

**Knowledge Note:**

**Strengthening Accountability Mechanisms  
in Financial Intermediaries to Support  
Environmental and Social Sustainability  
of Subprojects**

**Office of the Compliance Review Panel  
Asian Development Bank**

**September 2019**

*The views expressed here are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB), its Board of Directors, Management, or staff.*

*This paper is subject to formal revision and correction before it is finalized and considered published.*

## CONTENTS

<b>List of Boxes .....</b>	<b>3</b>
<b>Acknowledgments .....</b>	<b>4</b>
<b>Abbreviations .....</b>	<b>5</b>
<b>I. Introduction .....</b>	<b>1</b>
A. Background .....	1
B. Environment and Social Risk Management by Financial Intermediaries .....	2
C. Objectives and Scope.....	2
D. Methodology.....	3
<b>II. Analysis of Environmental and Social Safeguards Compliance and Accountability Practices in Financial Intermediaries.....</b>	<b>4</b>
A. Key Requirements when Investments are Financed through Financial Intermediaries....	7
B. Challenges Faced by Financial Intermediaries in Managing Environmental and Social Impacts and Risks .....	8
C. Summary Feedback from the Workshops.....	13
<b>III. Key Elements of an Effective Accountability Mechanism Framework for Financial Intermediaries.....</b>	<b>14</b>
A. Context.....	14
B. Need for an Accountability Mechanism.....	15
C. Three Building Blocks.....	16
<b>IV. Block I: Environmental and Social Management System.....</b>	<b>16</b>
<b>V. Block II: Independent Redress Mechanism.....</b>	<b>24</b>
<b>VI. Block III: Access to Information and Disclosure Policy .....</b>	<b>28</b>
<b>Appendix 1: Sample List of Development Finance Institutions That Support Financial Intermediary Operations .....</b>	<b>30</b>
<b>Appendix 2: Comparison of Key Features of Independent Accountability Mechanisms...31</b>	
<b>Appendix 3: Comparison of Key Features of Environmental and Social Standards Applicable for Supported Financial Intermediary Operations.....</b>	<b>50</b>
<b>Appendix 4: Summary From The Emerging Lessons Series By The World Bank Inspection Panel .....</b>	<b>58</b>
<b>Appendix 5: Compilation of Resource Materials on Various Accountability Mechanisms62</b>	
A. Links to Materials from Bilateral and Multilateral Financial Institutions .....	62
B. Nongovernment Organizations—Mission Statements.....	66

## LIST OF BOXES

Box 1: People’s Republic of China— Commitment to Finance Responsible Investments at Actis, and India—The National Bank for Agricultural and Rural Development.....	20
Box 2: Viet Nam— Central Mekong Delta Region Connectivity Project .....	21
Box 3: People’s Republic of China—Air Quality Improvement in the Greater Beijing-Tianjan-Hebei Regions, 2017.....	22
Box 4: India Infrastructure Financing Company Ltd., 2016 .....	22
Box 5: Viet Nam—Trung Son Hydropower Project.....	23
Box 6: Pakistan—National Highway Development Sector Investment Program .....	25
Box 7: Sri Lanka—Southern Transport Development Project.....	26
Box 8: Cambodia—Rehabilitation of the Railway Project .....	26
Box 9: Current Practices on Grievance Mechanisms in the Banking Sector .....	27

## ACKNOWLEDGMENTS

This *Knowledge Note: Strengthening Accountability Mechanisms in Financial Intermediaries to Support Environmental and Social Sustainability of Subprojects* was prepared under an Asian Development Bank (ADB) technical assistance (TA 9466-REG: Strengthening Compliance Review and Accountability to Project Affected Persons of Financial Intermediaries), supported by the People's Republic of China Poverty Reduction and Regional Cooperation Fund. This note provides a background on challenges faced by financial intermediaries on environmental and social safeguards compliance, and key elements for an effective accountability mechanism framework for financial intermediaries.

Overall guidance in the preparation of this note was provided by Dingding Tang, Head of ADB's Office of the Compliance Review Panel (OCRCP) and concurrently Chair of the Compliance Review Panel. Day-to-day supervision was provided by Munawar Alam, Advisor, OCRCP.

This publication was formed through data collected from three workshops held in June 2018 at Beijing and Xiamen, People's Republic of China; and in October 2018 in New Delhi, India. In Beijing, the workshop was organized in partnership with the China Banking and Insurance Regulatory Commission (CBIRC), China Banking Association (CBA), Ministry of Ecology and Environment, and United Nations Environment Program. In Xiamen, the workshop was organized in partnership with CBIRC, CBA, Ministry of Finance, and National Accounting Institute, Xiamen. In New Delhi, the Department of Economic Affairs supported the workshop.

This note benefitted from the inputs of representatives from various multilateral development institutions, particularly those handling safeguards compliance and accountability; international nongovernment organizations (NGOs) and civil society organizations; several financial intermediaries; and government representatives from ADB's member countries in Central and West Asia; East Asia; South Asia; Pacific developing member countries; and Southeast Asia. ADB staff from the Office of the Special Project Facilitator, the Sustainable Development and Climate Change Department, and operations departments also participated and provided inputs.

International consultants were engaged to write the draft of this knowledge product and imparted immense background information. The draft was also shared with a number of international NGOs, which gave valuable comments. This note was further improved by the contribution of Ajay Deshpande, part-time member of the Compliance Review Panel of ADB, and Irum Ahsan from ADB's Office of the General Counsel.

This knowledge note remains a work in progress. The basis of this work provided the background for the development of an Accountability Mechanism Framework under a new technical assistance supported by the PRC Fund.

