resources and continuing income generation for affected communities.
- Invite some AC/WG and FFO members to visit nearby plantation projects to better inform community members as to impacts and risks of plantation agriculture.

Annex 5E: Health

Most health projects provide affected communities with significant positive benefits without major negative impacts. The FPIC-2 approach, if FPIC is required by the financier because of land acquisition of indigenous territories, etc., will be sufficient for most such projects. Care can be exercised to ensure that vulnerable groups have affordable access to healthcare services and that traditional health practices and value systems are not inadvertently and unnecessarily discredited. Some of the FPIC elements presented in this TG, such as FCLs and the WG/GB, may offer a useful platform to identify vulnerable groups with limited access to healthcare services and develop measures to improve their access to services.

In addition,

- Hire an FPIC Specialist who is familiar with the health practices and beliefs of affected communities. They will be a useful resource in improving the health conditions of affected communities overall.
- Conduct community mapping, joint fact finding and participatory impact assessment to identify if the project causes land acquisition of customary territories, significant impacts on cultural heritage including intangible assets such as traditional medical practices or value systems, gendered approaches to healthcare, or other significant impacts in the eyes of affected communities. Establish WG/GB and mobilize FCLs to discuss how to address them as part of the project ESIA (or other relevant risk assessment). Community healthcare workers may serve as good FCLs.
- Should the FPIC-2 approach be used to meet the financier's requirement, conduct two rounds of consultation meetings, firstly to identify key issues and agree on the CPA, and finally to achieve consent to risk mitigation and benefit generation measures developed and confirm that all processes and conditions in the CPA are met.
- During project implementation, the GB should be encouraged to hold regular community meetings to ensure that there's a continual information flow to and from the affected communities.
- The FPIC Specialist and FCLs should be retained during implementation to monitor and ensure that vulnerable groups are accessible to healthcare services, and that Indigenous healthcare practices and value systems are not unnecessarily discredited including through health literacy initiatives.
- The FPIC Specialist/WG can encourage cultural competence training to LG healthcare staff as needed as part of the health care initiative.

ANNEX 5F: EDUCATION

Most education projects provide affected communities with significant positive benefits without major negative impacts. The FPIC-2 approach, if FPIC is required by the financier because of land acquisition of Indigenous territories, will be sufficient for most such projects. Care can be exercised to ensure that vulnerable groups have affordable access to educational services and that traditional value systems are not inadvertently and unnecessarily discredited. Some of the FPIC elements presented in this TG, such as FCLs and the GB, may offer a useful platform for identifying vulnerable groups with limited access to education services and developing measures for improvement.

In addition,

- Hire an FPIC Specialist who is familiar with the educational practices and beliefs of affected communities. They will be a useful resource in improving the educational conditions of affected communities overall.
- Conduct community mapping, joint fact finding and participatory impact assessment to identify if the project causes land acquisition of customary territories, significant impacts on cultural heritage including intangible assets such as traditional value systems, gendered approaches to education, or other significant impacts in the eyes of affected communities. Establish the WG/GB and mobilize FCLs to discuss how to address the impacts as part of the project ESIA (or other relevant risk assessment) if project social impacts are significant. Teachers from affected communities may serve as FCLs.
- Should the FPIC-2 approach be used to meet the financier's requirement, conduct two rounds of consultation meetings, firstly to identify key issues and agree on the CPA, and finally to achieve consent to the risk mitigation and benefit generation measures developed and confirm that all processes and conditions in the CAP are met.
- During project implementation, the GB should be encouraged to hold regular community meetings to ensure that there's a continual information flow to and from the affected communities.
- The FPIC Specialist and FCLs should be retained during implementation to monitor and ensure that vulnerable groups can access educational services and that Indigenous value systems are not discredited.
- The WG/GB/FPIC Specialist can serve as important nodes of community-state educational collaboration as to the goals of schooling for local groups.

ANNEX 5G: TRANSMISSION LINES

Transmission line (TL) projects can affect very many people along the long stretch of TL corridors, with varying degrees of impacts depending on locations and types of land use allowed within the TL Right of Way (RoW). Significant social impacts such as land acquisition and physical relocation of a large number of vulnerable people including Indigenous communities can occur where population density and/or land use intensity is high, or if a large part of existing land use, residential or productive, is prohibited. In some countries, affected communities are allowed to continue to live or do most livelihood activities within the TL ROW unless doing so will impact the safe operation of electricity transmission, limiting negative impacts. If so, the FPIC-2 approach may be sufficient. A community mapping, joint fact finding and participatory impact assessment should be conducted at the early stage to determine the significance of impacts such as those mentioned above, the choice of the FPIC approach to apply and the level and kinds of engagement to conduct. Affected communities may be concerned about electromagnetic field (EMF) generation which may cause significant stakeholder risks to the project.

