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Asian Development Bank

Safeguard Compliance and Accountability Framework for Investments Supported by Financial Intermediaries

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For Asian Development Bank

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Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
CAO	Compliance Advisor/Ombudsman of the International Finance Corporation
CCI	chief compliance inspector
CEO	chief executive officer
CRO	complaint receiving officer
CSO	civil society organization
DRS	dispute resolution services
ESMP	environmental and social management plan
ESMS	environmental and social management system
GRM	grievance redress mechanism
IFC	International Finance Corporation
IFI	international financial institution
IRM	independent redress mechanism
PAP	project-affected person
RAP	remedial action plan

Glossary

Authorized representative	An individual or organization designated by the requestors to help deliver a submission to the independent redress mechanism
Client	An entity that receives investment support from the financial intermediary, either directly or through another intermediary that receives investment support from the latter. The term may also refer more broadly to the party that should most appropriately address the issues raised in the complaint, including the entity that is implementing or has implemented the project in question.
Project closing date	The date specified in the loan agreement, or a later date established by the financial intermediary
Complaint or grievance	An assertion by a person, group of persons, or community that s/he has/they have been or may be affected by adverse impact due to a project funded by the financial intermediary
Complainant(s)	Individual(s) or group(s) of individuals who are identified in a complaint to the independent redress mechanism as actually or potentially affected by the environmental or social impact of a project financed by the financial intermediary
Compliance appraisal	The initial phase of a compliance review, during which the independent redress mechanism considers whether there is evidence that the complainant has been or may be adversely affected by a project funded by the financial intermediary, and as a result of noncompliance with the latter's environmental and social standards or procedures
Compliance investigation	The second phase of a compliance review, during which the independent redress mechanism investigates in depth and determines if the complainant has been or may be adversely affected by a project funded by the financial intermediary, and as a result of noncompliance with the latter's environmental and social standards and or procedures
Compliance review	The process of compliance appraisal, investigation, and reporting by the independent redress mechanism to determine whether a project funded

by the financial intermediary has violated or not complied with the latter's environmental and social standards or procedures, and whether such violation or noncompliance has had or may have adverse impact on a complainant

Dispute resolution or problem-solving process A participatory and flexible process focused on assisting the parties in finding or developing an effective solution to the concerns raised by the complainant. The process is meant to address the concerns raised in the complaint in a way that meets the interests of the complainant(s) and all or some of the other concerned parties, and is mutually satisfactory. While the process may seek to identify who can take constructive action, it does not seek to determine culpability, nor is it a compliance review.

Project A specific set of activities for which the financial intermediary is considering financing, or has already approved or provided financing

Project-affected persons Those who may be beneficially or adversely affected by a project financed by the financial intermediary

Redress To set right or remedy an adverse impact that has been or may be caused by an investment or project funded by the financial intermediary. When such a project has been found to be noncompliant with the latter's environmental and social standards and procedures, redress includes bringing the project into compliance.

Retaliation Any detrimental act recommended, threatened, or taken (directly or indirectly) against any person to silence him or her, or to prevent him or her from interacting with the independent redress mechanism or filing a submission. Forms of retaliation include harassment, discriminatory treatment, withholding of entitlement, risks to livelihood or reputation, and threats of physical violence, criminalization, or incarceration.

Safeguard Compliance and Accountability Framework for Investments Supported by Financial Intermediaries

I. Introduction

A. Overview

1. The financial sector has crosscutting impact on all sectors and economic activities. International financial institutions (IFIs) hold the view that their financial sector assistance has often contributed to private sector development and enhanced access to finance in developing member countries. Lending through financial intermediaries, such as commercial banks, private equity funds, or credit agencies, has surged in recent years.¹ According to a 2016 study by Oxfam International and other civil society organizations (CSOs), the International Finance Corporation (IFC) provided more than \$50 billion in lending through financial intermediaries in the 6 years before 2016.

2. The environmental and social risks and adverse impact of lending from the financial intermediary's portfolio depend on several factors such as contextual risk associated with the country and region where the financial intermediary operates, the specific environmental and social circumstances of individual activities carried out by its borrowers or investees, and the performance of the financial intermediary and its borrower in managing those risks. And while the tenor of financing influences the financial intermediary's leverage in applying environmental and social requirements (particularly within the loan period), it does not change the underlying environmental and social risks and impact of investments supported. For example, activities like support for the capital market, short-term financing, risk-sharing guarantees, investments in private equities, and on-lending through other second-tier financial intermediaries have environmental and social risk profiles and levels of influence different from those of traditional direct investments. These constraints are often heightened by factors such as lack of transparency, a profit-maximizing corporate culture, weak institutional capacity and commitment to managing environmental and social risks and impact, and the absence of an effective compliance and accountability mechanism framework.

¹ The term "financial intermediary" refers to a variety of financial institutions such as universal banks, investment banks, private equity funds, venture capital funds, microfinance institutions, and leasing and insurance companies. Non-bank financial intermediaries comprise a mixed bag of institutions, ranging from venture capital companies to various types of contractual savings and institutional investors like pension funds, insurance companies, and mutual funds.

3. Over 90 commercial banks, collectively covering about 70% of international project finance in emerging markets, have adopted a voluntary code of conduct and common environmental and social risk management framework for projects they finance. These Equator Principles have been lauded for integrating social and environmental assessment practices into project assessments. However, critics rightly point out that in order for the Equator Principles to contribute to sustainable development, fundamental implementation efforts must take place. A study by the United Nations Environment Programme (UNEP) confirms this view and suggests that the Equator Principles are adopted mainly for reputational risk management and do not have significant impact on the environmental and social sustainability of projects.

4. Financial intermediaries often fail to appreciate the fact that there is a business case for managing environmental and social risks and impact effectively as these arise. The costs of unresolved conflicts or disputes between companies and communities, workers, or other stakeholders can be significant, and may be overlooked or not identified as such. Studies have shown that several companies fail to factor in the costs of conflicts related to environmental and social risks. These costs can be variously categorized as stranded assets or investments that become obsolete, or higher investment costs due to regulatory, environmental, and market constraints, loss of productivity, reputational risks, increase in redress and insurance-related costs, reduced market capitalization, etc.²

B. Experience of International Financial Institutions

5. The experience of IFIs shows that independent accountability mechanisms often contribute to improved environmental and social outcomes and development effectiveness, and enhance a project's response to the concerns of project-affected persons (PAPs) by complementing the IFI's project supervision and monitoring efforts for project quality control.

6. A number of reviews by CSOs acknowledge that PAPs are generally better off than they would be without an accountability mechanism and there are several cases where project-affected people have received remedies. And, these reviews also point out that the outcomes

² Overseas Private Investment Corporation (OPIC). Costs and Risks Related to Unresolved Conflict. opic.gov; 2015 EY Global Institutional Investor Survey, in Tensie Whelan and Carly Fink. 2016. The Comprehensive Business Case for Sustainability. *Harvard Business Review*. 21 October; Daniel M. Franks, Rachel Davis, Anthony J. Bebbington, Saleem H. Ali, Deanna Kemp, and Martin Scurrah. 2014. Conflict Translates Environmental and Social Risks into Business Costs. *Proceedings of the National Academy of Sciences of the United States of America (PNAS)*. 12 May.

don't always provide adequate remedy for the harm experienced by persons affected by the project. The IFIs' own independent reviews, with a focus on lessons learned from having dealt previously with accountability mechanisms, have also identified several challenges in maintaining an effective and efficient accountability mechanism. The following discussion highlights IFI experience with accountability mechanisms and summarizes the findings from some of these reviews.

7. A 2012 study by the Independent Accountability Mechanisms Network³ examined 262 complaints from 72 countries. These complaints pertained to development projects in both the public and private sectors and the most common issues raised in these complaints concerned: (i) project due-diligence and supervision efforts; (ii) consultation and disclosure practices; and (iii) adverse socioeconomic impact on people and the environment.

8. The Compliance Advisor/Ombudsman (CAO) of the IFC audited 188 investments related to the IFC's 63 financial sector clients in 2013. The audit highlighted some of the challenges faced by the IFC and financial intermediaries in complying with the applicable environmental and social performance standards. The following recommendations from this audit give an overview of challenges faced by the IFC and its clients: (i) financial intermediaries need a tailored and detailed environmental and social management system (ESMS) to identify and manage environmental and social risks; (ii) the ESMS must be adequately resourced and have senior management commitment; (iii) financial intermediaries should work with clients to implement project-level grievance mechanisms; (iv) financial intermediaries should use independent third-party consultants to assess and monitor projects with complex environmental and social risks; and (v) financial intermediaries need an adequate framework for redressing the grievances of PAPs.

9. A 2014 study by the Independent Evaluation Department of the Asian Development Bank (ADB) reviewed over 60 projects of financial intermediaries approved from 2007 to 2012.⁴ The study raised the following three key issues:

- (i) Over half of the ESMSs reviewed lacked adequate due-diligence procedures related to screening and categorization, analysis of environmental and social risks and institutional capacity, monitoring, and reporting.

³ Independent Accountability Mechanisms Network. 2012. *Civil Society Engagement with the Independent Accountability Mechanisms: Analysis of Environmental and Social Issues and Trends*. [2012 IAM Network Report](#).

⁴ ADB. 2014. *Safeguards Operational Review: ADB Processes, Portfolio, Country Systems, and Financial Intermediaries*. Manila.

- (ii) The quality of safeguard monitoring reports from financial intermediaries was rather variable. According to the study, over half of the reports reviewed were not satisfactory. None of the reports from private sector projects supported through financial intermediaries were disclosed.
- (iii) ADB's due diligence related to an assessment of the environmental and social risks and impact of financial intermediary's portfolio, and improvements needed in safeguard implementation capacity.

10. BankTrack, a global network of CSOs in the financial sector, advocates the creation of an independent body within the Equator Principles Association to audit the performance of participating banks, and report on compliance as well as noncompliance. A recent research study by Inclusive Development International and Oxfam⁵ challenges five arguments that the IFC has put forward to justify limiting its responsibility for the environmental and social risks and impact of these investments.

11. Finally, a 2012 study by a group of CSOs⁶ identified the following five key issues: (i) the failure of IFIs to leverage positive changes in the environmental and social risk management practices of financial intermediaries; (ii) conflicting priorities, as financial intermediaries often make profit-motivated investment decisions; (iii) little or no transparency in sharing information about environmental and social risks, and poor grievance redress measures for PAPs; (iv) weak institutional capacity of financial intermediaries; and (v) inadequate due diligence by IFIs.

C. Compliance and Accountability Framework

12. For the reasons discussed above, an effective compliance and accountability framework is greatly needed among financial intermediaries to (i) ensure that the stated commitment and strategies they have adopted for environmental and social risk management do not remain on paper; (ii) provide access to persons who have been affected or are likely to be affected by the environmental and social risks and impact of investments or activities financed, so that the financial intermediaries can work toward a swift resolution of their grievances; and (iii) support institutional learning, to avoid recurrence of similar problems in future.

⁵ Inclusive Development International and Oxfam. 2016. *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable*. Briefing Note. October. [OXFAM and IDI Owning the Outcomes](#)

⁶ Oxfam and Center for International Environmental Law (CIEL). 2012. *Risky Business: Intermediary Lending and Development Finance*. https://www.ciel.org/wp-content/uploads/2015/06/RiskyBusiness_English_US.pdf.

13. Without clear accountability, organizations are more likely to lack the commitment necessary to adapt processes, realign strategies, and reassign resources to meet expectations.⁷ Good international practices like the Equator Principles and the environmental and social policies and standards set by IFIs are designed to strengthen the environmental and social outcomes and sustainability of individual investments, by avoiding risks and adverse impact on people and the environment, and by minimizing, mitigating, and managing adverse impact where avoidance is not possible.

14. The financial intermediary's accountability mechanism is a "last resort" for PAPs, except in cases where the financial intermediary receives financial support from an IFI. In such cases, the IFI's accountability mechanism becomes the last resort for the redress of complaints from PAPs. Irrespective of funding source, the implementing agencies and financial intermediaries must continue with their efforts to strengthen project design and implementation, including the project-level grievance redress mechanism, to avoid and minimize adverse impact on people and redress the legitimate concerns of PAPs as these arise.

15. Being 'accountable' means not only being responsible for actions but also being ultimately answerable for those actions taken (or not taken) and the resulting outcomes. The difference between responsibility and accountability is that while responsibility can be shared, no sharing is possible where accountability is concerned. These basics must be understood and kept in mind when designing a safeguard compliance and accountability framework for financial intermediaries.

16. Further discussion on the above is organized into two parts. The first part focuses on the required compliance with environmental and social safeguards applicable to the financial intermediary's portfolio. These compliance requirements will form the basis for ensuring that potential environmental and social risks and impacts of investments financed are managed satisfactorily, in accordance with good international practices. Appendix 1 gives a comparison of key features of environment and social standards applicable for FI operations supported by multilateral development banks/international financing Institutions (ADB, AIIB, EBRD, EIB, GCF, IBRD/IDA, and IFC). The second part focuses on developing a draft framework for determining institutional accountability for adverse impacts on people and the environment caused by

⁷ Quote from the Information Management Resource Centre, part of the Treasury Board of Canada Secretariat.

actions taken or not taken to ensure compliance with the requirements discussed in the first part. A comparison of key features of the independent accountability mechanisms of ADB, AIIB, EBRD, EIB, GCF, IBRD/IDA, and IFC is given in Appendix 2.

17. This proposed accountability framework is a generic framework relevant for all financial intermediaries, whether they receive funding from IFIs or not. As noted above, financial intermediaries supported by IFIs are subjected to additional requirements under each supporting IFI's own independent accountability mechanism.