Dingding Tang  
Chair, Compliance Review Panel and Concurrent Head,  
Office of the Compliance Review Panel

## ABBREVIATIONS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
CRP	Compliance Review Panel
DFI	development finance institution
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
E&S	environmental and social
ESMS	environmental and social management system
ESS	environmental and social standard
FIs	financial intermediaries
GCF	Green Climate Fund
GRM	grievance redress mechanism
IAM	independent accountability mechanism
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDI	Inclusive Development International
IDFC	India International Development Finance Co., Ltd.
IREDA	India Renewable Energy Development Co., Ltd.
IFC	International Financial Corporation
IIF	PT Indonesia Infrastructure Finance
IIFCL	India Infrastructure Finance Co., Ltd.
OCR	Office of the Compliance Review Panel
OECD	Organisation for Economic Co-operation and Development
OSPF	Office of the Special Project Facilitator
SPS	Safeguard Policy Statement
WBG	World Bank Group



## I. INTRODUCTION

### A. Background

1. The finance sector has cross-cutting impact on all sectors, industries, and economic activities, which in turn helps in reducing poverty.<sup>1</sup> The Asian Development Bank (ADB) and other regional, multilateral development finance institutions (DFIs)<sup>2</sup> believe that their assistance in the finance sector has often contributed to private sector development and enhanced access to finance in developing member countries. As a result, recent years have seen a surge in the use of a new model of lending by DFIs, which departs from the direct financing of projects or programs. In this, the DFIs channel their funds through financial intermediaries (FIs) such as commercial banks, private equity funds, or credit agencies.<sup>3</sup> Appendix 1 provides a sample list of DFIs supporting operations of financial intermediaries. The 2016 study by OXFAM International and other civil society organizations (CSOs) estimates that the International Finance Corporation (IFC) of the World Bank Group (WBG) alone has channeled over \$50 billion to FIs from 2010 to 2015.<sup>4</sup>

2. ADB's Strategy 2030 and its 2011 Financial Sector Operational Plan articulate ADB's commitment to support finance sector development. Catalyzing and mobilizing financial resources by strengthening collaboration with the private sector is one of the operational focus areas of Strategy 2030. The 2016 midterm review of the Financial Sector Operational Plan focused on three key themes: finance sector development, inclusive finance, and infrastructure finance.<sup>5</sup> In reality, many projects funded through financial intermediaries mirror those that are directly funded, and include environmentally and socially high-risk projects like extractive industry, commercial forestry, power plants, agribusiness, etc. However, the environmental and social (E&S) risks and impacts from these projects are managed differently compared to projects funded directly.

3. ADB's lending portfolio through financial intermediaries has been expanding since 2012 and is set to grow to around 50% as targeted in Strategy 2030. This is to be done through the Private Sector Operations Department, and through ADB's financial sector operations. Small and medium enterprises (SMEs), followed by agriculture and the housing sectors were the most popular ones funded through financial intermediaries.

4. The IFC, WBG's private sector arm, invested over 50% of its total new long-term commitments in 2017 in FIs. This was the first time that majority of IFC's investments were directed to financial intermediaries rather than on direct project investments.

---

<sup>1</sup> ADB. 2017. *Finance Sector Development in Asia*. <https://www.adb.org/sites/default/files/related/88971/finsector-development-asia.pdf>.

<sup>2</sup> See Appendix 1 for a list of sample list of bilateral, regional, and multilateral DFIs that support operations of financial intermediaries.

<sup>3</sup> 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, among others. Nonbank 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.

<sup>4</sup> OXFAM and Inclusive Development International. 2016. *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable*. <https://www.inclusivedevelopment.net/wp-content/uploads/2016/09/bn-ifc-owning-outcomes-031016-en.pdf>.

<sup>5</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

5. The rapid increase in using financial intermediaries for development investment raises three key questions: (i) Are FIs capable of generating development results that are environmentally and socially sustainable? (ii) Do project-affected persons have adequate opportunities to voice their concerns and seek redress from E&S risks and impacts? Can project-affected persons hold financial intermediaries accountable for adverse project-induced E&S impacts? (iii) If they can, what institutional arrangements are there to ensure and facilitate such accountability?

## **B. Environment and Social Risk Management by Financial Intermediaries**

6. Most DFIs, including the bilateral ones, have E&S sustainability policies and frameworks to better manage the E&S risks of projects financed either directly or through financial intermediaries. They also have FI-specific operational procedures and rules to manage the potential E&S risks of subprojects. These DFIs also provide technical assistance to financial intermediaries in developing their environmental and social management system (ESMS) and building their institutional capacity for the effective implementation of the ESMS.

7. Building on the experience gained by financial intermediaries as supported by regional and multilateral DFIs, numerous commercial banks (96 in 37 countries, as of June 2019) have adopted a voluntary code of conduct and a common E&S risk management framework, known as the Equator Principles, for determining, assessing, and managing E&S risks in projects financed by them.<sup>6</sup> These principles, which are based on IFC's sustainability framework and good international practices, are primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk-based decision-making.

## **C. Objectives and Scope**

8. This *Knowledge Note: Strengthening Accountability Mechanisms in Financial Intermediaries to Support Environmental and Social Sustainability of Subprojects* was prepared under an ADB technical assistance (TA), TA 9466-REG: Strengthening Compliance Review and Accountability to Project Affected Persons of Financial Intermediaries. The main purpose of the technical assistance, supported by the People's Republic of China Regional Cooperation and Poverty Reduction Fund, is to develop a knowledge product for financial intermediaries that would supplement DFIs' efforts to ensure that the subprojects financed through financial intermediaries comply with the E&S policies of the respective DFIs.<sup>7</sup>

9. Another purpose of this knowledge note is to forge a better understanding and awareness among financial intermediaries on the need for an effective environmental and social sustainability framework (E&S Safeguards Policy Framework), and the role of an accountability mechanism framework in ensuring their actual implementation. This note is also expected to generate discussions on the benefits of establishing and implementing effective E&S sustainability and accountability mechanism frameworks by financial intermediaries for the benefit of project-affected persons.