In addition,

- If community mapping, joint fact finding and participatory impact assessment find social risks including but not limited to those above are significant, then the FPIC-1 or FPIC-3, as relevant, approaches may be appropriate, leading to the need to hire an FFO and FPIC Specialist, organize three, or possibly more, rounds of community consultation meetings, and assist the AC in working with the project to mitigate negative impacts and generate benefits for affected communities. Retain them during implementation with sufficient resources if significant social risks are expected during implementation.
- If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Where a significant legacy issue exists, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Organize the WG/GB even if impacts are not significant, if FPIC is required by the financier. Ensure participation of a high-level decision maker from the Project Office in the WG/GB, and ideally a person in charge of finance especially if impact is significant. Help affected communities set up an AC in addition to WG/GB if impacts are found to be significant (i.e., the FPIC-1 or FPIC-2 approaches will be followed).
- Ensure transparency and accountability of the AC and WG/GB with meeting and decision protocols and codes of conduct for their members. Consult with the FFO and FPIC Specialist to ensure vulnerable groups are represented in the AC.
- Mobilize one FCL for each community along the TL corridor, even if impacts are not significant. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks such as EMF concerns, can be easily captured. Mobilize more FCLs if impacts are significant to represent vulnerable groups respectively (e.g. youth, women,

groups with less voice) and retain or mobilize more of them in the FPIC implementation phase to address emerging issues.

- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC (or WG/GB if AC is not formed) and community members.
- Where significant concerns on EMF exist, use FCLs to better inform affected communities of risks related to EMF by providing relevant information in non-technical forms and contents.
- Encourage the formation of program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies especially if significant impacts are expected.
- Under usual conditions, the need and frequency for consultations and the number of FCLs would decrease during the operational phase, unless participatory impact assessment finds significant uncertainties.
- Benefit sharing is difficult for a TL project since TL is not revenue generating. WG/GB may be able to explore associated potential benefit sharing measures especially if significant negative impacts occur.

Annex 5H: Highways

Like railway projects, highway projects affect very many people along the long stretch of road Right of Way (ROW) but do not cause major social impacts on individual members of affected communities (if the road ROW is selected well), which may justify use of the FPIC-2 approach. Significant social impacts such as land acquisition and physical relocation of many vulnerable people including Indigenous communities can occur depending on highway alignments, for example, when highways pass through a densely populated (semi-)urban areas where many poor live without recognizable tenure rights. Safety risks for affected communities are significant if construction sites are not physically segregated and if labor influx and associated risks related to gender-based violence and communicable diseases are significant. Where highways are not physically segregated, road safety risks are significant during the operational phase, while if fully segregated, mobility of livestock and animal species that are important sources of livelihoods for affected communities, including Indigenous communities, can be disrupted. Significant diversion of existing traffic following the opening of a new highway can cause a major loss to local businesses and job opportunities. A community mapping, joint fact-finding and participatory impact assessment should be conducted at the early stage to determine the significance of impacts such as those mentioned above, the choice of FPIC approach to apply and the levels and kinds of engagement to be conducted.

In addition,

- If community mapping, joint fact finding and participatory impact assessment find social risks including but not limited to those mentioned above are significant, then the FPIC-1 or FPIC-2 approaches, as relevant, may be appropriate, in which case hire an FFO and a FPIC Specialist and organize three, or possibly more, rounds of community consultation meetings, and assist the AC/GB in working with the project to mitigate negative impacts and generate benefits for Affected Communities. Retain them during implementation with sufficient resources if significant social risks are expected during implementation.
- If the project traverses multiple Indigenous and ethnic communities, an FFO with multiple language capabilities and cultural competencies will be preferred. Alternatively, more than one FFO might be necessary given the distances and social complexities involved.
- Given the long distance they traverse, chances are that many highway projects affect important cultural heritage for affected people including Indigenous communities. Ensure participatory impact assessment mobilizes knowledgeable persons from affected communities to identify sacred sites and other cultural heritages that are important to them.
- If the project needs to be approved before all aspects of the project, its locations and environmental and social impacts are clearly defined, a forward-looking stakeholder engagement strategy towards achieving FPIC with clear engagement processes, issues to be clarified and criteria to obtain FPIC may be developed. FPIC must be obtained before project implementation that impacts local communities is allowed to start. Such a phased approach to FPIC should be agreed upon with the financier.
- Where a significant legacy issue exists, mobilize additional subject matter experts, and address them in the LID if not resolved before FPIC achievement.
- Organize the WG/GB even if impacts are not significant, if FPIC is required by the financier. Ensure participation of a high-level decision maker from the Project Office in