II. Environmental and Social Safeguard Compliance Requirements

A. Applicable Environmental and Social Safeguard Requirements

18. Financial intermediaries operate in diverse markets—some in countries with robust environmental and social governance, legislation systems, and institutional capacity designed to protect their people and the natural environment; others in countries with evolving technical and institutional capacity to manage environmental and social issues. Financial intermediaries nonetheless have an obligation to ensure the environmental and social sustainability of projects they finance by applying adequate policies, systems, and procedures for assessing and monitoring the environmental and social risks and impact of activities, whether funded directly by them or through clients or sub-borrowers. Therefore, it is critical for financial intermediaries to adopt a detailed environmental and social management system (ESMS), including stakeholder consultation and disclosure requirement, to manage environmental and social risks. It is equally critical that the ESMS has senior management’s commitment and is adequately resourced for its effective implementation.

19. The Equator Principles,⁸ a financial industry benchmark for determining, assessing, and managing environmental and social risk in projects, recommend that any environmental and social assessment process must evaluate compliance with the following minimum applicable environmental and social standards:

- (i) For projects in designated countries,⁹ the assessment process evaluates compliance with relevant host-country laws and regulations that pertain to environmental and social issues, because they meet the requirements of the Equator Principles related to environmental or social assessments (#2), management systems and plans (#4), stakeholder engagement (#5), and grievance mechanisms (#6).
- (ii) For projects in non-designated countries, the assessment process evaluates compliance with the applicable IFC Performance Standards on Environmental and Social Sustainability (2012) and the World Bank Group’s Environmental, Health, and Safety Guidelines (2016).¹⁰

⁸ The Equator Principles, formally launched on 4 June 2003, are based on the IFC’s environmental and social policy frameworks, which in turn are based on good international practices. [Equator Principles](#).

⁹ “Designated countries” are those countries deemed to have robust environmental and social governance, legislation systems, and institutional capacity designed to protect their people and the natural environment.

¹⁰ [IFC EHS Guidelines](#) They are intended to be living documents and are occasionally updated.

20. In an IFI-assisted operation, financial intermediaries are required to comply with the relevant policies, standards, and procedures of the funding IFIs, in addition to the applicable national laws and regulations. The assessment identifies differences between these two sets of guidelines and ensures compliance with their stringent requirements.

21. As discussed in para. 4, it is advantageous for financial intermediaries to comply with good international environmental and social practices and standards (such as the Equator Principles), whether or not they receive financial support from IFIs. Because compliance with good international practices minimizes the financial costs of unresolved conflicts and avoids reputational risks. Therefore, it is crucial for the financial intermediaries to adopt and implement a robust environmental and social management system (ESMS), based on the key elements summarized below.

B. Compliance Requirements

22. **Screening and categorization.** The financial intermediary will review each of its proposed projects, early in the project cycle, to identify the potential environmental and social risks and impact associated with those projects and to determine the nature and level of the required environmental and social review and assessment, the type of information disclosure, and the process of stakeholder engagement for the projects.

23. The financial intermediary will classify the project into one of the four categories described below, taking into consideration its nature, location, sensitivity, and scale, and determine the applicable safeguard compliance requirements that are commensurate with the significance of the potential environmental and social risks and impact. As needed, it may also conduct a field-based review of the project to collect more information. The project's category will correspond to the category of the project component presenting the highest environmental and social risk, including direct, indirect, cumulative, and induced impact, as relevant, in the project area. In cases where environmental and social impact assessment (ESIA) work may already have been done for the project, the financial intermediary will review the past work and, in consultation with the client, determine potential adverse environment and social impacts; additional ESIA work if any required and agree on feasible options to implement them.

- (i) A **Category A** project is likely to have significant adverse environmental and social impact that is irreversible, cumulative, diverse, or unprecedented; may affect an area larger than the sites or facilities; and may be temporary or

permanent in nature. The financial intermediary will require the client to conduct an environmental and social impact assessment (ESIA) or equivalent assessment to look into the project's potential environmental and social impact, positive or adverse; compare it with the impact of feasible alternatives (including the "without project" situation); and design measures to avoid, minimize, mitigate, or compensate for adverse impacts, including the risk that project benefits may not be accessible to all people, particularly disadvantaged and vulnerable groups, and improve the environmental and social performance of the project. ^[L]_[SEP]

- (ii) A project is assigned to **Category B** if its potentially adverse environmental and social impact is likely to be limited and confined to the project area; is *not* unprecedented, irreversible, or cumulative; and can be successfully managed through good design and implementation practices. The financial intermediary, in consultation with the client, will determine the appropriate instrument (narrower in scope than the Category A ESIA) with which the client can assess the project's environmental and social risks and impact, on a case-by-case basis. The assessment, similar to that for a Category A project, will examine the project's potential negative and positive environmental and social impact and recommend measures needed to avoid, minimize, mitigate, or compensate for adverse impact and improve the environmental and social performance of the project.
- (iii) A **Category C** project is likely to have minimal or no adverse environmental and social risks and impact. While an environmental and social assessment is not required, the client must conduct a review of the environmental and social implications of the project. ^[L]_[SEP]
- (iv) A **Category FI** project involves the provision of funds to or through another financial intermediary (subordinate financial intermediary), with the financial intermediary delegating to the subordinate financial intermediary all decision making regarding the use of its funds, including the selection, appraisal, approval, and monitoring of subprojects funded. The financial intermediary will require the subordinate financial intermediary to screen and classify subprojects financed with funds from the financial intermediary as Category A, B, or C, using the criteria stated above; conduct relevant due-diligence reviews; and monitor the environmental and social risks and impact associated with the subprojects, all in a manner consistent with the financial intermediary's own environmental and social requirements.

24. **Environmental and social due diligence.** The financial intermediary will conduct environmental and social due diligence as an integral element of its appraisal of the proposed project, to support the process of deciding whether to finance the project or not. The environmental and social due-diligence process will be carried out in a manner that is appropriate to the nature and scale of the project; and proportional to the project's potential environmental and social risks and impact.

25. The due-diligence process may involve both field-based and desk review by the financial intermediary's environmental and social specialists, with possible supplemental work by independent consultants. Key objectives of the due diligence, which should be proportional to the potential environmental and social risks and impact, will be to determine whether the client or the project implementing agency (i) has identified all key environmental and social risks and impact and incorporated effective measures to avoid, mitigate, and manage these successfully; (ii) possesses the required institutional commitment and capacity to manage the project's environmental and social risks and impact satisfactorily, or has made arrangements to strengthen its capacity; and (iii) has engaged in meaningful consultations with the people affected by the project, shared all relevant information with them in a timely manner, and disclosed it in accordance with the process that was agreed on earlier with the financial intermediary.

26. The financial intermediary will also (i) assess whether the project can be implemented according to the financial intermediary's environmental and social standards and procedures; and (ii) allocate responsibility for implementing the required mitigation and monitoring measures, and consider the costs and timing of implementation. As part of the assessment, the financial intermediary will give special consideration to the following aspects: (i) the significance of gaps in information at the time of due diligence, the potential risks these omissions may present to complying with the environmental and social safeguard requirements, and supplemental measures that should be taken by the client to address the gaps; (ii) projects under construction or that have already been fully prepared and have received construction permits; and (iii) the need for external environmental and social experts to provide independent oversight and advise the client during the preparation and implementation of projects with potentially high or contentious environmental and social risks and impact.

27. **Environmental and social management plan.**¹¹ Once the client has identified the project's risks and impact through the environmental and social assessment, the financial intermediary will require the client to develop measures for managing and mitigating the impact and to include the measures in an environmental and social management plan (ESMP). To prepare the ESMP for the project, the financial intermediary will require the client to (i) identify the potential adverse impact; (ii) determine what is needed to ensure that the impact is addressed effectively and in a timely manner; (iii) describe how those requirements can be met; and (iv) disclose the draft ESMP and conduct meaningful consultations with PAPs on the draft ESMP, in the manner required of it.

28. If the project will rehabilitate, upgrade, expand, or privatize existing state-owned enterprises or facilities, the ESMP must focus on cost-effective remediation and management measures for the existing environmental and social problems, rather than the mitigation and monitoring of expected impact. The degree of detail and the complexity of the ESMP must be proportional to the risks and impact of the project. The ESMP and its related plans should contain a selected set of measurable outcomes and targets or performance indicators that can be monitored regularly by the client and reviewed by the financial intermediary.

29. For effective ESMP implementation, the client must (i) define individual mitigation and monitoring measures, performance indicators, an implementation schedule, estimates of the investment and recurrent costs of implementing the ESMP, and assigned institutional responsibilities; (ii) integrate these measures into the project's overall planning, design, budget, and implementation schedule; and (iii) where appropriate, provide for adaptive management to address issues that may arise during project implementation. If the client has inadequate capacity to implement the ESMP, the financial intermediary will require the client to include capacity-strengthening activities in the project.

30. **Grievance redress mechanism at the project level.** The financial intermediary will require the client to set up a grievance redress mechanism (GRM), scaled to the potential risks and impact, to receive and facilitate the resolution of the concerns or complaints of individuals who believe they have been adversely affected by the project's environmental and social impact. A well-designed GRM is expected to address these concerns and complaints promptly,

¹¹ The financial intermediary will require the client to prepare an environmental and social management planning framework, in lieu of an ESMP, if details of the project activities have not yet been identified (e.g., the zone of impact of activities or the precise siting alignments cannot be determined) by the time the project is approved by the financial intermediary.

by using an understandable and transparent process that is gender-sensitive, culturally appropriate, and readily accessible to all PAPs. A well-functioning GRM will (i) address concerns and complaints through a legitimate process, protect complainants from retaliation and allow them to remain anonymous at their request - one that enables trust from project-affected people; (ii) maintain a publicly accessible case register of complaints received, reports on grievance redress and outcomes reached, etc.; and (iii) enable people dissatisfied with the way the GRM addressed their concerns to contact the independent redress mechanism (IRM) at the financial intermediary level.

31. The project-level GRM may use or supplement existing formal or informal mechanisms if the financial intermediary confirms that these are properly designed, implemented, and suitable for the project.¹²

32. A well-functioning project-level GRM can provide an understanding of how well the project has complied with the financial intermediary's environmental and social requirements, especially if the environmental and social risks and impact are moderate and issues are less complex to deal with. However, GRMs are often poorly designed or implemented, and thus create mistrust and conflict between communities and the project executing agency. Finally, it must be noted that project-level GRM is not a substitute for an accountability mechanism at the institutional (financial intermediary) level, because the GRM cannot determine whether the financial intermediary has complied with its own environmental and social policies, standards, and procedures.

33. **Use of the country's and client's corporate systems.** The financial intermediary may decide to offer the client the option to use all or part of the country's or client's existing ESMS for all or part of the project if FI's review determines that

- (i) the project operates in one of the Equator Principles–designated countries (see footnote 9), or the relevant parts of the client's existing corporate ESMS can adequately address the environmental and social risks and impact of the project in a manner that is materially consistent with the objectives of the financial intermediary's own environmental and social safeguard standards (ADB' 2009

¹² A toolkit for project-level grievance mechanisms, published by the CAO, provides useful guidance for small and medium-sized companies in non-extractive sectors, which often lack hands-on tools for conceptualizing, designing, and managing project-level grievance mechanisms. Grievance Mechanism Toolkit interactive website: www.cao-grm.org.

Safeguard Policy Statement, page 24, para. 68, provides details of the process to determine material consistency); and

- (ii) the performance of the client's ESMS proposed for use and the client's capacity and ability to apply the system are acceptable and will contribute to achieving the project's desired environmental and social outcomes.

34. If the financial intermediary allows the client to use all or part of its own ESMS for one or more specific parts of the project, the financial intermediary, in consultation with the client, will identify specific actions, including time frames for their implementation, required to address any identified gaps in order to achieve the project's desired environmental and social outcomes. The financial intermediary will conduct this review in consultation with the client and the project stakeholders, and disclose its findings in a timely manner. The financial intermediary may also rely on reviews done by other financial institutions if it is satisfied with the quality of those reviews.

35. The client is required to notify the financial intermediary of any material change in its ESMS that may adversely affect the project. In such a case, if the latter determines that the change is likely to materially affect the desired environmental and social outcomes of the project, then it will require the client to take such other actions as the financial intermediary deems appropriate to address any potentially adverse environmental and social risks and impact. The financial intermediary may also apply any contractual remedies available to it under its financing agreement for the project.

36. **Information disclosure.** The financial intermediary will require the client to ensure that relevant information about the environmental and social risks and impact of the project is made available in the project area in a timely and accessible manner, and in a form and language(s) understandable to the PAPs, other stakeholders, and the general public, so they can provide meaningful input in project design and implementation. This documentation will include, as applicable, the environmental and social policy (ESP) and or environmental and social management systems (ESMS), the draft environmental and social assessment reports or other approved forms of documentation, and their final or updated versions.

37. To further enhance access to environmental and social information related to projects, in addition to the client's disclosure of such information, the financial intermediary will also disclose

on its website the client's documentation referred to above and its own reviews of the use of country and corporate systems. The financial intermediary may defer the disclosure of the above information because of legal or other regulatory requirements or the commercially sensitive nature of the information, where premature disclosure would compromise the financial worth or competitiveness of a corporate entity or its assets. It will also be important for financial intermediaries to develop their own information disclosure policy and procedures to share some basic information such as projects that are in the pipeline, projects approved, environmental category, project manager's contact information etc. Such details will help communities and project-affected people to engage with FIs in a proactive and precautionary manner without presenting a formal complaint to the IRM, which is supposed to be the last resort.

38. **Consultation.** The consultation will cover project design, potential adverse project impacts, mitigation, and monitoring measures; the sharing of development benefits and opportunities on a project-specific basis; and implementation issues. The financial intermediary will require the client to engage in meaningful consultation with stakeholders during the project's preparation and implementation phases, in a manner commensurate with the risks to, and impact on, those affected by the project. Consultation records will include the number of women and men who participated in each consultation; which stakeholder groups participated in the consultations (i.e., local government officials, local businesses, community-based organizations, civil society organizations, other interested community residents); the key issues raised during each consultation; and the actions taken in response to each issue raised.