---

<sup>6</sup> The Equator Principles apply globally to all industry sectors and to four financial products, namely, (i) project finance advisory services; (ii) project finance; (iii) project-related corporate loans; and (iv) bridge loans. See Equator Principles. <https://equator-principles.com>.

<sup>7</sup> The TA also supported three regional workshops in Beijing and Xiamen, and in New Delhi on Enhancing the Capacity of Financial Intermediaries in the Management of Environmental and Social Risks, Compliance Supervision, and Accountability.

## **D. Methodology**

10. This note focuses on three major emerging economies in Asia, namely, the People's Republic China (PRC), India, and Indonesia, which collectively have a significant number of financial intermediary operations supported by ADB and the WBG. These countries also have well-established national laws regulations and institutions to manage E&S risks of development projects.

11. A combination of desk reviews of relevant project documents and discussions with the concerned staff from different ADB operations departments were used to comprehend the challenges and constraints faced by financial intermediaries supported by ADB. Various publicly available evaluation reports on financial intermediary operations published by other multilateral financial institutions (including that of ADB) were reviewed to understand the gaps in compliance with the E&S policies and frameworks and to identify some of the good practices. Appendixes 2 and 3 provide a summary comparison of key features of independent accountability mechanisms (IAMs) and the environmental and social standards (ESS) applicable for financial intermediary operations supported by ADB; Asian Infrastructure Investment Bank (AIIB); European Bank for Reconstruction and Development (EBRD); European Investment Bank (EIB); Green Climate Fund (GCF); International Bank for Reconstruction and Development and International Development Association (IBRD/IDA), jointly referred to as the World Bank; and IFC.

12. This document benefitted from the discussions held in three well-attended workshops held in Beijing (June 2018), Xiamen (June 2018), and New Delhi (October 2018). Representatives from national and international NGOs and CSOs, multilateral financial institutions, government agencies, project implementation units in financial intermediaries, and ADB staff participated in these workshops. Feedback from these workshops helped shape the findings of this exercise.

## II. ANALYSIS OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS COMPLIANCE AND ACCOUNTABILITY PRACTICES IN FINANCIAL INTERMEDIARIES

13. As stated earlier, the FIs supported by DFIs are engaged in a diverse range of financial activities like corporate finance; project finance; operations in capital markets, lending to micro, small, and medium enterprises; trade finance; housing; and consumer finance, providing risk sharing guarantees, and investing in private equity, among others. Each of these activities has a different E&S risk profile. As a result, FIs are required to develop and implement an effective ESMS that corresponds to risk profiles of their specific portfolios as well as different levels of leverage or influence they have on the subprojects financed by them. Below are practices of FIs in Indonesia and India that were gleaned from the workshops and studies.

- (i) PT Indonesia Infrastructure Finance (IIF) is a joint-stock national company established in accordance with Regulation No. 100 of the Infrastructure Finance Corporation approved by the Indonesian Minister of Finance on 6 August 2009.<sup>8</sup> Social and environmental protection standards ensure the sustainability of Indonesia's infrastructure development. Hence, IIF focuses on commercially viable infrastructure projects, infrastructure finance, consulting services, and professional management of projects to become a catalyst for accelerating and improving Indonesia's private capital participation in infrastructure development. IIF provides long-term loans, nonfund products such as guarantees, and other services related to infrastructure projects. IIF adopts best practices based on international standards in all aspects of credit and risk management and corporate governance and has implemented internationally accepted practices based on good practices of international financial institutions such as the World Bank and ADB. In accordance with IFC policy standards and the Equator Principles, the IIF has developed eight social and environmental compliance risks management principles, including relevant policy frameworks, and has established a dedicated internal regulatory agency to help its customers identify potential adverse effects associated with social and environmental risks. This is to ensure that each infrastructure project benefits from international best practices in management of social and environmental risks, and sustainability.
- (ii) Established on 26 February 2009, Indonesia's PT Sarana Multi Infrastruktur is a key state-owned investment and financing institution appointed by the government to finance infrastructure projects.<sup>9</sup> In 2016, with the assistance of the World Bank, the Environmental and Social Standards policy framework and guidance, the Environmental and Social Risk Management Framework, and the Environmental and Social Risk Management System were developed and adopted. The policy framework system draws upon and fully considers the relevant legal and policy requirements of the Indonesian government and the World Bank to provide guidance for the preparation and implementation of specific investment and financing projects. Its Environmental and Social Standards refers to the relevant policy standards of IFC, which includes occupational health and safety; environmental and social risk management; and environmental and social policy components. The latter includes environmental and social impact assessment, employment and work environment, pollution prevention, safety, health and security, land acquisition and demolition, biodiversity conservation and natural resource management, indigenous peoples and

<sup>8</sup> <https://iif.co.id/en/social-environmental/principles/>

<sup>9</sup> <https://www.ptsmi.co.id/>

local communities, cultural heritage, energy conservation and environmental protection, and consulting and appeal systems.

- (iii) India Infrastructure Finance Co., Ltd. (IIFCL) was established on 5 January 2006 and is a state-owned holding company in India.<sup>10</sup> IIFCL provides long-term financial support for infrastructure projects in India through direct loans, subordinated bonds, alternative financing, and credit enhancements. With the help of ADB, IIFCL developed and adopted the Environmental and Social Security Framework in 2008, and further updated it in 2010 and 2013 to respond to ADB's Environmental Protection Policy Statement 2009. IIFCL established the Environmental and Social Security Administration in 2009 with the primary responsibility of preparing and reviewing due diligence reports and annual safety assurance audit reports on environmental and social security.