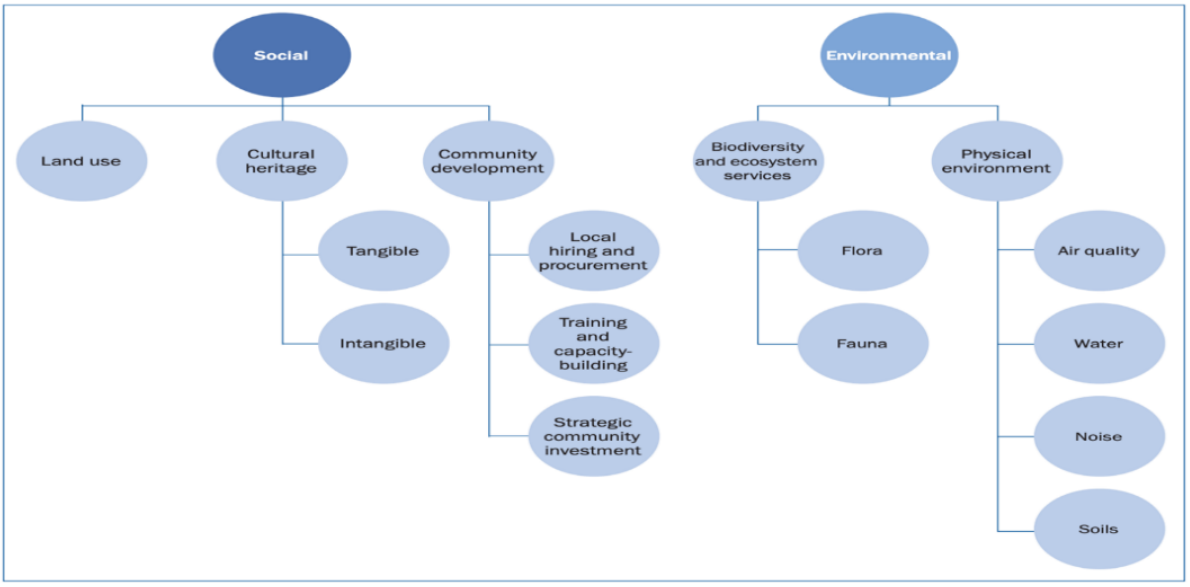
the WG/GB, and ideally a person in charge of finance especially if impact is significant. Help affected communities organize an AC in addition to WG/GB if impacts are found to be significant and the FPIC-1 or FPIC-3 approaches are followed.

- Ensure transparency and accountability of the AC and WG/GB with the meeting and decision protocols and codes of conduct for their members. Consult with the FFO and the FPIC Specialist to ensure vulnerable groups are represented in the AC.
- Ensure participation of a high-level decision-maker from the Project Office in the WG/GB, and ideally a person in charge of finance too especially if impact is significant.
- Mobilize one FCL for each community along the highway alignment, even if impacts are not significant. Use FCLs for participatory impact assessment and monitoring so impacts that are not easily identifiable to external experts, such as cultural heritage, as well as emerging risks such as community health and safety risks, can be easily captured. Mobilize more FCLs if impacts are significant to represent vulnerable groups respectively (e.g. youth, women, groups with less voice), including due to labor influx and gender-based violence, and retain or mobilize more of them in the FPIC implementation phase to address emerging issues.
- Ensure FCLs organize informal discussion forums among community members in-between community consultation meetings and serve as the information bridge between the AC (or WG/GB if AC is not formed) and community members.
- Encourage the formation of program committees to plan for and monitor each critical issue.
- Ensure sufficient contingencies in case the FPIC process takes longer to achieve and significant impacts are expected.
- Under usual conditions, the need and frequency for consultations and the number of FCLs would decrease during the operational phase, unless participatory impact assessment finds significant uncertainties.
- Encourage the FPIC partners to plan for multiple community consultation meetings at regular intervals in the FPIC implementation phase to address emerging issues.

ANNEX 6. JOINT FACT-FINDING (JFF)

Joint fact finding (JFF) is a method of impact assessment where the project and affected people work together to understand the project's potential impacts and mutually develop approaches to mitigate them. **Figure 9** below shows issues which the JFF can be effectively used.

Figure 9. Joint Fact-Finding Exercise Topics



Source: Guidance Note EBRD Performance Requirement 7: Indigenous Peoples

Note many issues classified under "environment" have social implications that can be of great concern for affected communities. For example, project effects on biodiversity and ecosystem services can cause profound impacts on affected communities' existing livelihood systems. Approaching environmental and social assessment in this way creates a mutually credible knowledge base, providing a firm foundation for negotiating FPIC and developing IPPs. An added benefit of this JFF approach is to build affected communities' capacity for the participatory monitoring of environmental and social impacts and IPP/SIMP implementation.[45]

To bolster the dependability and trustworthiness of the gathered data, involving a local organization representing affected communities (such as an FFO) within the JFF framework is advisable. This organization can assist the community in collaboratively collecting or adding to the information that the ESIA consulting firm might be tasked with managing (the same organization could be enlisted to facilitate the FPIC process if deemed necessary). After collecting the data, the project team can determine whether a dedicated section in the assessment report is required or if the information can be seamlessly integrated throughout the ESIA.

[45] Guidance Note EBRD Performance Requirement 7: Indigenous Peoples

ANNEX 7. PROGRAM COMMITTEE ORGANIZATION

1. PC General Provisions

a) Each Program Committee is the body responsible for the oversight and decision-making for its area of development for the project-affected communities.
b) Each PC will need to develop annual guidelines specifying what its work tasks for the coming year will cover.
c) Each Program Committee is accountable to the GB/AC and Secretariat and is required to carry out the instructions of the GB.
d) Each PC is obliged to carry out its activities on the principles of openness and transparency, timely information-sharing with the project-affected communities, and regular reporting and extensive discussion with project communities.
e) PC members will be selected from among the AC members with the aim of gender balance.
f) For FPIC-2 projects, only one PC needs be formed and this could be a sub-committee of the GB.

2. PC Roles

a) Develop policy documents to ensure that the Committee works effectively in the framework of its objectives and objectives.
b) Develop the Committee's annual work plans for GB approval.
c) Review and evaluate applications received under competitive programs; make decisions on funding in accordance with IPP regulations.
d) Participate as appropriate in internal and external monitoring Programs in their communities.
e) Assist in organizing information sessions on the implementation of impact mitigation and benefit generation programs in their area (at least two sessions per year).
f) Help to promote the experience of the IPP/SIMP.

