This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Social Risk Management and Benefits

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On this page: *The assessment of the project's social risk management measures and sharing of benefits to stakeholders and local communities. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

C3: Social risk management and benefits: This criterion assesses the comprehensiveness of a given project's stakeholder engagement and benefit-sharing procedures that ensure that it has strong social risk management measures for achieving fair engagement and equitable benefits, following best practices to do no harm. This criterion is the second quality-execution criteria as projects that have strong stakeholder engagement and benefit-sharing mechanisms tend to be set up for long-term success, given support from local communities and awareness and consideration of local conditions. Similar to C2, this criterion is also important to assure buyers that the project is supported by local stakeholders and will not result in potential reputational risks. In addition, projects that have a benefit-sharing plan will attract buyers who are keen to support projects where part of the ERC payment paid goes directly to the community. This assessment thus examines the social integrity of a project in its design and implementation, specifically to review its consideration for social impact and benefit to local communities.

By referring to project documents, and conducting interviews with project counterparts where project documents lack the required information, the following analyses can serve as a guide for the assessment:

- Review project's procedures and assurances for obtaining land and/or asset rights to carry out the project activity in the area, and its risk management measures for potential land tenure conflicts, where relevant.
- Review the project's approach to and procedures for stakeholder engagement.
- Review the project's benefit-sharing mechanisms, if any, and plan for how benefits are distributed.
- Review the project's risk management measures for identifying, avoiding, and minimizing potential negative impact on local communities.
- Review the project's approach to disclosing information and ensuring accountability to stakeholders.
- Review the project's procedures and mechanisms for continuous engagement and grievances.

There are six assessable subcomponents to this criterion, where the project's social risk management measures and sharing of benefits to stakeholders and local communities are assessed against the guideposts provided in Figure 4.18:

- **Respect for human rights**: Adherence to internationally established standards and procedures for the respect of human rights and land or asset rights, especially with regards to indigenous peoples and local communities (IPLCs).
- **Inclusiveness and equality**: Approach to engaging stakeholders ensures that all relevant parties are included and appropriately consulted, and procedures to avoid unequal and inequitable design of

project activities.

- **Benefits sharing**: Local communities benefit from the project activities, and the provision of benefits to stakeholders is fair.
- **Do no harm**: Design and implementation of project activities ensures no net negative impact to local communities, and protects the safety of the people involved in the project activities.
- **Transparency and accountability**: Communication of the project ensures that stakeholders are well informed and aware of the project activities and its potential impact.
- **Continuous engagement and redress mechanism**: Opportunities for raising feedback, with confidence that the feedback will be addressed, are open and made aware to stakeholders throughout the project's lifetime.

Figure 4.18. Guideposts for rating social risk management and benefits

Rationale for rating	Rating
Respect for human rights	
• Project activities are consistent with national and international human rights laws ratified by the host country. • Project comprehensively describes and implements free, prior, and informed consent (FPIC) processes following the principles laid out by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) where there are IPLCs involved in the project. • Project proponent has obtained the rights to the land and/or assets covered by the project area and activity in an appropriate and legal manner, where the project proponent confirms and justifies that there is no risk of potential land tenure conflict.	
• Project activities are consistent with national and international human rights laws ratified by the host country. • Project ensures that FPIC processes following the principles laid out by UNDRIP are in place where there are IPLCs impacted by or involved in the project. • Project proponent has plans to obtain the rights to the land and/or assets covered by the project area and activity in an appropriate and legal manner, where if risk of potential land tenure conflict is identified by the proponent or common in the location, the project has measures to manage such risks while respecting the rights of local communities.	
Inclusiveness and equality	

Rationale for rating	Rating
• Project's approach to identifying stakeholders is explained and reasonably captures their relevance to the project activity, as well as reflects how considerations for ensuring that stakeholder consultations are inclusive, culturally appropriate, respectful of indigenous and local knowledge, and effective for local communities are embedded, including having project documents in the local language and disseminated according to local norms. • Project identifies where there are existing inequities and discriminatory practices within the project boundary area and designs project activities to address rather than further exacerbate them, before activities are implemented. • Project ensures that local stakeholders' views are sought out and sufficiently considered, with details on how comments and feedback are addressed, before activities are implemented.	
• Project's approach to identifying stakeholders is explained and reasonably captures their relevance to the project activity, but does not reflect how considerations for ensuring that stakeholder consultations are inclusive, culturally appropriate, respectful of indigenous and local knowledge, and effective for local communities are embedded. • Project activities do not apparently exacerbate existing inequities and discriminatory practices within the project boundary area, such as activities that could disproportionately benefit certain groups over disadvantaged or vulnerable groups. • Project ensures that local stakeholders' views are sought out and considered before activities are implemented, with some information on how comments and feedback are addressed.	
Benefit sharing	
• Where applicable, project activities prioritize and utilize indigenous and local knowledge in their design, and describes how this is incorporated. • Benefit sharing (BS) plan is negotiated during the initial consultation, where the party responsible for implementing BS agreements is defined and communicated. • Project distributes monetary and non-monetary benefits to actors: a. who take verified actions to achieve emission reductions; b. with legal rights (statutory and customary) to resources used by the project activity; and/or c. who have proved effective facilitators and essential in facilitating emission reduction activities. • where proportion of benefits allocated to local people—especially affected IPLCs—represent the most significant share of benefits.	