The IIFCL conducts environmental and social risk compliance management in infrastructure financing projects through the development and implementation of its Environmental and Social Security Policy, with environmental and social due diligence. Implementation of the Environmental and Social Security Framework program under the Environmental and Social Security Policy fully emphasizes the sensitivity and concern of IIFCL to environmental and social issues and demonstrates its commitment to comply with and respond to environmental and social risk management requirements of the Indian government and the international community, as well as other financial institutions with business relationships with IIFCL. The Environmental and Social Security Framework is an essential support mechanism for IIFCL to meet the environmental and social security compliance management requirements associated with its funded projects. It mitigates adverse environmental and social risks, ensures minimization or reduction of environmental and social risks in compliance with Indian government laws and regulations, and responds to environmental and social security requirements for foreign direct investment. IIFCL enables stakeholders involved in infrastructure development to recognize potential environmental and social issues and challenges, and to monitor, report, and take necessary corrective or remedial measures in a timely manner.

In order to encourage Indian domestic enterprises to effectively implement their environmental and social security policies and procedures framework in the project, IIFCL has developed corresponding incentive measures when issuing long-term loans to enterprises. The measures stipulate that if the company has a good performance record in environmental and social management and has passed the relevant qualifications established by IIFCCL, IIFCCL will eventually return a certain percentage of the loan amount to the enterprise as a reward. A loan quota of 1% was set up as an incentive before 2016, but to further encourage enterprises to undertake environmental and social risk management, the loan amount that IIFCL returns to excellent enterprises has risen to 2% in recent years and has achieved good results.

- (iv) Founded in 1997, India International Development Finance Co., Ltd. (IDFC) is India's leader in integrated infrastructure investment and financing. It is a pioneer in environmental and social risk compliance in India's domestic financial sector.<sup>11</sup> Since

---

<sup>10</sup> [www.iifcl.org](http://www.iifcl.org)

<sup>11</sup> <http://www.idfc.com/>

its inception, IDFC has incorporated environmental and social risk compliance management into its mainstream business processes to integrate global good international practices into its risk management framework. IDFC has developed environmental and social risk management policies to assess and mitigate the environmental and social impacts of project financing, and has an independent professional environmental risk working group whose task is to systematically assess the environmental impact of its loan projects and investment operations. IDFC also recently announced its participation in and adoption of the Equator Principles, the first national financial institution in India to voluntarily align with the internationally recognized environmental credit risk management framework. The move was identified as the goal of the IDFC to contribute to national development in an environmentally and socially acceptable manner.

- (v) Technological progress and institutional development promote sustainable and equitable agricultural and rural development to promote and ensure the prosperity of national agriculture. The National Agricultural and Rural Development Bank (NABARD)<sup>12</sup> was established on 5 November 1982, with the aim of innovation through financial and nonfinancial interventions. NABARD developed and implemented environmental and social risk compliance management policies, including complaints handling and rescue mechanisms, and established a special policy enforcement regulatory body. Its policy standards fully draw on the IFC's standards system on social environmental risk assessment, labor and working conditions, resource effectiveness and pollution prevention, community health and safety, involuntary resettlement and land acquisition, and biodiversity conservation. These policies focus on 10 areas including indigenous peoples, cultural heritage, gender equality and women's rights, and human rights protection; as well as related requirements for information disclosure, public consultation, implementation supervision, and accountability for complaints. NABARD is wholly owned by the Government of India and was the largest physical financial institution in India at the time it was created.
  
- (vi) India Renewable Energy Development Co., Ltd. (IREDA) is an Indian nonbank financial institution managed by the Ministry of New Energy and Renewable Energy (MNRE) of India.<sup>13</sup> IREDA was established in 1987 to promote, develop, and expand financial assistance to projects related to new energy, renewable energy, and energy efficiency and protection. Its main objectives are to provide financial support for specific projects and plans for power generation and/or energy generation through new and renewable sources, and to save energy through energy efficiency. IREDA pursues effective and efficient financing for renewable energy and energy efficiency and energy efficiency projects; and is increasing its support to renewable energy through innovative financing. As with other Indian financial institutions, IREDA has developed and published environmental and social risk compliance management policies in response to good international practices to address the adverse environmental and social adverse impacts of its energy projects. These safeguards also cover 10 elements, namely, natural resources, cultural heritage, biodiversity, resettlement, community, livelihoods, ethnic minorities, labor, gender equality, and waste management. To ensure the effective implementation of its policies, an

---

<sup>12</sup> <https://www.nabard.org/auth/writereaddata/File/Environment>

<sup>13</sup> <https://www.ireda.in/>

Environmental and Social Security Supervision Office has been established within IREDA's Technical Services Department.

14. ADB and other DFIs have explicit requirements in their safeguards policies to manage the E&S risks and impacts from the investments supported through FIs. The financial intermediaries are required to comply with the respective DFI's E&S policies and the relevant national laws and regulations. As will be shown in the following sections, the basic principles or requirements for financial intermediaries stipulated by the E&S policies of DFIs such as ADB, IFC, and the World Bank are similar, and only the internal due diligence processes and procedures are tailored to suit their respective organizational structures. Appendix 3 provides a more detailed comparison.

#### **A. Key Requirements when Investments are Financed through Financial Intermediaries**

15. **ADB's Safeguard Policy Statement 2009.** For projects involving investment of ADB funds to or through financial intermediaries, ADB conducts due diligence to assess the potential E&S impacts and risks associated with the FI's existing and likely future portfolio, including its commitment and capacity for social and environmental management. All financial intermediaries are required to ensure that their investments and/or subprojects observe applicable national laws and regulations and ADB's list of prohibited investment activities. Where the financial intermediary's investments have minimal or no adverse environmental or social risks, the project will be categorized as category C and the financial intermediary will have no additional requirements. In all other cases, financial intermediaries are required to have in place or establish and implement an ESMS commensurate with the nature and risks of the financial intermediary's likely future portfolio. Also, ADB will assess the adequacy of financial intermediary's capacity to manage environment and social impacts and risks. Where there are gaps in the financial intermediary's capacity, ADB and the financial intermediary will establish a time-bound plan to address the identified gaps. ADB will work with clients to improve their overall capacity to address E&S risks more generally.