ANNEX 8. FPIC SCREENING FORM

Community Location (Province, District, Village)_____

A. Ethnic Profile

All Ethnic Groups over 5% of Population	Officially Recognized as IP? Y/N If not, on what basis considered IP?	Total Population (Source; Year)	% of Total Population (Source; Year)
Group A			
Group B			
Group C			
Group X			

B. FPIC Triggering Circumstance

Circumstance	Claim to Have this Impact? Y/N	Substantiation of Claim: arguments, documents, data sources
1. Customary land or natural resources will be utilized		
2. Physical displacement		
3. Significant impact on cultural resources		

ANNEX 9. TOPICS FOR FPIC COMMUNITY LIAISONS (FCLS) TRAINING[46]

1. FPIC Principle, Applicable Legal/Regulatory Framework and International Standards: sensitize FCLs about general principles on FPIC, any applicable legal, regulatory or safeguards frameworks, and international standards such as UNDRIP 2007 and ILO C169.
2. Role and Responsibilities: clarify their role and responsibilities in the FPIC process as the information hub between FPIC community representatives and FPIC community members themselves, and as the facilitator of discussion forums among FPIC community members.
3. Cultural Sensitivity and Contextual Understanding: if they are not long resident in the area, deepen their understanding of local culture, values, and traditional decision-making processes relevant to FPIC, sensitivity to diverse community perspectives.
4. Respect local language: prioritize Indigenous or local languages in the FPIC process.
    - Provide written documents and project disclosure materials in Indigenous languages.
    - Hire local IP interpreters and translators.
5. Equip liaisons with effective communication techniques, conflict resolution skills, and facilitation methods necessary for conducting sufficient meaningful consultations and dialogues.
6. Environmental and Social Awareness
    - Provide knowledge on the potential environmental, social, cultural, and human rights impact of a project, enabling liaisons to effectively communicate these to communities.
7. Capacity Building and Empowering
    - Focus on building the capacity of liaisons to empower community members in understanding their rights, engaging meaningfully in decision- making and advocating for their interests.
8. Respect for Oral Traditions
    - Recognize the importance of oral traditions in Indigenous cultures by incorporating storytelling, verbal exchanges, and community dialogues into the training process.
    - Allow for ample time during sessions for participants to express themselves in their native.
9. Understanding Diversity
    - Start by acknowledging and understanding the diversity within the community, including different genders, ages, ethnicities, abilities, and socioeconomic backgrounds. Recognize that different groups may have varying levels of influence and participation in decision-making processes.
10. Ensuring Representation
    - Ensure that FPIC processes include representation from all community members, especially those traditionally marginalized or underrepresented. This may require

[46] The Nepal Federation of Indigenous Nationalities (NEFIN) provided the bulk of this list.

proactive outreach and engagement efforts to include women, youth, the poor, Indigenous Peoples, persons with disabilities, and other minority groups.

11. Addressing Power Dynamics
    - Be mindful of power dynamics within the community that may influence who participates in FPIC processes and whose voices are heard. Take steps to mitigate these dynamics and create a safe space for open dialogue and consensus-building.
12. Information Dissemination
    - Ensuring each and every household is informed about the consultation for the FPIC process requires a comprehensive approach that takes into account the diversity of the community and potential barriers to communication.

ANNEX 10. CSD (CONSENT SET OF DOCUMENTS) TEMPLATES

ANNEX 10A: CONSENT PROCESS AGREEMENT[47] - SAMPLE TEMPLATE[48]

CONSENT PROCESS AGREEMENT FOR [NAME OF PROJECT]

PRINCIPLES AGREED ON BY [NAME OF INDIGENOUS REPRESENTATIVES FPIC AND IPP/SIMP] WORKING GROUP]

On [date] at [location], the [number] community village representatives selected in the previous [time frame] in an open, transparent, inclusive and democratic process to serve on the [name of the Advisory Council or body of community representatives] selected [number of representatives] to serve on a Working Group (WG) to guide the FPIC process for the [name of] project. These WG members met [time frame], and during that time considered how a consent[49] decision would be recognized within the FPIC principles guidelines of the World Bank ESS7 [and/or other standards as applicable].

After due and spirited deliberations, the WG agreed on:

- The Advisory Council [or name of the community representatives' body] was the appropriate body to make the decision on whether to grant or withhold consent to the [project and/or an Indigenous Peoples Plan or Social Impacts Management Plan].
- The "Consent Decision"[50] would be placed before the [Advisory Council or body of community representatives] as a yes or no vote on [the project and/or the contents of the IPP/SIMP and any other allied documents]; this would only occur after at least two rounds of consultations at the village level and multiple meetings of both the [Advisory Council or community representatives' body] and the WG. During the [number] meeting of the Working Group, they would decide if the communities and the [Advisory Council or community representatives' body] were ready to make a consent decision.
- At such a Consent Decision Meeting of the [Advisory Council or community representatives' body] the representatives would first discuss the latest draft of the IPP/SIMP and affiliated documents and deliberate openly and freely on its merits and demerits.