Rationale for rating	Rating
• Project provides benefits to the local community that are described and considered in the project design, such as through capacity building, infrastructure support, employment opportunities, etc., and monitored and reported on quantitatively in its SDG contributions, such as through SDGs 1, 2, 3, 4, 5, 6, 8 and 10.	
Do no harm	
• Project does not result in any adverse social or economic impacts from land acquisition or restrictions on land use, actively avoids displacement through alternative project designs, and does not result in forced eviction. • Where applicable, such as in renewable energy projects, project has measures that follow international and/or local environmental, health, and safety guidelines.	
• Project avoids and minimizes adverse social and economic impacts from land acquisition or restrictions on land use, avoiding or minimizing displacement and forced eviction through alternative project designs; where necessary to do so, project has measures to improve or restore livelihoods and standards of living and the living conditions among displaced persons through the provision of adequate housing with security of tenure at resettlement sites. • Where applicable, such as in renewable energy projects, project has measures to promote safe and healthy working conditions.	
Transparency and accountability	
• Project ensures that stakeholders are informed of the potential impacts of the project activities and that project information and updates are readily accessible to stakeholders through verbal communication, websites, or newsletters. • Project should have documentary evidence of stakeholder consultations, the BS plan, including BS agreements, that is made public and readily accessible to involved stakeholders.	
• Project ensures that stakeholders are informed of the potential impacts of project activities and that project information and updates are readily accessible to stakeholders through verbal communication, websites, or newsletters. • Project should have documentary evidence of stakeholder consultations that is not yet made publicly accessible, but is available to the involved stakeholders.	

Rationale for rating	Rating
Continuous engagement and redress mechanism	
• Project implements effective opportunities for stakeholders to participate in decisions on how project activities are carried out throughout the lifetime of the project, where potential barriers to engagement are identified and removed. • Project has readily accessible dispute settlement and/or grievance resolution mechanisms with clearly delineated methods for reaching agreement and settling disputes, as well as the project participant(s) responsible for addressing these grievances. • The dispute settlement and/or grievance mechanism includes a process for how potential complaints arising from the implementation of the benefit sharing plan would be addressed.	
• Project has readily accessible dispute settlement and/or grievance resolution mechanisms with information on the project participant(s) responsible for addressing these grievances.	

Figure 4.19. Examples of best practice social risk management measures of the REDP (Source: Clean Development Mechanism, Programme of Activities 6810)

Box 4 Case Study: Vietnam Renewable Energy Development Project

The Social Safeguards Framework established by the Vietnam REDP underpinned its success in garnering community support and ensuring that projects generated net benefits to the local community. The project applied best practices for ensuring inclusiveness and equality, transparency and accountability, and continuous engagement. These actions were exemplified by its clearly communicated mechanisms and procedures such as its Ethnic Minority Plan to ensure that minorities‘ rights are protected and that appropriate and accessible platforms for raising feedback and complaints to a designated entity are in place.

Subcomponents	Examples of best practice mechanisms	Score
Respect for human rights	• Projects follow World Bank's safeguard policies, including its policy for projects in which indigenous peoples are present.	

Subcomponents	Examples of best practice mechanisms	Score
Inclusiveness and equality	• Consultation on the projects' design was conducted with stakeholders to consider their comments as part of the EIA, where measures to address these comments are detailed. • Projects have an Ethnic Minority Plan to ensure that minorities' rights are protected.	
Benefit sharing	• Projects contribute to sustainable development through employment creation, improving local infrastructure and improving water regulation.	
Do no harm	• Projects follow World Bank’s Involuntary Settlement policy and Resettlement Policy Framework where appropriate compensation is provided for affected communities. • Projects comply with Dam Safety Framework.	
Transparency and accountability	• Project’s safeguard documents and comments from stakeholder consultations are publicly disclosed.	
Continuous engagement and redress mechanism	• Grievance redress mechanism was designed and adopted for communities as part of the Ethnic Minority Plan, where the procedure for dispute settlement is clearly described.	

Related Content

- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**

Additional Resources

- Identifying Risks

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