16. **IFC's Interpretation Note on FIs 2018.** IFC is committed to developing the financial sector in emerging markets through institution building, use of innovative financial products, and mobilization, with a special focus on medium- and small-scale enterprises. To deliver on this commitment in a manner consistent with its strategic focus on sustainable development, IFC has adopted E&S risk management policies and procedures. These include a risk-based approach to the assessment of E&S risks and impacts associated with the portfolio of its financial intermediary clients, and the determination of associated E&S requirements for various asset classes supported by IFC financing. A key aspect of IFC's approach to E&S risk management in the financial intermediary sector is to ensure that where financial intermediaries provide project or long-term (over 36 months) corporate finance to a borrower and/or investee to support a business activity that may include (i) involuntary resettlement; (ii) risk of adverse impacts on indigenous peoples; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and cultural heritage; or (iv) significant occupational health and safety risks (collectively, higher-risk transactions), financial intermediary will appropriately assess and require its clients to mitigate these risks and impacts in line with IFC Performance Standards. In certain jurisdictions, this list of activities of significant E&S risks and impacts will be supplemented by additional activities that are known to be of significant risk because of systemic issues in that particular jurisdiction.

17. **World Bank’s Environmental and Social Standards (ESS) 9:**<sup>14</sup> **Financial Intermediaries 2018.** This ESS applies to all financial intermediaries that receive World Bank support and they include both public and private financial service providers that channel financial resources to a range of economic activities across different sectors and provision of financing or guarantees to other financial intermediaries. For the purposes of ESS 9, the term “FI subproject” refers to projects financed by financial intermediaries with support from the World Bank. Where the project involves onlending by financial intermediaries to other financial intermediaries, the term “FI subproject” will include the subprojects of each subsequent financial intermediary. All financial intermediaries that receive support from the World Bank, either directly or through the borrower or through other financial intermediaries will be required to comply with ESS 9. In essence, when the World Bank’s support clearly defined and/or identified subprojects, the financial intermediaries will apply the requirements of ESS 9 to each of those subprojects; and when the World Bank supports the financial intermediaries for a general purpose, the requirements of ESS 9 will apply to the entire portfolio of the financial intermediary’s future subprojects from the date on which the legal agreement becomes effective. Where financial intermediaries receiving support from the World Bank provide financing or guarantees to other financial intermediaries, those financial intermediaries will cause each subsequent financial intermediary to apply the requirements of this ESS.

## **B. Challenges Faced by Financial Intermediaries in Managing Environmental and Social Impacts and Risks**

18. Recognizing the increasing role of financial intermediaries in development financing and the unique challenges faced by them (e.g., diverse nature of activities and varying levels of influence on the subproject borrowers and implementing agencies) NGOs, CSOs, and DFIs have been reviewing the E&S performance of investments by FIs. Two recent reports by NGOs, *Owning the Outcomes*; and *Risky Business, Intermediary Lending and Development Finance*, by OXFAM, Center for International Environmental Law, Inclusive Development International (IDI), and GROW highlight the gaps in implementing or noncompliance with the respective DFI’s E&S policies and standards.<sup>15</sup>

19. DFIs have also carried out their own internal and independent assessments of their financial intermediary lending operations. For example, the 2014 Operational Review by ADB’s Independent Evaluation Department (IED) identified gaps in complying with the Safeguard Policy Statement (SPS) requirements by financial intermediaries supported by the ADB.<sup>16</sup> The review provided several recommendations to ADB Management for effective implementation of the SPS requirements in its financial intermediation projects. Similarly, the Office of the Compliance Advisor Ombudsman (CAO) audited a sample of IFC investments in Third Party Financial Intermediaries in 2012. This audit also identified several gaps in implementing IFC Performance Standards by those sample financial intermediaries and included several recommendations for IFC Management. An overarching conclusion of these studies is that while much progress has been made, there are still several gaps and much to be done to improve the E&S risk

<sup>14</sup> The World Bank. 2017. *The World Bank Environmental and Social Framework*. <http://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf#page=105&zoom=80>.

<sup>15</sup> OXFAM International. 2016. *Owning the Outcomes*. <https://www.oxfam.org/en/research/owning-outcomes>; OXFAM International, Center for International Environmental Law, Inclusive Development International, and GROW. 2012. *Risky Business*. <https://www.oxfam.org/en/research/risky-business>.

<sup>16</sup> ADB. 2014. *Safeguards Operational Review—ADB Processes, Portfolio, Country Systems, and Financial Intermediaries*. <https://www.adb.org/sites/default/files/evaluation-document/89401/files/ces-safeguards.pdf>.

management practices of financial intermediaries. The following extracts from some of the key studies amplify this conclusion.

20. **ADB's Independent Evaluation Department Study.** The 2014 study<sup>17</sup> on “*Safeguards Operational Review—ADB Processes, Portfolio, Country Systems, and Financial Intermediaries*” reviewed 40 financial intermediation projects approved from 2010 to 2012, and 26 projects approved from 2007 to 2009 to (i) determine the due diligence exercised by ADB and financial intermediaries, and (ii) assess the changes following the adoption of the SPS in 2009. The following summary of its key findings and recommendations to improve safeguard implementation in financial intermediary operations provides an overview of challenges in operations that FIs face.