[47] For FPIC-2 approaches the general strategy laid out in this template can match that set out in Technical Guidelines Section 6.3 fairly closely for FPIC-1 processes. For the FPIC-3 approach however one significant difference might be if a formal "consent" decision was not the objective but rather "broad community support" as indicated by a version of the CPA (a "Consultations Process Agreement.") Key is openly deciding on how agreement as to whether broad community support has been attained is to be mutually recognized by the communities affected and the project.

[48] This is a sample template only; each project should add or remove sections as appropriate to adequately reflect that project's circumstances.

[49] Or recognition of the existence of "broad community support" for the project and or IPP/SIMP

[50] Or recognition of the existence of "broad community support" for the project and or IPP/SIMP

- Voting Mechanism: e.g., "A simple majority of those present and voting would decide the issue, with both an [determine %] quorum [number of members] of the [Advisory Council or community representatives body] required to be present and votes attested to by [a procedure to record votes; e.g., hands raised, written ballots] recording the yes or no votes. Abstentions [would/would not] be permitted.
- If consent was achieved, the [Advisory Council or community representatives body] was the appropriate body to authorize the Working Group members to continue working with the IPP as its Governing Board members to plan, launch, and initiate the Plan
- If consent was achieved, the [Advisory Council or community representatives body] was the appropriate body to work with [local governments] and [the project/client] in a Cooperation Agreement [e.g., Tripartite Implementation Plan] to implement the Plan.

On [date] this CPA was read out to the [Advisory Council or community representatives body] whereupon it was approved [as amended / without amendment].

[Community representatives' signatures could be listed below, as per their preference, attesting to their public agreement with the CPA principles]

ANNEX 10B: STATEMENT OF CONSENT – SAMPLE TEMPLATE[51]

STATEMENT OF CONSENT FOR THE [NAME OF PROJECT][52] & THE [NAME] INDIGENOUS PEOPLES PLAN / SOCIAL IMPACTS MANAGEMENT PLAN

We, the authorized participants of the [name of Advisory Council or community representatives' body], hereby affirm that:

1. We are convinced that the [name of the Indigenous Peoples Plan (IPP) or Social Impacts Management Plan (SIMP)] was prepared successfully according to the principles of Free, Prior, and Informed Consent (FPIC) and with our meaningful input.

2. Our selection as delegates from our [number] project-affected [communities] was conducted in a transparent, accessible, and democratic fashion which resulted in the selection of a group of representatives broadly inclusive of our communities' population.

3. Meetings of both the [name of Advisory Council or community representatives' body] and its executive body, the [name] Working Group, were likewise carried out as per FPIC principles.

4. Consultations regarding the content and format of the [name] IPP/SIMP [time frame] were held according to current international standards (and particularly the World Bank's ESS7/ESS10). The consultations were held in all [number of communities] and included meetings with the local population as well as their [local government] administration representatives. Aside from a preparatory round to familiarize community members with the process and to select representatives, these meetings were held in [number] rounds during [time frame]. Such discussions were carried out without compulsion, were held early enough for us to discuss the issues at length and were accompanied by the relevant information regarding the [name of Project] for us to formulate our own independent assessment of the Project and the proffered IPP/SIMP.

5. We acknowledge the objectives of the [name] Indigenous Peoples Plan/Social Impacts Management Plan:

    - [list each objective]
    - [list each objective]

6. We approve the general content and principles of this [name] IPP/SIMP as shared with us during this [number] meeting of the [name of Advisory Council or community representatives body] and affirm that by our signatures we [name of Advisory Council or community representatives body] members agree to co-implement the IPP/SIMP as per the [name] Implementation Agreement

[51] This is a sample template only; each project should add or remove sections as appropriate to adequately reflect that project's circumstances.

[52] One of the decisions the communities, the Advisory Council and the Working Group need to make is whether consent (or recognition of broad community support in the case of FPIC-3) for the project as whole is granted in addition to consent to the IPP/SIMP and its affiliated documents

[e.g., TIA] duly signed by the [number] partners [name of Advisory Council or community representatives body], [local government representatives], [name of project/client]).

7. We appreciate [project/client]'s commitment to work with us on some of our outstanding issues, as referenced in the [name of legacy issues document (LID)] through continuing dialog.

In recognition of the above and acknowledging the broad community support which the [name] Indigenous Peoples Plan [or Social Impact Management Plan] has received, we—as representatives of our communities--grant our consent to the [name] Project based on the implementation of the [name] IPP/SIMP and [name other related documents] and so indicate by affixing our signatures below. At the same time, however, we also emphasize our right to invoke procedures spelled out in the project loan agreements and/or other binding documents to call for the suspension of these CSD agreements and the consent decision itself if we members of this body believe that a serious breach of our agreements have occurred.