39. Consultation is normally more elaborate for a Category A project than for a Category B project. For each project with significant adverse environmental and social impact, the financial intermediary may participate in consultation activities to understand the concerns of the affected persons and to ensure that the client addresses those concerns in the project's design and ESMS or environment and social management framework (ESMF), as applicable. The client is required to keep a record of the consultations held.

40. Since indigenous peoples may be particularly vulnerable to the loss of, alienation from, or exploitation of their land and access to natural and cultural resources, the financial intermediary will require the client, in accordance with accepted international practices, to engage suitably qualified and experienced independent experts to assist it in conducting free, prior, and informed consent (FPICon). This refers to a collective expression by the affected

Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for the project activities. Such broad community support may exist even if some individuals or groups object to the project activities.¹³

41. **Monitoring and reporting.** The financial intermediary will require the client to implement the project in compliance with the ESMP or the ESMF (or both) and to furnish the financial intermediary with periodic monitoring reports on the client's performance under the project, including subprojects implemented by subordinate financial intermediaries. The extent of monitoring activities, including their scope and periodicity, will correspond to the project's environmental and social risks and impact.

42. The monitoring responsibilities of the financial intermediary and the client are complementary but distinct. Specifically, the client must (i) establish and maintain appropriate procedures for monitoring progress in the implementation of the environmental and social measures agreed on with the financial intermediary; (ii) verify compliance with these specific measures and progress toward intended outcomes, and identify any needed corrective actions; and (iii) document and disclose the monitoring results. It is a good practice to ensure timely disclosure of monitoring results/reports in financial intermediary and client's websites and shared with stakeholders when requested.

43. While supervising and monitoring the implementation of measures addressing the environmental and social risks and impact of the project until completion, the financial intermediary will (i) review the periodic monitoring reports furnished by the client, to ascertain whether adverse risks and impact are being mitigated as planned and as against the client's obligations set forth in the legal agreement governing the project; (ii) advise the client on corrective measures needed to rectify any failure to comply with its environmental and social obligations; (iii) conduct comprehensive field-based reviews if the project has significant adverse environmental and social risks and impact; and (iv) prepare a completion report assessing whether the objective and desired outcomes of the project's environmental and social measures have been achieved.

¹³ For details on FPICon, please refer to [ADB SPS-IP Policy Requirements; WB ESS 7](#); and Asian Infrastructure Investment Bank (AIIB). 2019. *Environmental and Social Framework*. Annex, para. 61. Beijing. February. [AIIB ESF Feb 2019](#).

III. Accountability Requirements: Independent Redress Mechanism

A. Overview

44. When designing an accountability mechanism, the distinction between accountability and responsibility must be kept in mind – *‘while responsibility can be shared, no sharing is possible where accountability is concerned’*. It is also important to remember that a robust and well-functioning institutional-level accountability mechanism offers several benefits to both the financial intermediaries and the communities. For example, an accountability mechanism can: (a) offer a neutral forum to communities through which they can express their concerns and grievances without fear of retaliation or reprisal and seek remedy for harm that the project has caused; (b) address concerns of project-affected people and communities in an efficient and effective manner and to resolve disputes as they arise, before they become widespread grievances that require expensive, time-consuming remediation measures; and (c) provide an opportunity to learn from the problems/cases by identifying weaknesses in project’s design and implementation, safeguard policies, procedures and systems and help in preventing recurrence of similar problems in future projects. In summary, a credible mechanism can become an efficient and effective tool to resolve disputes and complaints as they arise, to the benefit of project-affected people and the financial intermediaries. It also provides an opportunity to demonstrate financial intermediary’s commitment to sustainable project outcomes for its shareholders as well as for the communities that are affected by their projects.

45. In addition to the above, accountability mechanism provides a more accessible, flexible, collaborative and less expensive approach for project-affected people to seek redress for their grievances, compared to formal judicial systems. Because, communities are either reluctant or face barriers to access local judicial systems for reasons like: laws are often inadequate and or protect institutions over people and the environment; some institutions, particularly international financing institutions, are protected by immunity from lawsuits; and where legal protections do exist, barriers include high costs of litigation, lengthy delays, potential discrimination against vulnerable groups, language barriers.

46. The following principles are fundamental to an effective IRM: (i) preventing harm and providing remedy to project affected people; (ii) ensuring institutional accountability; (iii)

expectations are predefined and understood by all concerned; (iv) decision making is rational and informed by evidence; (v) the staff embrace feedback and criticism, which they view as a different perspective on their performance that gives them an opportunity to improve; (vi) responsibility, not just for meeting performance expectations but also for achieving the intended outcomes, is accepted; and (vii) continuous improvement is institutionalized. A learning organization is the cornerstone of high performance and effective performance management.

47. The guidance below, adapted from the accountability mechanism policies of several IFIs¹⁴ and drawn from their rich experience in applying these policies, is meant to assist financial intermediaries in developing an effective IRM that is scaled to potential environmental and social risks and impact from its portfolio of investments. The Accountability Resource Guide¹⁵ published by the Accountability Counsel is a useful resource for an overview of these international accountability mechanisms and for information about what accountability mechanisms are, how they function, how a complaint is filed, etc. The following discussion covers some of the essential elements of designing an effective IRM.

B. Objectives and Guiding Principles

48. An IRM is intended to provide an independent and effective forum where people adversely affected or likely to be affected by investments financed by a financial intermediary can voice their concerns and seek solutions. They may also request a compliance review of allegations of noncompliance by the financial intermediary with its stated commitment to, and policies for, managing the environmental and social risks and impact from its investment financing.

49. To be effective and efficient, an IRM must:

- (i) be independent¹⁶ and transparent, and fair and equitable¹⁷ to all stakeholders; 

¹⁴ Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Green Climate Fund (GCF), Inter-American Development Bank (IADB), International Finance Corporation (IFC), and World Bank.

¹⁵ Accountability Counsel. 2015. *Accountability Resource Guide: Tools for Redressing Human Rights & Environmental Abuses in International Finance and Development*. 8th ed. <https://www.accountabilitycounsel.org/accountability-resources/guides/>.

¹⁶ The independence of IRM, particularly their independence from IFI management structures, is fundamental to their effectiveness. For an IRM to work, all parties (project-affected peoples, project staff, potential whistleblowers, FI clients/borrowers, the media, activists) must trust that the IRM is not constrained or influenced by reporting relationships, control of budgets, and the like.

¹⁷ Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms. As defined by the United Nations' *Guiding Principles on Business and Human Rights* ("Guiding Principles").

- (ii) respond to the concerns of people affected by the investments financed;
- (iii) deliver just redress effectively and expeditiously;
- (iv) complement their supervision, audit, quality control, and evaluation efforts with a meaningful contribution to environmental and social sustainability¹⁸ and the quality of investments financed; and
- (v) have senior management's strong commitment and adequate resources, budget to carry out its tasks.

C. IRM Roles and Functions

50. The IRM's main role is to try to resolve the legitimate grievances or complaints of people affected or likely to be affected by a project funded by a financial intermediary, through any one of the following complementary functions:

- (i) dispute resolution services (DRS), to attempt to resolve the concerns through problem solving process that is guided by fairness, legitimacy and trust;
- (ii) compliance review, to investigate compliance with the applicable environmental and social risk management commitments of the financial intermediary;
- (iii) monitoring and reporting back to the board on the implementation status of the agreements reached through the DRS problem-solving process, as well as of the decisions made by the board on the IRM's recommendations and the remedial action plans prepared by the management to bring the project into compliance with the applicable environmental and social policies and standards;
- (iv) advisory function, to share with the board and with the CEO or president and senior management of the financial intermediary the lessons learned through its DRS and compliance review functions related to broader environmental and social policies, guidelines, procedures, and strategic and systemic issues, with the aim of promoting systemic improvements in environmental and social risk management; and
- (v) outreach function, to raise awareness and provide information on IRM to stakeholders, including potentially project-affected people, FI's operational staff, and civil society organizations.

¹⁸ As stated in Para 20, the financial intermediaries are encouraged to adopt a robust ESMS, based on good international practices.

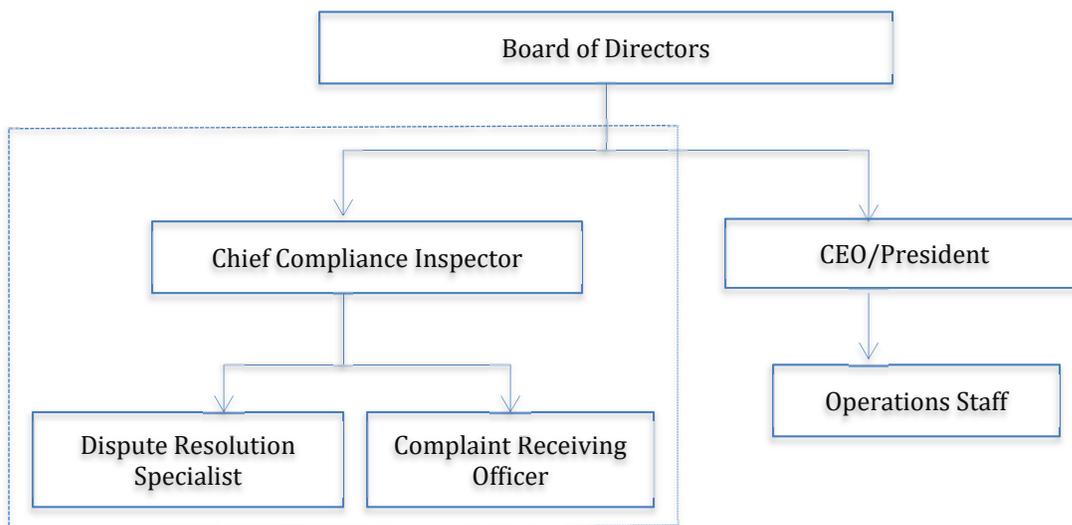
D. Complaint-Handling Governance and Management Structure and Process

51. For the IRM to discharge its DRS and compliance review functions in accordance with the above stated guiding principles, the financial intermediary first needs to define an appropriate governance structure, processes, and procedures. Experience indicates that for IRM to be transparent, fair and equitable to all stakeholders, an independent head (e.g., chief compliance inspector), appointed by the board at the recommendation of the CEO or the president, must manage it.

52. The IRM office can either be a stand-alone office or be part of the financial intermediary's other compliance functions like financial audit, project evaluation, or risk management. However, regardless of location, the IRM must remain an independent, transparent, credible, accessible, and equitable means of addressing the grievances and complaints of the PAPs in a flexible and predictable manner.

53. A possible governance structure for an IRM secretariat within the financial intermediary is shown in Figure 1 and described in paragraphs 52 and 53, together with the key roles and responsibilities of the Chief Compliance Inspector (CCI) and his/her staff. The final structure will, however, depend on the size and nature of the financial intermediary's portfolio and the potential environmental and social risks and impact of the investments it finances.

Figure 1: Sample Governance Structure for the IRM Secretariat in a Financial Intermediary



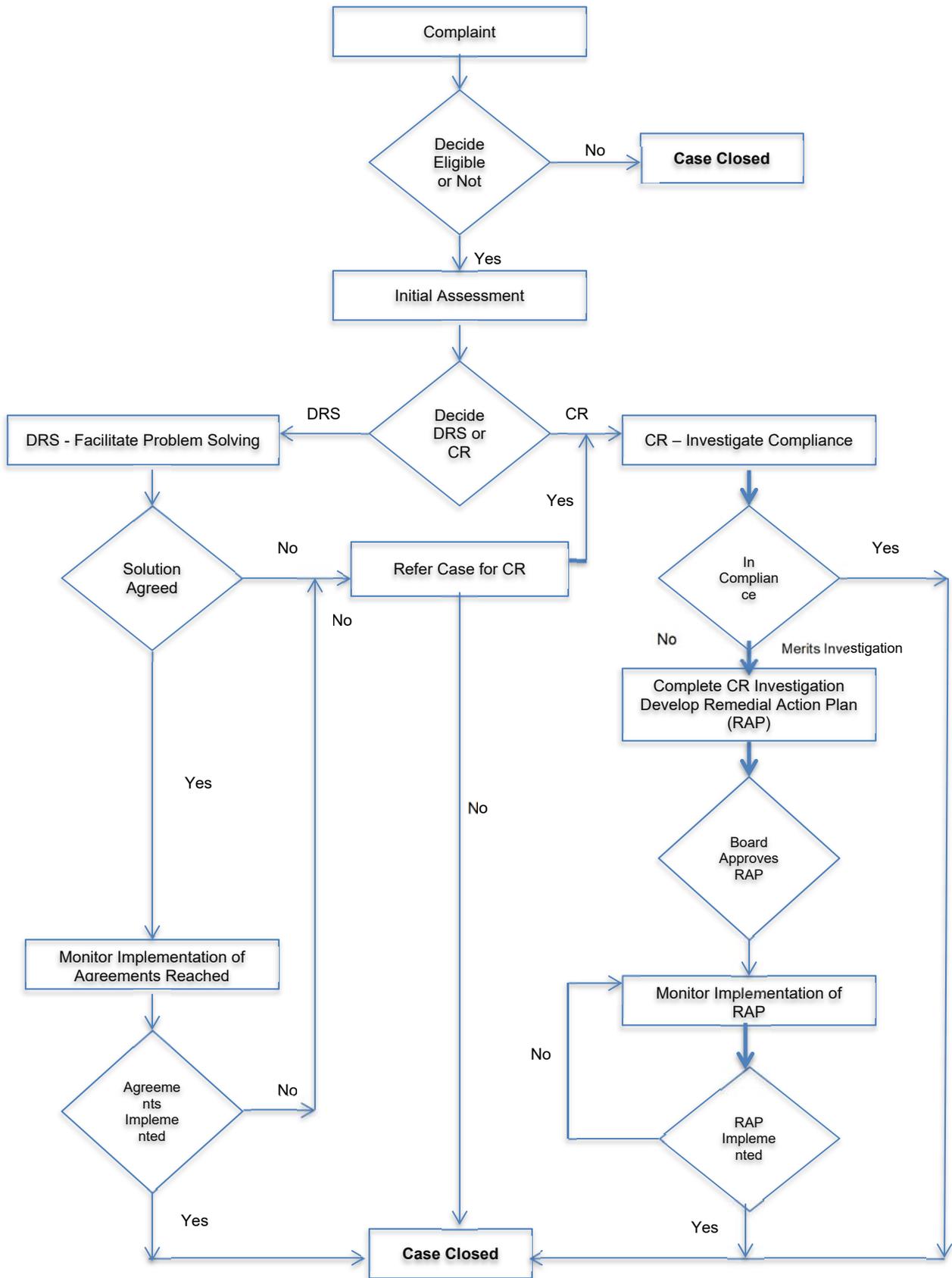
CEO: Chief Executive Officer; IRM: Independent Redress Mechanism

54. The IRM structure suggested above has the following key features:
- (i) A lean structure, led by a chief compliance inspector (CCI), who will be appointed by the board at the recommendation of the CEO or president.
 - (ii) The CCI will be responsible for managing all three functions—DRS, compliance review, and advisory.
 - (iii) The CCI will either report to the board and keep the CEO or president informed, or report to the CEO or president and keep the board informed. Whichever option is chosen, the CCI must remain independent and have the authority and freedom to follow through on the guiding principles stated in para. 46 above.
 - (iv) The CCI will submit semiannual reports to the board summarizing its activities and distilling lessons learned from its dispute resolution and compliance review cases to improve the financial intermediary's operational policies and the environmental and social performance of its portfolio.
 - (v) The IRM secretariat will have two staff members—a dispute resolution specialist and a complaint-receiving officer (CRO), who will be recruited by the CCI in accordance with the human resource policy of the financial intermediary. Depending on the nature, size, and diversity of the investment portfolio and the potential environmental and social risks and impact, the IRM secretariat may employ a full-time dispute resolution specialist or the CCI may instead recruit part-time consultants as and when needed.
 - (vi) The CCI will have complete authority to recruit subject matter specialists and independent consultants as needed, on a case-by-case basis.