- (i) Over half of the ESMS reviewed could improve in their descriptions of the screening and categorization procedures under the SPS; and in the analytical depth of the safeguard analysis, the detail of safeguard documentation review, and the intensity of monitoring and reporting.
- (ii) More than half of ESMS paid too little attention to the organizational structure and staffing arrangements for safeguards.
- (iii) The quality of the FIs' safeguard monitoring reports is rather variable. The review deemed that over half of the reports studied were not satisfactory. None of the private sector reports had been uploaded, not even in a redacted form.
- (iv) Operations departments need to intensify their current efforts to improve the timely disclosure of E&S monitoring reports.
- (v) Loan and project agreements generally did better in their reflection of the safeguard agreements. Most agreements had appropriate safeguard covenants, but a quarter of those reviewed did not specify the need for annual safeguard monitoring reports to be submitted to ADB. This could be improved.
- (vi) The depth of ADB's due diligence was not clear as it was at times not well summarized with respect to assessing potential E&S impacts of the financial intermediary' portfolios, and (ii) financial intermediary' safeguard implementation capacity.
- (vii) There is a need for guidance notes for financial intermediaries and their consultants and operations staff on the preparation and implementation of ESMS, and reporting and disclosure requirements for different types of financial intermediaries (commercial banks, investment funds, leasing companies, insurance companies, and corporates).

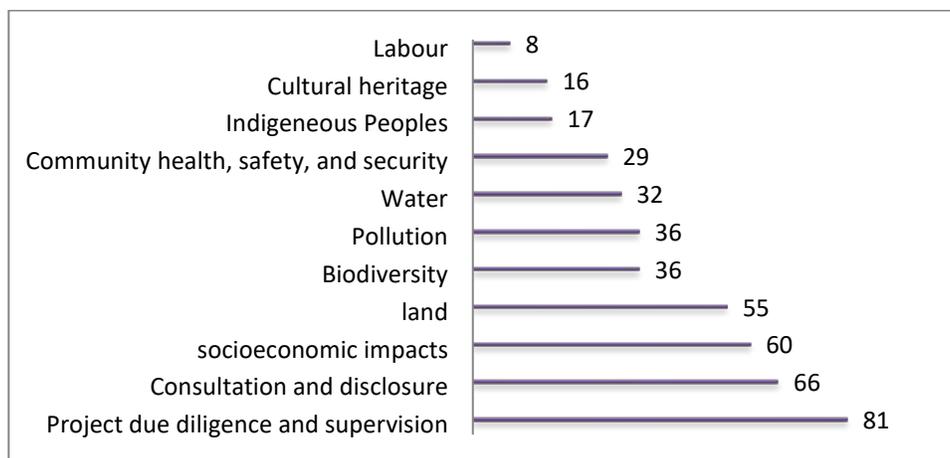
21. **IFC Compliance Advisor Ombudsman Study:** The Compliance Advisor Ombudsman (CAO) study on Civil Society Engagement with the Independent Accountability Mechanisms: Analysis of Environmental and Social Issues and Trends<sup>18</sup> examined 262 complaints handled by

<sup>17</sup> ADB. Safeguards Operational Review: ADB Processes, Portfolio, Country Systems, and Financial Intermediaries. <https://www.adb.org/documents/safeguards-operational-review-adb-processes-portfolio-country-systems-and-financial-interm>.

<sup>18</sup> This paper reviews the types of E&S issues and trends evidenced in complaints to the IAMs from affected communities over the past 20 years. It builds on and complements the official submission by the IAM network to

several IAMs<sup>19</sup> since the establishment of the first mechanism in 1993. These complaints span 72 countries from all regions of the world and covered a wide range of issues, as shown in the Figure below.

**Figure: Environmental and Social Issues Cited in Complaints (%)**



Note: Total number of complaints received was 262.

Source: Compliance Advisor Ombudsman. Civil Society Engagement with the Independent Accountability Mechanisms: Analysis of Environmental and Social Issues and Trends. Report for Rio+20 United Nations Conference on Sustainable Development.

22. The complaints were filed by a mix of local, national, and international CSOs on behalf of project-affected persons and, in some cases, filed directly by community members themselves, without the support or representation of another organization. What is notable is the predominant involvement of local CSOs and community-based organizations in helping connect affected people to the mechanisms, either alone or in partnership with larger national or international CSOs. The complaints relate to both public sector and private sector development projects consistent with the mandates of the DFIs involved. Activities that have been subject to complaints include the full spectrum of development financing—from traditional loans, credits, guarantees, and equity investments; to trust funds, technical assistance, advisory services, and political risk insurance. Analysis of the data reveals patterns in the types of E&S issues that are raised by project-affected persons.

23. **World Bank Inspection Panel's Emerging Lessons Series.** The above constraints are not unique to financial intermediary lending operations financed by the ADB. For example, the World Bank's Accountability Mechanism, the Inspection Panel, reviewed its caseload of complaints from diverse types of lending operations received over nearly 25 years. The aim of this review was to identify key systemic issues and emerging lessons and contribute to better design and implementation of future operations. Appendix 4 provides a summary of issues as

---

Rio+20 entitled "*Citizen-driven Accountability for Sustainable Development: Giving Affected People a Greater Voice—20 Years On.*" See <https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/publications/civil-society-engagement-with-the-accountability-mechanisms.pdf>.

<sup>19</sup> Independent Review Mechanism, African Development Bank (AfDB); Accountability Mechanism, ADB; Project Complaint Mechanism, EBRD; Complaints Mechanism, EIB; Independent Consultation and Investigation Mechanism, Inter-American Development Bank (IDB); Office of Accountability, United States Overseas Private Investment Corporation; and Inspection Panel, IBRD/IDA.

extracted from the Inspection Panel's four emerging lessons series of publications, which corroborates the above-stated findings of ADB's IED Study.