Signed

_____

[name of Advisory Council or community representatives' body] members (name and community)

[place and date]

ANNEX 10c: FPIC-Standard Indigenous Peoples Plan (IPP) [Social Impacts Management Plan (SIMP)] - Sample Outline[53]

1. **Introduction**
    - Background
    - Relationship of the IPP/SIMP to other Impact Management Plans such as ESIA
    - Objectives and Scope of the IPP/SIMP
    - Cultural Embeddedness of the IPP/SIMP
    - Methodology and Responsibility for IPP/SIMP Preparation
    - Applicable National and International Legal and Policy Frameworks

2. **Description of the Project**
    - Project Objective
    - Project Components
    - Project Location
    - Project timeline

3. **Baseline Information of FPIC Communities**
    - Demographic, ethnographic, socioeconomic and other relevant profiles of FPIC communities
    - Land and resources use, livelihoods
    - Customary institutions, decision making processes

4. 4. **Information Disclosure, Consultation and Participation**
    - Brief Overview of Consultations
    - Public Disclosure of Project Documents
    - Process for Seeking FPIC (including CPA)
    - FPIC Process Consultations
    - Achieving Consent and Its Supporting Documents

5. **Environmental and Social Impact Assessment**
    - Adverse and positive Impacts
    - Avoidance of Adverse Impacts
    - Natural Resources Management (if applicable)
    - Social Impacts and Mitigation Measures, (including Mitigation Matrix framework)

6. **Benefit-Sharing Measures (*which programs run by the appropriate Indigenous-led committees will be established; these are for reference*)**
    - Economic Development
    - Cultural Heritage
    - Social Development
    - Capacity-Building

[53] This is a sample outline only; each project should add or remove sections as appropriate to adequately reflect that project's circumstances.

- Infrastructure

7. **IPP/SIMP Governance Structure**
    - Implementation Parties Inputs and Responsibilities
    - Governance Bodies (Governing Board, Secretariat, Program Committees; Advisory Council)
    - Project FPIC Support Unit (FSU)

8. **Reporting, Monitoring, Evaluation, and Disclosure**

9. **IPP/SIMP Grievance Redress Mechanism**

10. **IPP/SIMP Budget Estimates, Schedules, Financing Sources, including provision for bridge financing if necessary**

11. **IPP/SIMP Revision and Update, including Long-term Issues**

12. **Appendices: Supplementary documents including any IPP/SIMP implementation agreements (e.g., Statement of Consent [SC], Legacy Issues Document [LID], Tripartite Implementation Agreement [TIA])**

ANNEX 10D: IPP/SIMP TRIPARTITE IMPLEMENTATION AGREEMENT TEMPLATE

[Name of project] TRIPARTITE AGREEMENT for IPP/SIMP IMPLEMENTATION[54]

A MUTUAL COOPERATION AGREEMENT

between the [name] Advisory Council, [name] Government representatives, and the [name of project sponsor]

Location, date

The [name] Advisory Council (hereinafter referred to as the Advisory Council); representatives of the host [name of local government(s)] (hereinafter referred to as the Government; and the [name of project sponsor] (hereinafter collectively referred to as the Parties) through this statement jointly declare their intent to collaboratively implement the [name] IPP (or SIMP) and the related items in the Consent Set of Documents. This Agreement thus recognizes the role of a partnership between the local Indigenous Peoples, local government authorities, and the Project for the purpose of the sustainable development of the Indigenous (or local) communities based on the applicable [national] and international standards with respect to the Indigenous (or local) peoples of the Project area.

The First [name]Indigenous Peoples Plan (hereinafter referred to as IPP or Social Impacts Management Plan [SIMP]) is the result of joint efforts, talks, and consultations between local Indigenous or local communities via their representatives on the Advisory Council, [name of project], and the local government representatives. It should be noted that the [name of FFO] was a key facilitator of this process, beginning in [date]. Thus, the three Parties have been involved in the creation of the IPP/SIMP and thereby undertake to continue cooperation during its implementation and in close interface with the IPP/SIMP implementation staff located in [NAME] the Project Office.

The Parties:

- respect each other and recognize that each of the Parties has its own views, opinions, and tasks.
- respect the priority right of the local [or Indigenous Peoples] to use the resources of fauna and flora and their growing aspiration for self-governance and control over the environment of their native habitat.
- emphasize the distinctive spiritual/heritage ties of the Project-affected Indigenous or local peoples to their land and the paramount importance of the preservation and protection of their habitat as a pre-condition for their ethnic/group survival and development.
- recognize that the project and construction of its facilities affect local peoples' native habitat, customary way of life, economic activities, and crafts.

[54] This is a sample template only; each project should add or remove sections as appropriate to adequately reflect that project's circumstances.

- recognize a mutual intent to establish closer contacts between the Parties.
- take into account the need for informed consultations with the local communities in the spirit of the World Bank ESS7 and ESS10 policies requirement of Free, Prior, and Informed Consent (FPIC) which guided the consultations producing the IPP/SIMP.
- recognize the local Indigenous and local peoples' right to define their sustainable development priorities.
- recognize the need for coordination with the local governments and support by [NAME of project].
- appreciate the aspiration of [NAME of project] to contribute to the institutional, social, and economic development of the Indigenous communities.
- assume obligations and take decisions based on the principles of equal partnership, transparency, and prompt notification and rely on a joint responsibility with the Indigenous or local peoples while interacting with each other.

Agreement Objectives

This Agreement has been undertaken to coordinate the Parties' efforts to implement the [NAME] IPP/SIMP and to bolster their cooperation to enhance the sustainable economic, social, and cultural development of the Indigenous or local peoples of [name of area] on the basis of mobilization of the internal resources of the Indigenous or local community.