55. To maintain credibility and ensure objectivity and neutrality, the CCI will be an external candidate or a former employee who has not worked with the financial intermediary in any capacity for at least 3 years before his or her appointment. The CCI will be appointed for an initial period of 3 years, extendable by up to 2 more years. At the end of his or her tenure, the CCI will not be eligible to work with the financial intermediary in any capacity. Draft terms of reference for the CCI, the dispute resolution specialist, and the CRO are given in Appendix 3.

56. The various steps involved in processing complaints from PAPs are shown in Figure 2 and discussed in detail below.

Figure 2: Process of Handling Complaints



E. Submission of a Complaint

57. A complaint can be submitted to the IRM by either of the following:
- (i) an individual or a group of individuals or a community affected or likely to be affected by a project funded by the financial intermediary; or
 - (ii) an in-country representative¹⁹ duly authorized by the complainant(s) to submit the complaint on behalf of those affected or likely to be affected by a project funded by the financial intermediary. In such cases, the IRM will facilitate the direct involvement of the complainant(s) as the person(s) affected or likely to be affected by the adverse impact of the project.
58. There are no formal requirements for filing a complaint. However, all complaints filed must include the following information either at the time of filing or provided/clarified during initial communications with the IRM: (i) the name and complete contact information of the complainant(s); (ii) information about the investment that has caused or may cause adverse impact, and its effect on the complainant(s); (iii) evidence of authorization, if the complaint is being filed on behalf of the complainant(s); and (iv) an indication of whether the complainant requests confidentiality.
59. The complainant may also wish to provide a summary of the allegations of noncompliance; state whether efforts have been made to gain access to the project-level GRM or to the management of the financial intermediary to resolve the issues raised; and include additional relevant information (e.g., documents, media reports, photographs, videos) that might assist or facilitate the processing of the complaints by the IRM. A sample request form for the submission of grievances or complaints by PAPs or their representatives can be found in Appendix 4.
60. A complaint can be submitted in any language and through any means such as an online complaint form, mail, e-mail, voice or video recording, or a call to a toll-free hotline designated for that purpose by the IRM. The CRO will acknowledge the receipt of the complaint and publish it on the IRM website. While processing the complaint, the IRM will ensure confidentiality to the complainant at the request of the latter.

¹⁹ In exceptional situations, when in-country representation is unavailable, the complainant(s) may designate an individual or organization representative outside of the country as their representative to submit a complaint.

F. Eligibility Determination of Complaints

61. After acknowledging the receipt of a complaint, the IRM will review the details received to determine whether the complaint meets all of the following eligibility criteria:

- (i) The complaint pertains to a project or investment activity that the financial intermediary is currently supporting or is actively considering supporting;
- (ii) The issues or grievances raised in the complaint pertain to environmental and social risks and impact; and
- (iii) The complaint is from an individual(s) or community affected or likely to be affected by the environmental or social impact mentioned in the complaint.

62. The IRM will determine that the complaint is ineligible if it is:

- (i) based on a malicious, frivolous, or fraudulent grievance;
- (ii) put forward to gain competitive advantage;
- (iii) related to administration, human resources, or procurement issues;
- (iv) submitted anonymously; or
- (v) pertains to matters already decided by the IRM, unless the complainant has presented new material information or evidence that was not available when the matter was previously considered.

63. During the eligibility determination phase, the IRM will allow the complainant to provide further information to meet the eligibility criteria. The eligibility determination by the IRM is a matter of procedure and does not represent a judgment on the merits or the substance of the complaint. The IRM will inform the complainant of its eligibility determination, including the reasons for it.

64. If the IRM finds the complaint ineligible according to the criteria listed in para. 61, it will take no further action concerning the complaint and will inform the board and the president or the CEO accordingly. The IRM will publish its eligibility determination decision on the IRM website, after redacting the information as appropriate to respect any request for confidentiality.

G. Initial Assessment

65. Once the IRM finds a complaint eligible, it will conduct an initial assessment to collect relevant facts and to get a better understanding of the issues and concerns or grievances cited

in the complaint. This will involve engaging the complainant, the clients, and other stakeholders, as well as making site visits as needed. The IRM will familiarize the complainant with the key differences between the DRS and compliance review functions, and with the pros and cons of choosing one over the other, and assist the complainant makes an informed decision between the two options.

66. The IRM may, where appropriate, offer the use of its DRS to solve the problems or issues raised by the complainant, in consultation with the latter and other key stakeholders of the project. Such a consultation is essential because the DRS is a voluntary function and the participation of everyone concerned is important for developing practical and implementable solutions. If the complainant declines problem solving or DRS, or if problem solving becomes impractical because it is declined by any of the stakeholders, the IRM will offer compliance review services to the complaint and publish its decisions on the IRM website.

H. Dispute Resolution Services (Problem Solving)

67. Problem solving is a voluntary process focused on addressing the concern that gave rise to the complaint in a way that meets the interests of the complainant and other stakeholders, and is mutually satisfactory. The process seeks to identify constructive actions to find solutions to problems raised and not to assign culpability.

68. Problem-solving processes vary in duration, depending on the nature, complexity, and scope of the issues, and other factors. The IRM will work with the parties involved to set up a reasonable timetable for the process, and will strive to assist the parties in finding expeditious solutions to the concerns raised.

69. If the IRM decides that progress is rationally no longer possible, the IRM may terminate the process in consultation with the parties and after providing written notification.

70. As needed, the IRM will recruit dispute resolution specialists as consultants to lead the problem-solving process. Methods that may be used in the process include: (i) consultative dialogue; (ii) information sharing with the parties; (iii) joint fact-finding; and (iv) mediation by a neutral third party appointed by the IRM. ^[1]_{SEP}

71. The outcome of successful problem solving will be reflected in a written agreement or a series of written agreements, as appropriate, between most or all of the parties to the problem-solving process. The parties to the agreement will implement the agreed actions, as appropriate.

72. Agreements reached through problem solving, including their contents, will be recorded in the IRM register and published on the IRM website with the consent of all concerned. In the absence of consent, the IRM will record only the final result of problem solving and publish a notification of the agreement entered into. ⁽¹⁾_(SEP)

73. When reaching an agreement through problem solving, the parties to the agreement will ensure that the agreement does not violate the operational policies of the financial intermediary, including its environmental and social standards, the host country's domestic laws, and international commitments under bilateral or international treaties or agreements to which the country is a party. ⁽¹⁾_(SEP)

74. If problem solving does not result in an agreement, or is wholly or partly unsuccessful, the portion of the complaint that remains unaddressed will be referred for compliance review and the IRM website will be updated accordingly.

I. Compliance Review

⁽¹⁾_(SEP)

75. When conducting a compliance review, the IRM will focus on examining whether or not the project funded by the financial intermediary has complied with its (and host country's) applicable environmental and social policies, standards, and procedures, and whether any noncompliance found has caused or may cause adverse impact on the complainant.

76. Within 14 calendar days of the referral of a complaint for compliance review, the IRM will send the complaint to the president of the financial intermediary, with a copy to its board, requesting a management response within 21 calendar days of the submission of the request. The complaint will be redacted as necessary to respect any agreed confidentiality arrangements, and will be submitted together with information about noncompliance with the environmental and social policies and procedures of the financial intermediary, as provided by the complainant or identified by the IRM.

77. The management response will contain information related to (i) the allegations of noncompliance that are the subject of the complaint; (ii) steps taken to ensure compliance with applicable environmental and social standards and procedures, including those identified by the complainant or the IRM; and (iii) any remedial actions that the management may have taken or intends to take to ensure compliance with such policies or procedures, as appropriate. ^[L]_[SEP]

78. Within 21 calendar days of the receipt of such response, the IRM will carry out a compliance appraisal to determine whether there is evidence that the complainant has been affected or may be affected by adverse impact resulting from noncompliance with the applicable environmental and social standards and procedures.

79. The IRM will share its compliance appraisal report, including a suggested scope for consideration by the board, with the complainant and with the board and the president/CEO of the financial intermediary, and will publish the report on the IRM website within 5 calendar days.

^[L]_[SEP]

80. If the appraisal finds evidence of adverse impact or noncompliance with the environmental and social standards and procedures of the financial intermediary, the IRM will commence a detailed compliance investigation within the scope approved by the board. If, on the other hand, no evidence of adverse impact or noncompliance is found, the IRM will close the case, notify the complainant, and publish the appraisal report on the IRM website.

81. The compliance review will typically be based on a review of documents, interviews with stakeholders, expert opinion, and observation of activities and conditions through site visits or other appropriate means. The verification of evidence is an important part of the compliance review process. The IRM is responsible for managing the process, determining the knowledge and skills required for compliance review investigations, and hiring specialists with appropriate expertise. While the IRM may seek clarification during the investigation, it will not agree to an expansion of the scope identified in the appraisal report and approved by the board.

82. After the compliance review, the IRM will prepare a draft compliance review report, typically including the following:

- (i) a summary of the grievance or complaint, and the issues raised; ^[L]_[SEP]
- (ii) a summary of the response from the management; ^[L]_[SEP]
- (iii) a summary of the applicable environmental and social standards and

procedures; [L]
[SEP]

- (iv) a description of the procedures and investigative methods followed by the IRM;
- (v) a summary and evaluation of the relevant evidence; [L]
[SEP]
- (vi) the IRM's findings on the issues raised in the complaint; [L]
[SEP]
- (vii) recommended remedial actions, as appropriate; and [L]
[SEP]
- (viii) lessons learned and recommendations for future projects, as appropriate.

83. The IRM will share its draft compliance review report with the complainant and the management of the financial intermediary for their comments, if any, to be provided within 21 calendar days of the receipt of the report. The main reason for sharing the draft report is to seek feedback on statements of fact and factual findings, and on the recommendations, in the report.

84. The IRM will take the feedback received into consideration and submit a final compliance review report with its findings and recommendations, if any, for consideration by the board. The board will consider the findings and recommendations in the final compliance review report and may ask the management to implement the recommendations of the IRM. The management will prepare a remedial action plan, if non-compliance was identified and concrete remedial actions are needed to bring the project back into compliance.

85. The time required for the IRM's compliance investigation will vary depending on the nature, complexity, and scope of the project, and the alleged adverse impact and noncompliance. However, the investigation should ordinarily be completed within 6 months of the publication of the IRM's compliance appraisal report on its website.

86. The IRM will share the final compliance review report with the complainant and disclose it on its website within 10 calendar days after receiving the board's decision. There will be no right of appeal or review by the complainant or anyone else regarding the final compliance review report submitted by the IRM to the board or any decisions taken by the board.

J. Remedial Action Plan

87. The management will develop a draft remedial action plan (RAP), *if needed*, in consultation with the client (and the project-executing agency, if needed) and the IRM, to bring the project into compliance with the environmental and social policies, standards, and

procedures of the financial intermediary, or to provide redress as set out in the board's decision, and will have the plan approved by the CEO or the president. The management is encouraged to consult with the complainants while preparing the RAP. The approved RAP will be shared with the board and the complainant, and disclosed on the IRM website.

88. The management will require the client to implement the relevant remedial actions under the approved RAP and within its control.

K. Monitoring

89. The IRM will monitor the implementation of (i) agreements reached through DRS; (ii) the final RAP, approved by the CEO or the President; and (iii) any decisions made by the board regarding the IRM's recommendations. It will report to the board on the status of implementation, and on its observations and findings related to the progress in bringing the project into compliance with the environmental and social standards and procedures of the financial intermediary.

90. The monitoring methods used may include: (i) consultations with the complainant, the management, and stakeholders; (ii) a review of documents; (iii) access to expert opinion; and (iv) site visits.

91. Unless the board or the IRM specifies a different timeline, the IRM will submit yearly monitoring reports to the board and make these public through its website within 5 calendar days of submission to the board. The monitoring time frame will be project-specific and will not exceed 3 years, unless extended by the Board. [SEP]

92. At the end of the monitoring period, the last monitoring report submitted by the IRM will bring the DRS or compliance review process to an end.