**24. Study on E&S Risk Management Practices by Commercial Banks:** Several commercial banks (96, as of June 2019) have adopted a voluntary code of conduct and common E&S risk management framework, known as the Equator Principles for determining, assessing, and managing E&S risks in projects financed by them.<sup>20</sup> Under Principle 7 of the Equator Principles, an Independent Environmental and Social Due Diligence Review by a Consultant<sup>21</sup> is required for all high-risk projects (i.e., category A and as appropriate, category B) project finance loans; and for project-related corporate loans with potential high-risk impacts. An independent consultant undertaking the review plays a critical role in an Equator Principles financial institution's understanding of when a project does or does not meet the applicable E&S standards, and if not, whether gaps may be addressed through an action plan to bring the project into compliance with the Equator Principles.

25. Since its establishment in 2003, the Equator Principles have been lauded for integrating social and environmental assessment practices into project assessments. Critics reason, however, that without fundamental implementation efforts and enforcement, the Equator Principles do not contribute to any change with respect to effects of projects on sustainable development. To analyze the effects of the Equator Principles, the United Nations Environment Program (UNEP) conducted a literature analysis, interviews with project financiers and stakeholders, and an analysis of Equator Principles signatories' reports.<sup>22</sup> The results suggest that the Equator Principles are mainly adopted because of reputational benefits and risk management. The main conclusion was that the Equator Principles do not have a significant impact on both project sustainability and on the design of a more sustainable financial system. Results on Equator Principles reporting suggest that in some cases, Equator Principles financial institutions do not even comply with their own voluntary guidelines and they report in a way that makes it nearly impossible to analyze the social and environmental impacts of projects, as projects are usually not disclosed in the Equator Principles reports.

26. These findings point out the need for relevant *enforcement and accountability mechanisms to guarantee the compliance of the signatories with the principles*. To ensure non-biased enforcement, the study recommends establishment of an independent body by the Equator Principles Association that audits and assures the Equator Principles financial institution's performance and reports about both compliance and noncompliance. Members of the independent body could be auditors and stakeholders, such as NGOs, affected communities, representatives from multinational organizations, and government agencies.

**27. E&S Performance Reviews by CSOs:** As stated earlier, CSOs have carried out several studies to assess the E&S performance of financial intermediaries. For example, BankTrack, an

---

<sup>20</sup> The Equator Principles apply globally to all industry sectors and to four financial products: project finance advisory services, project finance, project-related corporate loans, and bridge loans.

<sup>21</sup> Equator Principles. 2014. *Guidance for Consultants on the Contents of a Report for an Independent Environmental and Social Due Diligence Review*. [https://equatorprinciples.com/wpcontent/uploads/2017/03/ep\\_guidance\\_for\\_consultants\\_independent\\_review\\_mar\\_ch\\_2014.pdf](https://equatorprinciples.com/wpcontent/uploads/2017/03/ep_guidance_for_consultants_independent_review_mar_ch_2014.pdf).

<sup>22</sup> See the working paper resulting from a workshop that UNEP Inquiry and CIGI held on 2–3 December 2014 in Waterloo, Canada to discuss options for a sustainable global financial system: UNEP Inquiry/CIGI Research. 2016. *The Equator Principles—Do They Make Banks More Sustainable? Inquiry Working Paper*. No. 16/05. <https://unepinquiry.org/publication/the-equator-principles/>

international tracking, campaigning, and CSO support organization, focuses on the financial sector as a whole (multilateral and national development banks, export credit agencies, private and institutional investors).<sup>23</sup> BankTrack regularly tracks investments financed under the Equator Principles that have negative impacts on people and the environment, to make information on this finance widely available in the public domain and campaign to bring about ambitious and effective sustainability commitments from banks. BankTrack's mission is to stop banks from financing harmful business activities; promote a banking sector that respects human rights and contribute to just societies and a healthy planet; and support other CSOs in their engagement with banks. BankTrack' publications highlight the challenges faced by financial intermediaries and DFIs and provide useful resources for the banks.

28. A briefing paper by IDI and OXFAM, *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable*, suggests that despite progress in the past few years, the IFC is not taking a firm enough approach to its financial sector investments. Five arguments of the IFC to justify limiting its responsibility for E&S risks, and the impacts of these investments, were analyzed<sup>24</sup>.

29. Meanwhile, a 2012 study by a group of CSOs titled, *Risky Business— Intermediary Lending and Development Finance*, has identified the following key issues:<sup>25</sup>

- (i) *Failure of DFIs to leverage positive change.* DFIs could do much better at using their financial and reputational influence to ensure better results, especially when DFIs say their investment attracts other private investors who value their credibility and knowledge. And yet, many activities funded through financial intermediaries mirror those funded via DFI direct investment—including extractive industry projects, commercial forestry plantations, dams or power plants, and agribusiness—which can significantly impact local communities.
- (ii) *Conflicting priorities.* DFIs and financial intermediaries often have different objectives. financial intermediaries make profit-motivated investment decisions. It is difficult to expect them to have a strong motivation to alleviate poverty, or to understand how to do so. Yet, it is the financial intermediary itself that identifies the projects to be supported and the results to be accomplished. This means that the benefits of strong growth often fail to reach the poorest people. This is compounded if projects fail to protect access to land and other natural resources, which is vital in addressing inequality.
- (iii) *Reduced transparency.* When DFIs directly fund risky activities, extensive amounts of information are provided to the Board of Directors of the DFI and made public. In contrast, the public has virtually no access to information about activities funded by most financial intermediary clients of DFIs. This includes activities posing serious risks to communities and the environment. Financial intermediaries are required to disclose information only to local communities for higher-risk projects. A contributing factor to this reduced transparency is the sheer number of investments by financial intermediaries and constraints related to sharing of confidential commercial information of these investments. Early disclosure of

<sup>23</sup> BankTrack. About BankTrack. [https://www.banktrack.org/page/about\\_banktrack](https://www.banktrack.org/page/about_banktrack); BankTrack. Publications. <https://www.banktrack.org/publications>.