Subject of the Agreement

The subject of this Agreement is the collaboration between the Advisory Council, [NAME of project], and the local government(s) on the following issues:

- establishment of the coordination authorities in the [NAME] IPP/SIMP management structure.
- preparation and holding of an annual joint meeting of the partner top managers to review IPP/SIMP implementation.
- preparation and conduct of the internal monitoring of the IPP/SIMP progress.
- generation of recommendations for the adoption of regulations as related to the efficient implementation of the IPP/SIMP, development of the Indigenous or local peoples of the area, protection of their native habitat, and preservation of their customary activities, cultures, and languages.

Liabilities of the Parties

While acting in the framework of this Agreement,

The Advisory Council shall:

- confirm one representative from each of the [number] FPIC communities to serve on the IPP/SIMP Governing Board.
- appoint one representative of the Council to serve on the IPP/SIMP Internal Monitoring Working Group.
- appoint [number] representative from the rest of the FPIC communities to serve on each of the [number] Program Committees.

- ensure the promotion of the experience of [NAME] IPP/SIMP implementation as appropriate.
- while acting with the Government and [NAME of project], exercise joint control over the implementation of the [NAME] IPP/SIMP via its representatives on the Governing Board.
- while acting jointly with [NAME of project], take measures for the minimization or prevention of the adverse impact on the customary way of life and economic activities in view of the implementation of the [NAME] Project, as disclosed by ongoing environmental monitoring.
- ensure the participation of the Indigenous or local peoples in the IPP/SIMP local communities in obtaining the benefits as provided by the [NAME] IPP/SIMP.
- communication with [name of FFO], if required, about the progress of the Advisory Council's collaboration with both its partners in implementing the IPP/SIMP.
- inform the community about IPP progress at meetings in the project-affected communities and in the mass media.
- interact with the local communities, public organizations, ethnic enterprises, and other associations on the issues of [NAME] IPP/SIMP implementation.
- interact with the FPIC Coordinator and the Project Office at [NAME of project].
- interact with local government authorities in the [number] FPIC villages on the issues of [NAME] IPP/SIMP implementation.

The Government(s) shall:

- appoint (number) representatives of the Government to serve on the IPP/SIMP Governing Board.
- appoint one representative of the Government to serve on the [NAME] IPP/SIMP Internal Monitoring Working Group.
- interact with the FPIC Coordinator and the Project Office to be established in [NAME].
- ensure that the successful aspects of the [NAME] IPP/SIMP implementation are promoted, as appropriate.
- coordinate the work of the local government executive authorities for [NAME] IPP/SIMP implementation.
- take steps necessary to help ensure successful implementation of the [NAME] IPP/SIMP.

3.3. [NAME of project] shall:

- appoint [number] representatives of [NAME of project] to serve on the IPP/SIMP Governing Board.
- appoint one representative of [NAME of project] to serve on the IPP/SIMP Internal Monitoring Working Group.
- while acting jointly with the Advisory Council, take measures for the minimization or prevention of any adverse impacts on the customary way of life and economic activities due to the implementation of the [NAME] Project, as disclosed by ongoing environmental Project monitoring.
- ensure that the successful aspects of the [NAME] IPP/SIMP implementation are promoted, as appropriate.
- ensure the funding of the IPP/SIMP programmatic budget under [NAME] in the amount of [monetary figure in local currency and USD] in total for the length of this IPP/SIMP.

- engage an FPIC Coordinator (and additional personnel, as needed) in the Project Office and implement the IPP/SIMP according to decisions made by the AJAC, and the IPP/SIMP governing bodies (Governing Board and Program Committees).

Areas of Cooperation

The three Parties recognize that in the coming decades the future of these Project-affected communities and others in [name of local area] will be closely related to the development of the area. In order to assist in the sustainable development of the [number] FPIC Project-affected communities, the three Parties will attempt to achieve the basic objectives of the [NAME] IPP/SIMP including:

- **Enhancing the capacity of the residents of the [number] FPIC communities to actively participate in the self-management of their own affairs.** Such capacity-building could range from leadership training, to technical skills enhancing (e.g., for accounting, report-writing, budget preparation, traditional economic and cultural activities, business planning, machinery operation licenses), to heightened cultural and ethnic self-awareness.
- **Enhancing social, cultural, and economic development.** Improving the lives and livelihoods of the FPIC communities through the implementation of social and economic development plans in a culturally appropriate manner. Cultural persistence, economic viability of traditional economic enterprises, employment preferences, and improved social conditions will be targeted areas for support. Long-term strategic planning with the concept of sustainable development as an objective will also be emphasized.
- **Disclosure of information about the environmental impact of the project**. Ensure the timely provision of objective and complete information for the local communities about the existing and/or potential impact of the [NAME] Project on the environment and about the measures taken to prevent and/or to minimize any possible adverse effects.

Particular Terms and Conditions

This Implementation Agreement also provides for the following:

- Holding of regular (at minimum annual) meetings between high-ranking officers of the local Government(s), [NAME of project], and the Advisory Council for considering the issues directly related to the subject hereof.
- Any amendments and supplements hereto may only be made by mutual consent of the Parties in the form of a protocol to be signed by all three Parties.
- In the event it is desired by the Parties, additional Agreements may be adopted by mutual consent of all the Parties.