L. Retaliation Risk

93. The IRM will provide confidentiality to a complainant or a representative who requests it. The complainant, the witnesses, and others associated with a complaint being processed by the IRM may face risks of retaliation. In such cases, the IRM will strive to minimize those risks in relation to the implementation of its functions while recognizing that there are limits to its ability

to protect those who face such risks. The IRM will take all possible steps within its means to protect the complainant, the witnesses, and other parties involved from retaliation for their participation in a complaint processed by the IRM. Inter-American Development Bank's 2019 publication: *"Guide for Independent Accountability Mechanisms on Measures to Address the Risk of Reprisals in Complaint Management: A Practical Toolkit"* provides useful guidance on this matter. [IDB Guide for IAMs on Reprisals](#)

94. The IRM will not purport to replace national or international judicial bodies, protective services, and law enforcement agencies, whose functions include protecting the public in such situations.

M. Site Visits

95. Site visits are an essential part of collecting facts and evidence for a compliance review. If a site visit is declined, or if the IRM is hindered from gathering information for a compliance review, the IRM may make findings of fact based on the best available information or evidence, and draw appropriate inferences in completing its work. Financial intermediaries are encouraged to include access to project sites by IRM to carry out its functions (if needed), as one of the clauses in the financial or legal agreement governing the project.

N. Information Disclosure

96. The IRM will ensure the timely disclosure of the following documents on its website and to the complainants, preferably in a language and form they may understand:

- (i) Complaint submission process:
 - (a) complaint registration, copy of complaints after redacting to ensure confidentiality;
 - (b) eligibility determination report; and
 - (c) decision to proceed with DRS or compliance review.
- (ii) DRS process:
 - (a) IRM report on agreements reached; and
 - (b) IRM monitoring and conclusion reports.
- (iii) Compliance review process:
 - (a) final compliance review report, approved by the board;
 - (b) remedial action plan drawn up by the management; and

(c) IRM monitoring and conclusion reports.

O. Advisory Function

97. The independent redress mechanism, through its dispute resolution and compliance review functions, has a huge opportunity for continuous institutional learning. Therefore, IRM' advisory function can play an invaluable role in identifying gaps in policies and practices in managing environmental and social risks and impacts and in analyzing systemic issues to mitigate recurrence of non-compliance and harm to people and environment by future projects. Based on the current practices of ADB's and other MDB's AMs, advisory function can, for instance: (a) include a lessons learnt section at the end of its compliance review and dispute resolution reports to the Board (or CEO/President); (b) publish reports on emerging lessons – highlighting systemic issues; and (c) facilitate semi-annual dialogue or meeting between the IRM and the senior Management/Board of the institution; and (d) periodically share lessons learnt with the operational project staff of the institution.

P. Guidebook

98. Financial intermediaries are encouraged to develop a guidebook to describe the operational guidelines and procedures to be followed for effective implementation of the IRM. Another purpose of such a guidebook is to explain in detail the various provisions and principles discussed above and improve one's understanding of the IRM. This guidebook will also be useful as a training and outreach material for the financial intermediary operational staff, its clients, project-affected people and their representatives and civil society organizations.

APPENDIXES

Appendix 1

Comparison of Key Features of ES Standards Applicable for FI Operations supported by ADB, AIIB, EBRD, EIB, GCF, IBRD/IDA, & IFC²⁰

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Name of ES Policy	Safeguard Policy Statement (SPS) June 2009	Environmental and Social Framework (ESF) February 2019	Environmental and Social Policy (ESP) May 2014; Public Information Policy May 2014	Environmental and Social Standards (ESS) October 2018	ESMS: Environment and Social Policy (ESP) March 2018	Sustainability Framework consisting of (a) Policy on Environmental and Social Sustainability; (b) Performance Standards; and (c) Access to Information Policy(2018)	Environmental and Social Framework (ESF) October 2018
Specific ES Requirements for FI operations	Yes. SPS paragraphs 65, 66 and 67 deal with FI project requirements.	Yes. Para 24 of ESF deals with FI project requirements.	Yes. Performance Requirement # 9 is exclusively for FI operations.	Yes.	Yes. FI projects are classified separately similar to other investments.	Yes. Para 32 to 37 of the Policy on ESS sustainability specify requirements for <i>investments through Financial Intermediaries</i> .	Yes. FI project requirements are covered by the ES Standard 9
Key Requirements for FI Lending Operations							
Screening and Categorization	Yes, A proposed project is classified as category FI if it involves investment of ADB funds to or through a FI.	Yes, A proposed project is classified as category FI if it involves investment of AIIB funds to or through a FI.	A project will be categorized as "FI" if the financing structure involves the provision of funds through financial intermediaries (FI) whereby the FI undertakes the task of sub-project appraisal and monitoring. The objective of PR 9 is to enable the FIs to manage ES risks associated with their business activities and to promote good environmental and social business practices among their clients	For projects located in the EU, the promoter will apply the classification provided by the Annexes (I and II) of the EU EIA Directive and criteria qualifying for a social assessment (EIB Standards 6 to 9). For projects outside of the EU, the promoter shall be consistent with the classification provided by EU legislation, as well as the national environmental and social legislation and applicable international best practice.	Yes, Investments through FIs or delivery mechanisms involving fin. intermediation are divided into the following three levels of risk: High level of intermediation (I1); Medium level of intermediation (I2); and Low level of intermediation (I3).	Yes, Investments in FIs or through delivery mechanisms involving financial intermediation are classified as FI operations. This category is further divided into: FI-1, FI-2, and FI-3 based on their potential ES risks and impacts (Policy on Sustainability Para 40)	All projects, including FI projects, are classified into one of four classifications: <i>High Risk, Substantial Risk, Moderate Risk or Low Risk</i> .

²⁰ The following abridged information were extracted from publicly available documents and may not be accurate or fully reflect the actual practices or procedures

Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Environmental and Social Due Diligence	SPS paragraphs 65, 66 and 67 deal with due diligence for FI projects.	Para 24 of ESF deals with due diligence requirements for FI projects.	EBRD will conduct due diligence on the FI and its portfolio to assess: (i) the FI's existing environmental and social policies and procedures and its capacity to implement them, (ii) E&S issues associated with the FI's existing and likely future portfolio, and (iii) measures necessary to strengthen the FI's existing environmental and social safeguard system. PR # 9 on FIs describes ES due diligence requirements for subprojects financed by FIs with support from the EBRD.	The compliance of projects financed through intermediaries with EU Directives / national legislation, as applicable, and with the EIB's Statement, is addressed by the EIB ex-ante in the context of the appraisal of each financial intermediary. Secondly, the Finance Contract signed between the intermediary and EIB, includes contractual clauses by which final beneficiaries must comply with all the relevant laws and regulations and, if applicable, with the Community <i>acquis</i> .	Due diligence requirements spelt out in paragraphs 36, 37 and 38 apply to FI investments. If the accredited entities are acting in an intermediary function, they will require that the executing entities undertake the same level of due diligence on component subprojects to fulfill the requirements described in this section and will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.	The Interpretation Note on Financial Intermediaries (FIs) clarifies how IFC's Sustainability Policy applies to FIs; explains how IFC's E&S requirements that flow from the Sustainability Policy and Performance Standards apply to the activities/operations of FIs; guides FIs in making necessary adjustments and enhancements in their operations to help them meet these requirements; and provides guidance to FI clients on reporting to IFC.	ES Standard 9 on FIs describes ES due diligence requirements for subprojects financed by FIs with support from the World Bank.
Environmental and Social Management System (ESMS)	Category 'A' and 'B' FI projects will be required to have in place or establish an appropriate environmental and social management system (ESMS) to be maintained as part of their overall management system to meet national laws and/or ADB's requirements for FI projects.	There is no specific requirement for FIs to develop an ESMS. But the AiIB conducts due diligence to assess whether the FI is in a position to apply the requirements of the ESF to the Bank-financed subprojects and identifies measures necessary to strengthen the FI's existing ES policies and procedures and its capacity to implement them.	The FI is required to put in place a clearly defined ESMS, including an environmental and social policy and environmental and social procedures commensurate with the nature of the FI, the level of environmental and social risks associated with its business activities, and the type of the project and subprojects.	The promoter(s) including FIs, are required to put in place an ESMS outlining the set of management processes and procedures, such as human resources management, environmental management and occupational health and safety management, that allow the promoter to identify, avoid, minimize, mitigate and offset or remedy any environmental and social impacts of the operation.	Accredited entities to establish & implement their ESMS pursuant to the ESP. If the entities have been accredited to have an intermediary function, their ESMS will include the procedures & resources to conduct due diligence and oversight over executing entities and ensuring that the executing entities have the capacity and ESMS to fulfill the activity-level requirements (Para 11 and Section 6.2)	FIs are expected to develop and maintain sound E&S management practices through implementing an environmental and social management system (an ESMS) that is commensurate with the E&S risk profile of the portfolio supported by IFC financing. The Interpretation Note on Financial Intermediaries (FIs) clarifies requirements of ESMS.	Yes, FIs are required to prepare ESMS and ESS 9 provides details. Where FI subprojects are likely to have minimal or no adverse environmental or social risks or impacts, the FI will apply national law.
Grievance Redress Mechanism	Requires that the borrower/client establish and maintain	Requires the client to establish a suitable grievance mechanism	For all projects, including FI projects, that are likely to have	The promoter to ensure that a grievance mechanism is	If the accredited entities are acting in an intermediary	Clients of FIs that are required to apply Performance Standards	Yes.

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
(GRM) at the Project Level	a GRM to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's/client's social and environmental performance at project level.	to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the Project's environmental or social impacts, and to inform Project-affected people of its availability.	adverse environmental or social impacts and issues, the client will develop and implement a Stakeholder Engagement Plan (SEP), which will outline how communication with identified stakeholders will be handled throughout project preparation and implementation, including the grievance procedure envisaged. The client will need to respond to stakeholders' concerns related to the project in a timely manner. For this purpose, the client will establish an effective grievance mechanism, process or procedure to receive and facilitate resolution of stakeholders' concerns and grievances, in particular,	introduced at project level, irrespective of other complementary linkages or access to existing public grievance channels in the country concerned. Such a mechanism is to be introduced by the at the very outset of project design and possess a life-span similar to that of the operation, whilst it should be open to serve all interested parties bearing concerns that arise out of the project's scope.	function, the accredited entities will require the executing entities to fulfill the activity-level grievance mechanism requirements while maintaining responsibility for its own grievance redress mechanism and will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled. (Section 7.3)	should develop grievance mechanisms commensurate with the level of E&S risks and impacts associated with their operations. The GN for Performance Standard 1, (paragraphs 108–111) provide more specific guidance on these requirements.	GRM requirements are spelt out in the ESS10: "Stakeholder engagement and information disclosure" which applies to all projects, including FI projects.
Use of Country and Client's Corporate Systems	ADB is committed to supporting the strengthening and effective application of the DMCs' country safeguard systems (CSS) and para 68 of SPS elaborates its overall strategy for strengthening and using CSS.	The AIIB may, if requested, decide to offer the Client (whether public or private) the option to use all or part of the Client's existing environmental and social management system for all or part of the Project, on the basis of criteria specified in the ESF paragraphs 52 to 56.	The ESP has no specific reference or description of a process to use or to determine the use of country and or client's own corporate systems.	The ESS has no specific reference or description of a process to use or to determine the use of country and or promoter's own corporate systems.	The ESMS has no specific reference or description of a process to use or to determine the use of country and or accredited agency's own corporate systems.	The Sustainability Framework has no specific reference or description of a process to determine the use of country and or accredited agency's own corporate systems.	When a project is proposed for Bank's support, the Borrower and the Bank will consider whether to use all, or part, of the Borrower's ES Framework in the assessment, development and implementation of a project. Such use may be proposed provided this is likely to address the risks and impacts

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
							of the project, and enable the project to achieve objectives materially consistent with the ESSs.
Information Disclosure	<p>Requires disclosure of relevant information about environmental and social risks and impacts of the Project in the Project area in a timely and accessible manner, and in a form and language(s) understandable to the Project-affected people, other stakeholders and the general public, so they can provide meaningful inputs into the design and implementation of the Project.</p> <p><i>Public Communications Policy (2005)</i> sets out disclosure requirements for ADB activities, including safeguards.</p>	<p>Requires disclosure of relevant information about environmental and social risks and impacts of the Project in the Project area in a timely and accessible manner, and in a form and language(s) understandable to the Project-affected people, other stakeholders and the general public, so they can provide meaningful inputs into the design and implementation of the Project. <i>Policy on Public Information (2018)</i> sets out disclosure requirements for AIIB activities, including safeguards.</p>	<p>Performance Requirement #10 on Information Disclosure and Stakeholder Engagement applies to all projects including FI projects.</p>	<p>Disclosure requirements are spelt out in respective ESSs as well as in the ESS10: "Stakeholder engagement" which applies to all projects, including intermediary projects.</p>	<p>The GCF Information Disclosure Policy requires the accredited entities to disclose to the public the necessary documentation relevant to the ES safeguards of the activities, and meeting the required disclosure period. The required disclosure will also apply to Category A and Category B subprojects of GCF-funded programs and investments through medium-to high-level of intermediation. (Section 7.1)</p>	<p>The client to provide Affected Communities with access to relevant information on: (i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) any risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism.</p> <p>Access to Information Policy; Performance Standards; and the Interpretation Note for FI Operations, spell out the requirements.</p>	<p>Disclosure requirements are spelt out in respective ESSs as well as in the ESS10: "Stakeholder engagement and information disclosure" which applies to all projects, including FI projects.</p>
Consultation	<p>Requires meaningful consultation with project-affected people and stakeholders, including concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and are taken into account while designing and implementing the</p>	<p>Requires meaningful consultation with project-affected people and stakeholders, including concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and are taken into account while designing and</p>	<p>For all projects, including FI projects, that are likely to have adverse environmental or social impacts and issues, the client will develop and implement a Stakeholder Engagement Plan (SEP) appropriate to the nature and scale or the risks, impacts and development stage of the project. The SEP will outline how communication with</p>	<p>Detailed consultation requirements are spelt out in respective ESSs as well as in the ESS10: "Stakeholder engagement" which applies to all projects, including intermediary projects.</p>	<p>If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to undertake all necessary measures to ensure that the executing entities to fulfill the activity-level stakeholder engagement requirements discussed in section 7.2 of the ESP and the accredited entities</p>	<p>FIs required to apply Performance Standards should verify whether information about any sub-project financed was appropriately consulted upon with Affected Communities by the sub-project sponsor as required by Performance Standard 1 paragraph 29-31.</p>	<p>Detailed consultation requirements are spelt out in respective ESSs as well as in the ESS10: "Stakeholder engagement and information disclosure" which applies to all projects, including FI projects.</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	project and subproject specific environmental and social impacts mitigation/management plans (ESMP etc.)	implementing the project and subproject specific environmental and social impacts mitigation/management plans (ESMP etc.)	identified stakeholders will be handled throughout project preparation and implementation.		will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.		
Monitoring and Reporting	FIs are required to monitor implementation progress of agreed safeguards mitigation/management plans and to submit periodic monitoring reports on their implementation performance for each of the subprojects financed.	FIs are required to monitor implementation progress of agreed safeguards mitigation/management plans and to submit periodic monitoring reports on their implementation performance for each of the subprojects financed.	FIs are required to include in their environmental and social procedures risk assessment and monitoring mechanisms, as appropriate, to monitor subprojects to ensure compliance with national laws on environment, health and safety and labor and relevant EBRD PRs.  The FI will submit to the EBRD annual environmental and social reports on the implementation of its ESMS, as well as the environmental and social performance of its portfolio of subprojects.	Promoter is required to monitor implementation of the stakeholder engagement plan and performance of the grievance mechanism and report on both. The promoter must establish monitoring and reporting procedures early on in the operation as an integral component of a project's ESMS and also to establish regular communication and reporting channels back to the communities and individuals impacted and concerned, whether through non-technical summaries of progress updates, engagement activities, public meetings, targeted issue-based hearings.	If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to ensure that the executing entities fulfill the activity-level monitoring and reporting requirements and will, in turn, provide the requisite monitoring and reporting information to GCF. This may include both activity-specific & aggregated monitoring and reporting (Para 6.8)	FIs are required to monitor each borrower's/investee's E&S performance against the FI's E&S policy, the ES due diligence findings, and E&S contractual obligations. The extent and frequency of monitoring should be commensurate with the E&S risk and potential impacts. Except those categorized as FI-3, all FIs are required to submit annual E&S performance reports to IFC and keep their senior management informed regularly.	FIs are required to monitor the ES performance of the subprojects in a manner proportionate to the risks and impacts, submit regular progress reports to the FI's management and annual reports to the Bank. These reports will include review of the effectiveness of the FI's ESMS.

Acronyms:

ADB: Asian Development Bank; **AIIB:** Asian Infrastructure Investment Bank; **EBRD:** European Bank for Reconstruction and Development; **EIB:** European Investment Bank; **GCF:** Green Climate Fund; **IBRD:** International Bank for Reconstruction and Development - World Bank Group; **IDA:** International Development Association - World Bank Group; **IFC:** International Finance Corporation - World Bank Group; **MIGA:** Multilateral Investment Guarantee Agency - World Bank Group

Comparison of Key Features of the Independent Accountability Mechanisms of ADB, AIIB, EBRD, EIB, GCF, IBRD/IDA, and IFC²¹

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Background							
Name	Accountability Mechanism (AM)	Project-affected People's Mechanism (PPM)	Project Complaint Mechanism (PCM)	Complaints Mechanism Policy (CMP)	Independent Redress Mechanism (IRM)	The Inspection Panel (IPN)	Compliance Advisor Ombudsman (CAO)
Year Established Key Changes Current Policies	Established in 1995 (Inspection Function); First AM policy in 2003; Consultation and compliance review phases in 2003; 2012 AM Policy; OM issued on 24 May 2012	Established in 2018; Became effective on March 19. Applies to all projects, which are under consideration or approved on or subsequent to that date.	The 2004 Independent Recourse Mechanism (IRM) was replaced by PCM in March 2010; The current PCM were approved in May 2014 and came into force in November 2014.	The CMP, approved by the EIB Group's Board of Directors in November 2018, supersedes the 2010 CM Principles, Terms of Reference and Rules of Procedure.	Established in 2017 Procedures and Guidelines of the IRM dated Feb 2019	Established in 1993; Reviewed/clarified in 1996 and 1999; The IPN updated its Operating Procedures in April 2014 (with Annex 2 added in February 2016).	Established in 1999; CAO Terms of Reference, 1999 ; Operational Guidelines first in 2000 , amended in 2004 , 2007 and 2013 .
Mandate	To provide an independent and effective forum for people adversely affected by ADB-assisted projects to voice their concerns and seek solutions to their problems; to request compliance review of the alleged non-compliance by ADB with its operational policies & procedures that may have caused, or is likely to cause, direct and material harm to project affected people.	To provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management processes.	To provide an opportunity for an independent review of complaints from individual(s) or Organization(s) concerning a Project, which allegedly has caused, or is likely to cause, harm. The goal is to enhance the EBRD's accountability through the PCM's two functions:	A public accountability tool, which enables alternative and pre-emptive resolution of disputes between complainants and the EIB Group. The main objective is to ensure the right to complain of EIB Group stakeholders, thus giving voice to their concerns regarding maladministration. The CM Division advises the EIB Group on possible improvements to the implementation of its activities.	Address complaints from people ¹¹ who have been or may be adversely impacted by a GCF funded project or program or initiate proceedings on its own to investigate grievances/adverse impacts which have been or may be caused by a GCF funded project or program; ¹² ¹³ As per its TOR, the objectives are to be fair and equitable to all stakeholders; be independent and transparent.	To provide: (a) an independent forum for people to seek accountability and recourse for harm which they believe result from IBRD/IDA assisted projects; and (b) an independent and impartial assessment of claims about harms resulting from non-compliance with the Bank policies and help to improve development effectiveness of World Bank operations.	To address complaints from people affected by IFC/MIGA projects in a manner that is fair, objective and equitable; and to enhance the environmental and social outcomes of IFC/MIGA projects.
Scope							
Coverage	Any sovereign or non-sovereign project/operations that	All AIIB funded projects	All EBRD funded projects. Problem-solving request must	The CMP applies to complaints of alleged maladministration,	All GCF funded projects or programs	Public-sector projects that are financed or administered or to be	Any project that IFC/MIGA is participating or is actively considering.

²¹ The following abridged information were extracted from publicly available documents and may not be accurate or fully reflect the actual practices or procedures

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	is financed or administered or to be financed or to be administered by ADB.		relate to a Project where the Bank has provided – and not withdrawn – a clear indication that it is interested in financing the Project; and Compliance Review request must relate to a Project that has been approved for financing.	which means poor or failed administration when the EIB Group fails to apply a rule or principle that is binding upon it, including its own policies, standards and procedures. Covers both Project/ operations and Non-project/operations related complaints.		financed by IBRD or IDA – except for Bank-executed Trust Funds	This includes IFC/MIGA exposure to projects via financial intermediaries.
Functions	Problem Solving (PS); Compliance Review (CR); and advisory function by PS. No advisory function for CRP but observations and suggestions can be made through CR monitoring reports and lessons learned report including AM annual report	Handling of Project Processing Queries - rapid resolution of concerns over simple matters which arise during Project preparation and which do not require dispute resolution; Dispute Resolution to facilitate a dialogue between AIIB, Complainant(s) and/or the Client and agree on actions to mitigate potential or actual adverse E&S impacts that arise during preparation and implementation; Compliance Review to investigate allegations of non-compliance with AIIB's ESP and ESF during preparation or implementation and if the allegations are substantiated, to review any action plan by Management to address those adverse impacts.	Problem-solving (PS) function, which has the objective of restoring a dialogue between the Complainant and the Client to resolve the issue(s) underlying a Complaint without attributing blame or fault. Compliance Review function, which seeks to determine whether or not the EBRD has complied with a Relevant EBRD Policy in respect of an approved Project	(a) Complaints Investigation Function – investigations and compliance reviews; (b) Mediation Function – provides different forms of mediation between the complainant and/or Project Promoter with the participation of national authorities and/or the relevant EIB Group services wherever appropriate; (c) Advisory Function – provides written advice to the EIB Group Management on broader and systemic issues related to policies, standards, procedures, guidelines, resources and systems, on the basis of lessons learned from complaints; and (d) Monitoring Function – monitors the implementation of agreed corrective actions in the context of closed complaints, including agreements reached through mediation, and the EIB	Problem Solving (PS); Compliance Review (CR); and Advisory functions.	Compliance Review. No Problem Solving or Dispute Resolution function. No Advisory Function	Dispute Resolution (DR); Compliance Review (CR); and Advisory.

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
				Group's response to its advisory opinions.			
Operational Policies Covered by the IAM	ADB's operational policies and procedures, relating to ADB-assisted projects. Currently, of the 51 sections of ADB's Operations Manual, 37 are subject to CR.	Environmental and Social Policy and Environmental and Social Framework.	EBRD' operational policies.	Project/operations related complaints: A – Access to Information; E – Environmental and Social Impacts and F – Governance aspects of financed operations Non-project/operations related complaints: A – Access to information; C – Customer and investor relations; G – Own governance/ administration, including own procurement; H – Human resources.	GCF's operational policies and procedures, including environmental and social safeguards	WB's operational policies and procedures applicable to Bank-financed projects.	IFC/MIGA policies, Performance Standards, guidelines, procedures, and requirements whose violation might lead to adverse environmental and/or social outcomes.
Structure							
Integrated or separate structures for PS & CR & Advisory functions	Separate: The SPF, who reports to the President; The CRP, which reports to the Board.	Yes, an integrated structure for all three functions, which is part of Compliance-resolution, Evaluation and Integrity Unit (CEIU), that reports to the Board	Yes, an integrated structure for PS & CR functions headed by the EBRD's Chief Compliance Officer (CCO) and supported by a PCM officer and (up to ten) PCM experts.	An integrated structure led by the Head of CM Division and staffed by a Deputy Head, several complaints and mediation officers and a number of support staff. CM Division Head reports to the Independent Inspectorate General	Integrated structure Head of IRM team reports to the GCF Board. Has authority to appoint staff and consultants.	IPN Reports to the Board.	Integrated: An independent unit headed by a VP who reports to the WBG President is responsible for all three functions.
Problem Solving Team	SPF is appointed by the President for 3 years; renewable for 2 more years. Per policy, this is composed of an	<i>Managing Director of CEIU is empowered to appoint staff for undertaking tasks to</i>	PCM Officer is responsible for PS and CR functions & day-to-day PCM	One EIB-CM staff member (Mediation Officer) is assigned responsibility for managing the	IRM Team includes one Compliance and Dispute Resolution Specialist, who works on both functions,	No Dispute Resolution function.	A team of DR specialists led by a Principal Ombudsman - a full-time staff

Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	international staff member and two administrative or national staff members. Currently, OSPF has a senior facilitation specialist, Senior Consultation Officer, and an Associate Facilitation Coordinator. All four are ADB staff.	<i>implement the PPM Policy. No details are available at present.</i>	functioning; PCM is nominated by a committee & appointed by the President on 5 year renewable contract. Up to ten PCM experts, appointed by the Board for a renewable terms of three years serve as eligibility assessor or as PS or CR expert or for follow-up monitoring and reporting.	mediation process, under the supervision of the Head of EIB-CM, who will determine the knowledge and skills required and select (as needed) external or internal experts (if there is no potential conflict of interest).	One Registrar and two Interns.		appointed by CAO VP. A roster of trained mediators is used for hiring additional specialists as needed.
Compliance Review Team	Per policy, one international staff member and two administrative or national staff members support the CRP. This is currently consisting of an Advisor, a Senior Compliance Review Officer, and an Associate Compliance Review Coordinator.	<i>Managing Director of CEIU is empowered to appoint staff for undertaking tasks to implement the PPM Policy. No details are available at present.</i>	See above	One EIB-CM staff (Complaints Officer) is assigned responsibility for managing the investigation process, under the supervision of the Head of EIB-CM, who will determine the knowledge and skills required and select (as needed) external or internal experts (if there is no potential conflict of interest).	IRM Team includes one Compliance and Dispute Resolution Specialist, who works on both functions, One Registrar and two Interns.	The Panel is supported by a Secretariat, which is led by an Executive Secretary, and includes 7 to 8 staff (senior operations officers, operations officers, a communications officer, a research assistant, and an executive assistant), plus consultants and interns.	A team of Compliance specialists led by a Senior Specialist, Compliance – a full-time staff appointed by CAO VP.
Compliance Review Panel Constitution.	3 CRP Member appointed by the Board for a 5-year non-renewable term; While the chair works full time in ADB Headquarters, other 2 are part time members.	There is no CR Panel. The PPM engages the needed specialists and forms a Project-specific task force, chaired by the MD-CEIU, to conduct the compliance Review.	There is no CR Panel. A PCM expert, who was not the eligibility assessor, appointed by the PCM Officer conducts the compliance review.	See above	There is no CR Panel. The IRM Team carries out compliance Review.	3 Members of IPN appointed by the Board for a 5-year non-renewable term. The Panel elects IPN Chair yearly.	There is no CR Panel appointed by the President.
CRO - Compliance Receiving Officer	One full time CRO (non-ADB Staff/consultant) appointed jointly by CRP Chair and the SPF.	There is no designated CRO.	There is no designated CRO. The PCM Officer is responsible for receiving, registering and or not to register a complaint.	There is no designated CRO.	There is no designated CRO. But, the Registrar and two Interns undertake this task.	No designated CRO - A Secretariat staff member (Research Assistant) carries out the compliance receiving function.	No designated CRO. CAO staff carries out this task as designated 'intake' and 'eligibility' teams which comprise staff from both the DR and C teams.

Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Interlocutor for CR function	6 Member Board Compliance Review Committee (BCRC) to ensure that CRP operates within the scope of CR function described in the AM policy.	No interlocutor. CEIU' MD reports directly to Board. But works with the Policy and Strategy Committee of the Board on tasks like seeking comment on the draft TOR for CR	No interlocutor and as mentioned before, CCO is responsible for ensuring that the PCM Officer carries out the PCM functions and administrative responsibilities according to the rules and procedures.	No interlocutor – CM Division Head reports to the EIB Group' Inspector General.	IRM reports directly to GCF Board but need to consult with the Ethics and Audit Committee on recommendations Policy/Procedures and seek its advice on other matters, as appropriate	Board's Committee on Development (CODE). No role in clearing or reviewing the TOR for CR or the draft CR reports;	CAO reports directly to the WBG President and informs the Board. OGC is the interlocutor between the IFC Management and CAO.
Role of Office of the General Counsel (OGC)	Per the policy, upon request, OGC advises on matters concerning ADB's legal status, rights, and obligations. Current practice: One designated legal staff of OGC who is not a project counsel provides on-demand legal advice to BCRC, OSPF, OICRP. This staff does not advise Management on AMP issues to avoid any perceived, or potential conflict of interest.	The General Counsel, as the AiIB's legal advisor, advises MD-CEIU, as needed, on matters related to the PPM and to conflicts of interest.	The General Counsel will, upon request, provide all legal information and advice needed regarding the Bank's policies and procedures and the Bank's rights and obligations regarding the Project at issue in a Complaint.	No specific role for the General Counsel is mentioned in the CM Policy or in the CM Procedures.	No specific role mentioned in the IRM's Procedures and Guidelines and TOR for IRM.	If needed, the IPN may seek the advice of the OGC on matters relating to the Bank's rights and obligations in the context of a request for CR.	OGC has no role in CAO' process. OGC represents IFC Management.

Eligibility Criteria

Eligibility to file a complaint – people, who can file a complaint.	Complaints for both PS & CR may be filed by (a) two or more people, in a country where the project is located or in a <u>member country</u> adjacent to the borrowing country, who have been or are likely to be directly, materially, and adversely affected; (b) a local representative of affected people; and (c) nonlocal representative, in exceptional cases where local representation cannot	Two or more Project-affected people (Requestors) may file a submission. They may authorize an in-country representative (Authorized Representative) to file a submission on their behalf. In exceptional situations, when in-country representation is unavailable, the Requestors may designate an individual or organization outside of the country as their	One or more individual(s) located in an Impacted Area, or who has or have an economic interest, including social and cultural interests, in an Impacted Area, may submit a Complaint seeking a Problem-solving Initiative. One or more individual(s) or Organization(s) may submit a Complaint seeking a Compliance	<i>Accessible</i> to affected people, their representatives and/or interested individuals or organizations. CM's main objective shall be to review and analyze complaints with a view to preparing substantive and timely responses. <i>Admissibility criteria:</i> Complaints must be submitted within one year from the date on which the facts upon which the allegation is based could reasonably be known	One or more people A grievance or complaint can be submitted by a person or group of persons or community (or on the complainant's behalf by the complainant's government or a representative, duly authorized by the complainant to act in that capacity), who has/have been or who may be affected by adverse impacts of a GCF funded project or program.	(a) Two or more people who claim that they have been or are likely to be adversely affected by a Bank-financed operation, and who are in the country where the project is located; (b) a duly appointed local representative acting on behalf of affected people; (c) in exceptional cases, a non-local representative where the party submitting the Request contends that appropriate	Complaints for both DR & C may be filed by one or more individuals who believe they are affected or potentially affected by the E&S impacts of an IFC/MIGA supported project. Complaints can be filed by a civil society organization if they have explicit authority to represent potentially project-affected people.
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Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	be found. Further, for compliance review one or more Board members may request CRP to conduct CR, after first raising their concerns with the Management, in special cases involving allegations of serious violations of ADB's operational policies and procedures relating to an ongoing ADB-assisted project.	Authorized Representative to file a submission.	Review. An authorized representative may file a complaint, on behalf of a complainant, by providing written proof such as signed letter by the complainant.	by the complainant; Complaints from anonymous parties, complaints without contact details such as the postal address or email address of the complainant, and complaints that have the objective of gaining a competitive economic advantage or that are excessive, repetitive, clearly frivolous or malicious in nature are not admissible; and Complaints regarding a lending operation and falling within types E or F are admissible as far as the EIB Group has financed, approved or is at least actively considering financing the operation/project.		representation is not locally available; (d) the Board may instruct the IP to conduct an investigation at any time.	
Cut-off date for eligibility	2 years after the loan or grant closing date; and if loan or grant closing date is kept open after project completion, then the cut-off date will be 2 years after the project completion date.	Project Processing Query: After Project Summary Information disclosure and before its Board approval. Dispute Resolution: 2 years after closing; Compliance Review: Closing date for sovereign-backed, except in some exceptional cases; 2 years after last disbursement for non sovereign-backed loans	PS request must relate to a Project where the Bank is interested in financing the Project or where the Bank maintains a financial interest, in which case the Complaint must be filed within twelve months following the last disbursement date of EBRD funds and complainant(s) have made the good faith efforts to address the issues in the Complaint with the Bank and/or the Client. For the CR request, the Complaint must relate to a Project that has either been approved for financing or filed	Complaints must be submitted within one year from the date on which the facts upon which the allegation is based could reasonably be known by the complainant.	Shall not process a complaint submitted on or after whichever is the later of the following two dates: (a) within 2 years from the date the complainant became aware of the adverse impacts or (b) within 2 years from the closure of the project.	Projects under preparation or implementation. Projects that are closed or where the Bank financing disbursement is more than 95% are not eligible.	Projects with active IFC /MIGA involvement or under consideration.

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			within 24 months after the date on which the Bank ceased to participate in the Project and must relate to a Relevant EBRD Policy.				
Admissibility of Requests: Need for citing: (a) specific Policy violation; (b) Prior good-faith efforts to contact Management	Not a requirement – encouraged to cite specific policy violations; Yes, a prior attempt to contact Management to address the complaints is a criterion. However, prior effort to solve the problems through the project level GRM is NOT a prerequisite.	Not a must to cite specific Policy violations. Yes, the complaint is ineligible if the complainant(s) have not made good faith efforts to resolve the issues with the Project-level GRM and Management or have not indicated to the satisfaction of the PPM why they have been unable to do so.	The complaint needs to identify complainant(s) or the authorized representative, if any, provide contact details, project name and potential harm caused or is likely to cause. The PCM Officer may waive the prior good-faith effort requirement for PS function, if in his/her view such an effort would be harmful to the complainant or futile.	Both (a) and (b) are not requirements. Complaint must be a written communication concerning alleged maladministration by the EIB Group. Complainants need to identify themselves; state the subject of the complaint; what he/she expects to achieve; and to provide as much detailed and relevant information as possible about the complaint.	Not a requirement on both counts (a) and (b) But, encouraged to cite specific policy violations	Yes, a prior attempt to contact Management to address the complaints is one of the eligibility criteria. However, a prior effort to solve the problems through the project level GRM is NOT a prerequisite.	(a) Not a requirement – encouraged to cite Policy specific violations; (b) Not a requirement
Responsive to the Concerns of Project-Affected-People							
Complainants' ability to switch from CR to PS or from PS to CR	CR excludes complaints being dealt by the SPF up to the completion of step 3 under PS function. But, after completion of step 3 of PS, complainants can request for CR, if they have serious concerns on compliance issues. PS excludes matters being dealt with or already dealt with by the CRP. Switching back from CR to PS is not feasible.	Can switch to CR only after the DR process is terminated. Any party to the dispute may terminate the Dispute Resolution process at any stage in the process. In such a case, the Requestors may submit a request for Compliance Review, subject to the submission meeting the applicable eligibility requirements.	The eligibility assessment report will include a determination of whether the complaint is eligible for a PS function or CR or both (with a decision regarding the order in which they should be conducted) or neither.	If there is a manifest opportunity for formal mediation, CM obtains formal agreement from the relevant stakeholders (complainant, affected communities, project Promoter, national authorities and relevant EIB Group services, where appropriate) to start a mediation process. Any of the parties may interrupt or call off the mediation process at any time. Complainants who are not satisfied with the outcome of the procedure or with the EIB Group's response can file a complaint of maladministration	If problem solving does not result in an agreement, the complaint or any part of the grievance or complaint that remains unaddressed will be referred for CR	Not applicable	CAO DR experts conduct assessment of the eligible complaint by engaging the requesters and the client to determine which function the parties seek to initiate. At any point in the DR process a party (requester or client) may seek to switch to CR process. However, it not possible to switch from CR to DR process once the CR process begins.

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
				against the EIB Group with the European Ombudsman.			
Impact of AM process on project preparation or implementation	Initiation of a PS or CR process does not halt the disbursement or project execution.	Initiation of a PS or CR process does not halt the disbursement or project execution.	Initiation of a PS or CR process does not halt the disbursement or project execution. But, the PCM Officer may recommend interim suspension of the project; if he/she believes that continued processing of the project will cause irreparable harm.	Initiation of a complaint investigation process does not halt the disbursement or project execution.	Initiation of a PS or CR process does not halt the disbursement or project execution.	Initiation of IPN investigation process does not halt the disbursement or project execution.	Initiation of DR or C process doesn't halt the disbursement or project execution. These are decision solely for IFC/MIGA.
Sharing of eligibility report and the draft CR investigation report with the complainants	<p>Complainants are informed of CRP's determination concerning eligibility at the same time as the borrower, Board and Management. The eligibility report is shared with all stakeholders including complainants (at the same time it is provided to the Board if a complaint is ineligible but if eligible, eligibility report is disclosed within 7 working days from Board decision.</p> <p>Draft investigation report is shared with the complainants for comments to be received within 45 working days.</p>	<p>DR Process: Eligibility reports and Mgt. responses are shared to seek consent of the concerned parties to start the DR process.</p> <p>CR Process: The PPM informs the complainant(s) of Board's decision on its PPM's recommendation to commence CR; The PPM circulates its draft CR report to the Complainant(s) for comment. If Complainant(s) agree, the PPM shares their comments with Management in order to help Management's finalization of its response and its Management Action Plan (MAP).</p>	<p>Eligibility assessment report for ineligible complaints will be shared with relevant parties after it is approved by the Board or by the president (for those projects that haven't been or yet to be approved by the Board).</p> <p>If the assessors find the complaint eligible for CR, the report will be sent for information to the relevant parties as well as to the President and the Board.</p> <p>When a Complaint is found eligible for a PS Initiative (with or without eligibility for CR), the Eligibility Assessment Report will be publicly released and posted on the PCM web site within five (5) Business Days of the President's decision.</p> <p>The PCM Officer circulates the PS</p>	<p>Standard Procedure: Draft conclusions report shared with complainants for comments after internal consultations with EIB Group Services, EIB Director(s) General etc.</p> <p>Extended Procedure: Whenever appropriate, the draft Initial Assessment Report will be circulated to the complainants/external stakeholders involved in the complaint-handling process, after internal consultations with EIB Group Services, EIB Director(s) General etc.</p>	<p>The IRM will communicate to the complainant its eligibility determination, which shall include reasons.</p> <p>IRM shares a copy of the following reports with the complainant:</p> <p>(a) GCF Secretariat' (Management) response to the complaint (fact checks and prior actions taken, if any); (b) IRM's compliance appraisal report: (the draft CR reports by the IRM; and (c) Final CR report and Board's decision on it.</p>	<p>IPN eligibility report & its recommendations on whether to proceed or not with an investigation are shared with the Board and Management. Following the Board decision, Requesters are notified of the Board decision, and the Panel's eligibility report together with the Management Response are made publicly available. The Panel meets with Management, Requesters and other relevant stakeholders in preparing its report but does not share a draft with anyone. The final investigation report considered by the Board, including the Management Response and the Action Plan are shared with the Complainant and the public after the Board meeting. No stakeholder has access to the draft</p>	<p>CAO shares the eligibility decision and assessment reports with the President, Board, IFC/MIGA, and complainants simultaneously. C process has 3 components – appraisal, investigation and monitoring. CAO shares its compliance appraisal report with management, the President, the Board, requesters, and discloses it publicly according to a phased distribution procedure (3-day process).</p> <p>Complainants are informed about: (a) the compliance appraisal outcome and TOR for compliance investigation only when they are publicly released; and (b) the investigation report is published after it is</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			Completion report for information to all relevant parties as well as to the President and the Board. The draft CR report is shared with relevant parties for comments. The final CR report, the approved Management Action Plan and the complainant's comments will be circulated to the relevant parties and publicly disclosed.			Investigation Report. Under current practice when the Panel sends its final Investigation Report to the Board of Executive Directors and provides a copy to Bank management, it shares the investigation report's Table of Findings with Requesters on a confidential basis. The full report is posted on the panel's website once the Board has discussed the report & approved Management remedial action plan.	cleared for disclosure by the President together with IFC/MIGA response.
Complainants' and CRP's role in designing remedial actions to ensure compliance.	Management must obtain the borrower's agreement on the remedial actions and seek comments from CRP before submitting it to the Board for approval; no requirement to consult the complainants.	If PPM determines that there has been noncompliance with the ESP Management prepares action plan in consultation with PPM, client and Complainants.	Upon receipt of the Management Action Plan (MAP) and the management response to findings, if any, the PCM Officer will send the CR Report and the MAP to the Complainant for comments. Taking account of the MAP and Complainant's comments, the CR Expert may adjust his/her recommendations (but not findings) and will issue the final CR Report to the PCM Officer.	The work of the CM is based on consultation of concerned stakeholders. The objectives of the consultation processes are to: Eliminate factual errors and/or omissions; Clarify issues that have been misunderstood; Provide substantial and material new evidence, if any; Incorporate decisions taken, if any, based on the findings and conclusions provided; Express views on the substance of the allegations.	Draft remedial action plan shall be prepared through a process that includes consultations with the IRM and with the complainant(s) through the IRM.	Bank management is required to consult with complainants in putting together a remedial action plan responding to the Panel's investigation report-	Complainants and CAO have no role in designing management action plan or remedial measures to address non-compliance.
Complainants' and Panel's role in Monitoring Implementation of Remedial Actions	Complainants have no role; CRP monitors implementation of remedial actions approved by the Board for 3 years; CRP consults with the complainants, the borrower, management and staff.	Complainants have no role; PPM monitors implementation of management action plan approved by the Board;	The PCM Officer will monitor implementation of any agreements reached by the PS initiative as well as the implementation of the approved MAP. The PCM Officer will issue the monitoring reports at least bi-	See above. The CM, in collaboration with the EIB Group services concerned, monitors the implementation of agreed corrective actions and recommendations,	The IRM' monitoring the implementation of the following, includes consultations with the complainant(s): (a) agreements concluded through problem solving; and (b) final remedial action plans; and	No role for the IPN, following its investigations. However, the Board has asked the Panel to monitor on an ad-hoc basis on two occasions. The Bank Management prepares periodic	Complainants are consulted by CAO during the monitoring process. CAO keeps the compliance investigation open and monitors actions taken by management to