Validity and Termination of Agreement

- This Agreement has been made on [date] and shall take effect as soon as signed by the three Parties and the IPP/SIMP is officially launched.
- This Agreement has been made in [name(s) of local languages] and English, one copy in each language for each of the Parties. Each language version of this document has equal weight but [name of language] will prevail in case of any discrepancies and ambiguities.

- In the event that any of the parties believe that the terms of this TIA are not being faithfully carried out for any reason, the following measures will be taken: [here describe how such an issue will be resolved; i.e., by filing a grievance with the GRM or through mediation].

This Agreement may be terminated by mutual consent of the Parties.

Signatures of the Parties

As attested to by their signatures below, each of the Parties commits to carrying out the terms of this Implementation Agreement:

Advisory Council (Chair and Vice-Chair during Third AC Meeting)	[names of Government representative(s) and their districts]	[names of project representatives]
Signed	Signed	Signed

ANNEX 11. INTERNAL MONITORING GRANT STATUS LISTING

Grant №	Entity receiving grant	Year	Community	Program & Component	Amount	Beneficiaries & # Who will benefit from this project (ex. students, youth, women, etc.)	Output purpose of expenses (nature of costs, types of equipment, etc.)	Outcome The benefits to be derived from the project
1.	Village Women's Collective	2024	A	Social Health	Xxx	Women, infants 10-15	Obstetrical devices for pregnancy monitoring; supplementary equipment	Decreased risk of infant mortality and pregnancy complications.
2.	Village elementary school	2024	B	SDP Education	Xxx	Students 100 - 125	Desks, a computer, and other related equipment	Enhanced computer literacy for primary school students.
3.	Village Management Committee	2024	C	Capacity-Building Vocational Training	xxx	Farming families 22 Pre-registered	Agricultural Extension instruction	Raised agricultural production.
4.	XXX Driving School	2023	D, G, T	Capacity-Building Skills Training	xxx	20 places available	Driving School Fees; transportation to and from training site	20 truck driving licenses

ANNEX 12. IPP/SIMP GRM

GRM Process

This IPP/SIMP GRM is aimed at allowing all IPP/SIMP stakeholders to communicate any concern or grievance in a format which is convenient to them. The GB's Executive Committee has oversight of the IPP/SIMP GRM process and upon receipt of a grievance should appoint a three-person committee (Grievance Working Group [GWG]) representing the three partners to investigate the grievance.

For many projects with Indigenous and local communities, a standard written grievance mechanism may not be preferred, as they may wish to make verbal complaints rather than fill out forms or use other media such as online websites, e-platforms or emails. Standard grievance mechanism procedures often do not square with the role of Indigenous or local communities as co-decision makers in all aspects of an IPP/SIMP. Indigenous or local representatives could form part of a group set up to investigate grievances, along with project and perhaps local government representatives. Whether the project decides on an integrated grievance mechanism for the entire project or a separate grievance channel for the IPP/SIMP, the grievance mechanism should not interfere with any existing processes or institutions within the Indigenous or local communities to settle differences among them.

The grievance mechanism should provide for fair, transparent and timely redress of grievances at no cost to communities and, if necessary, provide special provisions for women, young people and the elderly. From complaint initiation to resolution, the grievance mechanism should provide options for verbal and written engagement in the languages or dialects used by local Indigenous communities and for a variety of locations to file grievances at times convenient to local people. It is also imperative that the grievance mechanism establish clear confidentiality guidelines and internal procedures for non-retaliation against those filing a grievance. Those handling the grievance should also be aware that some grievances may not appear tangible or appropriate in one culture's value system but could be highly signified in the Indigenous one. This might be particularly true in relation to standards of "fairness" in the distribution of benefit-sharing measures in the IPP/SIMP.

GRM Process Steps

- **Step 1**—grievance receipt by the IPP/SIMP Support Unit; grievances can be received in written form (either via a form to be developed by the FPIC Coordinator or in letter format) or verbal and relayed through an AC or GB member or FCL who writes down the grievance for the Complainant. Or the grievances can be registered based on the information published in any media, newspapers, research articles, etc. All grievances received should be registered in the grievance log.
- **Step 2**—grievance assessment, assignment of a process owner by the FPIC Coordinator; once registered the grievance is passed on to the Grievance Working Group (GWG).
- **Step 3**—grievance acknowledgement.

- **Step 4**—investigation and resolution by the GWG; with all communication with the complainant handled by the Coordinator.
- **Step 5**—grievance close-out handled by GWG and communicated by FPIC Coordinator.
- **Step 6**—reporting by the Coordinator and monitoring by the EM.

If the aggrieved party is not satisfied with the decision of the GWG, they may appeal to the GB. The aggrieved party is always free to resort to the courts in case they are dissatisfied.

Information Campaign and Training on The Procedure

Public awareness of this GRM Procedure is an integral part of interaction with the IP or local communities aimed at ensuring transparency and accessibility. To spread information on the Procedure, at minimum the following activities shall take place:

- Distribution of leaflets (such as an IPP/SIMP Grievance Procedure Information Brochure) about the Procedure in all IPP/SIMP communities.
- Slide presentation on the Procedure as part of regular public meetings with the IPP/SIMP communities.
- Information on the Procedure is available at all times on the IPP/SIMP website.

To meet the requirements of the Procedure, the IPP/SIMP Partners provide training on the Procedure for all parties involved in the grievance settlement process.