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			annually or until the PCM Officer determines that monitoring is no longer needed. In the preparation of each MAP monitoring report, the PCM Officer will consult with the relevant parties as appropriate.	whenever appropriate and in any case no later than 24 months after the date of the Conclusions Report.	decisions of the Board taken on the recommendations of the IRM in relation to complaints).	reports to inform the Board of the progress in the implementation of action plans approved by the Board. The progress reports are posted on relevant case pages on the IPN website. Under IPN's 2017 updated operating procedures, Bank management provides the Board with a bi-annual summary of the implementation of all active action plans. IPN posts those summaries on its website.	address non-compliance until CAO finds issues to be resolved.
Reprisal Policy to protect complainant	Yes, a Guideline has been developed to prevent such risk by OICRP/CRP and SPF/OSPF.	Yes. The PPM's Rules of Procedures include a specific section on how to deal with Retaliation.	Yes, <i>EBRD has a Corporate Policy Statement on retaliation issued by its Civil Society Engagement Unit (January 2019) -</i> The EBRD does not tolerate actions by EBRD clients or other project counterparties that amount to retaliation – including threats, intimidation, harassment, or violence – against those who voice their opinion regarding the activities of the EBRD or its clients.	Guiding principle 2.6 states: <i>Complainants to the EIB Group CM must not be subject to any form of retaliation, abuse or any kind of discrimination based on the fact that they have exercised their right to complain. This shall apply to the EIB Group as well as to any counterpart that is in a business relationship with the EIB Group. The EIB Group is committed to taking steps to prevent and address potential risks of reprisal against complainants and complaint-related people.</i>	Yes. The IRM's Procedures and Guidelines include a specific section on how to deal with Retaliation.	Yes, a Guideline has been developed to prevent such risk by IPN.	Yes, an approach has been developed to guide CAO staff and consultants in responding to concerns of threats and incidents of reprisals (Final released April 2018 following consultation)

Acronyms:

ADB: Asian Development Bank; **AIIB:** Asian Infrastructure Investment Bank; **EBRD:** European Bank for Reconstruction and Development; **EIB:** European Investment Bank; **GCF:** Green Climate Fund; **IBRD:** International Bank for Reconstruction and Development - World Bank Group; **IDA:** International Development Association - World Bank Group; **IFC:** International Finance Corporation - World Bank Group; **MIGA:** Multilateral Investment Guarantee Agency - World Bank Group

Sample Terms of Reference for the Chief Compliance Inspector, the Dispute Resolution Specialist, and the Complaint Receiving Officer

Terms of Reference for the Chief Compliance Inspector

Background

The Chief Compliance Inspector (CCI) will have overall responsibility for the day-to-day functioning of the independent redress mechanism (IRM) and accountable for the effective and efficient management of the IRM's functions with utmost integrity, independence, and transparency. The board will appoint the CCI for an initial period of 3 years, extendable by a maximum of 2 additional years. At the end of his or her tenure, the CCI will not be eligible to work with the financial intermediary in any capacity. The CCI will report directly to the board (or to the chief executive officer (CEO) or president) and will be independent of the management and the operations units of the financial intermediary. The CEO or the president of the financial intermediary will do CCI's annual performance evaluation with input from the board members.

Scope of Work

The CCI will be responsible for the following tasks:

- Maintaining independence and impartiality and avoiding any conflicts of interest in the IRM process by not getting involved in the internal policy interpretations, processes, and procedures of the financial intermediary related to project preparation and implementation, and by not providing project-specific advice.
- Making every effort to ensure transparency and disclosure of IRM reports and outcomes, without compromising the complainant's right to confidentiality or the financial intermediary's disclosure policy provisions related to the protection of the project's business or commercial interests.
- Keeping the board informed about the IRM's activities through reports on cases received and pursued, and through semiannual reports on IRM activities, lessons learned from dispute resolution and compliance review cases, and policy and operational advice on how to manage systemic issues.
- Establishing and managing the IRM's work program and budget, and providing leadership to the IRM team in implementing operational goals, guidelines, and work programs.
- Carrying out the compliance review function of the IRM.

- Consulting with the board regarding questions about the interpretation of environmental and social policies and standards, as applicable to the financial intermediary's operations, if needed.
- Maintaining a roster of independent experts (in areas such as mediation, dispute resolution, compliance, resettlement, indigenous peoples, and environmental and social safeguard policies) for hiring as needed, in accordance with the financial intermediary's recruitment policies and procedures.
- Ensuring the effective and timely handling of all requests received.
- Reviewing and monitoring the status of all current and ongoing IRM cases, seeing to it that time frames are met, and maintaining quality control and the integrity of the IRM process.
- Providing comments on the remedial actions proposed by the management to bring the project into compliance.
- Monitoring the implementation of the agreements reached during the problem-solving process, and the remedial actions approved by the board to bring the project into compliance,
- Producing learning reports to provide generic, not project-specific, advice on how to prevent problems and issues and resolve them when they arise.
- Maintaining appropriate contacts with nongovernment organizations (NGOs), civil society, and the business community to the extent necessary to carry out IRM activities, if requested to do so, to improve the ability to communicate directly with complainants and other stakeholders, while respecting the confidentiality of sensitive business information and the complainants.
- Coordinating with accountability mechanisms of other financial intermediaries and international financial institutions (IFIs) as appropriate.
- Carrying out other functions related to the IRM, as assigned by the board and the CEO or president.

Educational Qualifications

Advanced degree (master's or equivalent) in a relevant discipline (business administration, public administration, project management, sociology, anthropology, economics, environmental studies, law, international relations, engineering, or other fields relevant to international development).

Experience

Minimum of 15 years of the following relevant experience:

- Proven leadership and management skills;
- Demonstrated knowledge and experience related to environmental and social sustainability issues, international development organizations, and civil society in the region;
- Knowledge of, and experience in, project, personnel, and budget management;
- Demonstrated integrity, with proven ability to deal independently, objectively, impartially, and efficiently with complaints brought to the IRM;
- Proven advanced communication and diplomatic skills, with excellent writing and editing skills, presentation skills with the ability to communicate complex issues supported by specific fact-based reporting, and ability to lead effective sharing of knowledge within and outside the organization and contribute to a continuous learning environment;
- Excellent interpersonal skills, with proven ability to engage in team building and consensus building and ability to work and incorporate the diverse views of stakeholders;
- Strategic thinking, with proven ability to formulate objectives, set priorities, drive results, and allocate and use resources optimally and efficiently;
- Understanding of, and experience in, dealing with multilateral financial institutions and private sector financing intermediaries in the region (desirable); and
- Knowledge of, and experience with, independent accountability mechanisms (valuable).

Terms of Reference for the Dispute Resolution Specialist

The Dispute Resolution Specialist will provide overall support to the CCI and assist in the smooth functioning of the IRM. More specifically, the Dispute Resolution Specialist will have the following responsibilities:

- Working under the general supervision and guidance of the CCI.
- Supporting the CCI in determining the eligibility of complaints received.
- Conducting initial assessments of eligible complaints, and making proposals to the CCI as to whether to move forward with the dispute resolution services (DRS) or the compliance review process.
- Leading DRS cases by working with complainants and other stakeholders to build consensus, and solving problems using consensual and flexible dispute resolution and mediation methods.

- Preparing reports on problem-solving results, and monitoring reports on the implementation status of agreements reached during the DRS process.
- Conducting outreach programs among the operational staff of the financial intermediary and among the beneficiaries of select high-risk operations, which will include a holistic introduction to the IRM.
- Undertaking additional tasks as necessary or relevant to the DRS process, under the guidance and supervision of the CCI.
- Supporting the CCI, when requested, in carrying out tasks and assignments that may be relevant to the compliance review process.
- Maintaining appropriate contacts with NGOs, civil society, and the business community, under the guidance of the CCI, to the extent necessary to carry out DRS activities, to improve the ability to communicate directly with complainants and other stakeholders, while respecting the confidentiality of sensitive business information and the complainants, if requested.

Educational Qualifications

Advanced degree (master's or equivalent) in a relevant discipline (negotiations and conflict management/dispute resolution/mediation, business administration, project management, sociology, anthropology, economics, law, international relations, or other field relevant to international development).

Experience

Minimum of 10 years of the following relevant experience:

- Proven leadership skills in mediation, negotiation, conflict management, and problem solving;
- Demonstrated integrity, with proven ability to deal independently, objectively, impartially, and efficiently with the complaints brought to the IRM;
- Excellent interpersonal skills, with proven ability to work as a facilitator and engage in team building and consensus building, and ability to work and incorporate the diverse views of stakeholders;
- Proven advanced communication and diplomatic skills, with excellent writing and editing skills, presentation skills with the ability to communicate complex issues supported by

specific fact-based reporting, and ability to lead the effective sharing of knowledge within and outside the organization and contribute to a continuous learning environment;

- Knowledge of, and experience in, project, personnel, and budget management;
- Strategic thinking, with proven ability to formulate objectives, set priorities, drive results, and use resources efficiently;
- Understanding of, and experience in, dealing with multilateral financial institutions and private sector financing intermediaries in the region (desirable); and
- Knowledge of, and experience with, independent accountability mechanisms (valuable).

Terms of Reference for the Complaints Receiving Officer

The Complaints Receiving Officer (CRO) will provide overall support to the CCI and the Dispute Resolution Specialist and assist in the smooth functioning of the IRM.

More specifically, the CRO will have the following responsibilities:

- Receiving complaints from anyone who is seeking access to the IRM, and promptly acknowledging them.
- Registering the complaints received and providing complainants with the necessary clarifications on the IRM processes and procedures, including contact details for future communications. ^[L]_[SEP]
- Forwarding complaints that are beyond the scope of the IRM, such as those relating to procurement or corruption, to other relevant departments of the financial intermediary, in consultation with the CCI.
- Maintaining the IRM website to improve access to the IRM, and the comprehensiveness, consistency, and timely disclosure of relevant documents and information.
- Producing a clear and succinct information packet about the IRM, highlighting the different processes and remedies available under the DRS and compliance review functions. ^[L]_[SEP]
- Conducting, or assisting the CCI and the Dispute Resolution Specialist in conducting, outreach programs among the operational staff of the financial intermediary and among the beneficiaries of select high-risk operations, which should include a holistic introduction to the IRM.
- Assisting the Dispute Resolution Specialist and the CCI in determining the eligibility of complaints received in accordance with the IRM policy and procedures.
- Assisting in the collection and analysis of relevant background information and facts from

relevant internal documents and reports related to cases that are determined to be eligible for DRS or compliance review.

- Conducting outreach programs within the FI and with the external stakeholders (e.g., potential project-affected people, civil society organizations, clients and project-executing agencies) to raise awareness and provide information about the IRM, so that the IRM can be effective in fulfilling its mandate.
- Carrying out the above tasks, including any other relevant tasks assigned by the CCI and the Dispute Resolution Specialist, with objectivity and neutrality.

Educational Qualifications

Advanced degree (master's or equivalent) in a relevant discipline (business administration, public administration, project management, sociology, anthropology, economics, environmental studies, or other field relevant to international development).

Experience

Minimum of 5 years of the following relevant experience:

- Knowledge of, and experience in, project management;
- Demonstrated integrity, with proven ability to work independently;
- Excellent interpersonal and communication skills; and
- Understanding of, and experience in, dealing with multilateral financial institutions, private sector financing intermediaries, and independent accountability mechanisms (desirable).

Sample Request Form for Project-Affected Persons or Their Representatives¹

For each question, please select the appropriate answer or write your own answer in the space provided. You may take as much space as you need for your response or attach a separate document.

1. Are you the directly affected party in this request, or are you representing the affected party?
 Affected Party
 Representative
2. Do you want the Office of the Independent Redress Mechanism to keep your identity confidential?
 Yes
 No
3. Please provide your contact details (name, address, e-mail address, and phone number). If you are acting as an authorized representative for the directly affected individual(s) or community, please provide evidence of authorization and contact details for the project-affected persons and for yourself.
4. Please provide the location of the project about which you have concerns, a brief description of the project, and (if known) the name of the company that owns or is otherwise associated with the project.
5. State the way in which you or the party you represent has been adversely affected by the environmental or social impact of the project, or might be adversely affected in the future.
6. Please indicate whether you or the party you represent has tried to resolve your concerns with the project-level grievance redress mechanism or with the staff of the project implementing agency. If applicable, please indicate what steps you have taken with other parties to resolve your concerns about the project, the outcomes of these steps, and why you are not satisfied with the results.
7. Please indicate your expectations or the results that you expect to achieve.

¹ Adapted from templates used by the Asian Development Bank, the European Investment Bank, the Overseas Private Investment Corporation, and the Global Environment Facility.