<sup>24</sup> OXFAM International. 2016. *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable. Briefing Note.* [https://www-cdn.oxfam.org/s3fs-public/file\\_attachments/bn-ifc-owning-outcomes-031016-en\\_0.pdf](https://www-cdn.oxfam.org/s3fs-public/file_attachments/bn-ifc-owning-outcomes-031016-en_0.pdf).

<sup>25</sup> OXFAM International. 2012. *Risky Business—Intermediary Lending and Development Finance.* [https://www.ciel.org/wp-content/uploads/2015/06/RiskyBusiness\\_English\\_US.pdf](https://www.ciel.org/wp-content/uploads/2015/06/RiskyBusiness_English_US.pdf).

- information and public consultations are vital to achieve redress, especially in case of deals involving land acquisition, impacts on livelihood, and natural resources.
- (iv) *Development outcomes not properly specified or tracked.* Scrutiny of what DFI funds accomplish in terms of social and environmental standards largely ends once funds are provided to financial intermediaries. DFIs do not ask for an assessment of development outcomes achieved by a given subproject. Instead, performance measures relate largely to whether the capacity of the financial intermediaries has been enhanced, and whether the FIs have increased the number of SMEs funded. DFIs fail to comprehensively capture the development impact on the ground, e.g., the impact upon local food production, access to credit, local livelihoods, smallholder farmers, women's livelihoods and empowerment, biodiversity, and ecosystems.
  - (v) *Inadequate safeguards.* DFIs' assessment of risks largely focuses on financial intermediaries' financial health, and the responsibility to manage E&S risks to poor people is usually shifted to the financial intermediaries. Many DFIs require financial intermediaries to ensure that some or all of their E&S standards are applied to higher-risk activities. However, even DFIs struggle to implement safeguards and standards well. Financial intermediaries generally have much less experience than DFIs on the application of E&S safeguards and community consultation requirements. This means they are less likely to be able to ensure that their clients conduct adequate community consultation.

### C. Summary Feedback from the Workshops

30. As stated in the introduction, as part of this TA, ADB's Office of the Compliance Review Panel (OCRP) organized three workshops to better understand the challenges and constraints faced by financial intermediaries in managing the E&S risks and impacts from their investments, and to receive inputs and feedback from different stakeholders. These workshops were held in the PRC (in Beijing and Xiamen on 12, 14, and 15 June 2018, respectively); and in India (on 31 October and 1 November 2018 in New Delhi). Over 250 participants from various FIs and commercial banks from 23 ADB developing member countries, a number of NGOs and CSOs from the region, and several host country representatives of relevant government agencies attended these workshops. Representatives from independent accountability mechanisms (IAMs);<sup>26</sup> United Nations (UN) agencies such as UNEP and the United Nations Development Program; and international NGOs and CSOs (World Wildlife Fund, Bank Information Center, Accountability Counsel, NGO Forum on ADB, and Friends of the Earth) attended these workshops as resource persons. Through the plenary presentations and break-out group discussions, these workshops promoted awareness of good practices on accountability and management of E&S risks among various financial institutions; and provided a platform to articulate issues that would guide the establishment of a complaint mechanism for increased accountability and compliance review in financial institutions.

31. In essence, the participants acknowledged the fact that the financial intermediaries are increasingly realizing that environmental, social, and corporate governance issues can impact the performance of investment portfolios. They also discussed the unique challenges faced by FIs and DFIs (e.g., little or no leverage in influencing the subprojects, especially when financial intermediaries onlend via other smaller FIs, diverse nature of the portfolios) in managing the E&S

---

<sup>26</sup> The World Bank Group (Inspection Panel and IFC's Compliance Advisor Ombudsman), European Investment Bank, Asian Infrastructure Investment Bank, New Development Bank, Green Climate Fund, and Japan International Cooperation Agency.

risks, and adverse impacts from investments financed by them. In this context, there was a consensus on the need for establishing effective E&S risk management systems in financial institutions, while keeping in mind the diverse nature of services they provide.

32. The participants also noted the recent emergence of several resources in designing an effective ESMS that is relevant to banks' portfolios. Notable ones include the IFC-led networks (Financial Institutions: Resources, Solutions and Tools [FIRST] and Sustainable Banking Network [SBN]).<sup>27</sup> There are also various sustainability frameworks developed by UNEP, the International Labour Organization, Organisation for Economic Co-operation and Development (OECD), and International Chamber of Commerce. The participants discussed the usefulness of establishing a simple and efficient IAM at the FIs' level to complement their efforts in implementing ESMS. The goal of such IAM should be to provide access to the project-affected persons for a speedy redress of their grievances, and to help in ensuring that the ESMS do not remain on paper but are actually implemented on the ground.

33. Apart from receiving overall support and positive feedback on the objectives of this technical assistance, several participants emphasized the need for enhanced transparency and institutional capacity-building to establish and implement a robust ESMS at the financial intermediary' level. Often, project-affected people and CSOs have difficulty in accessing some of the basic information on projects supported by FIs (e.g., who are the financiers, what are the potential E&S impacts and risks and how they are being mitigated, and availability of grievance redress mechanisms). Often, the requirement for timely disclosure of basic project information in an accessible place, and in a form and language understandable to project-affected parties and other interested parties, gets compromised especially when a project receives financial support from multiple sources and when financial intermediaries on-lend to other financial intermediaries.

### **III. KEY ELEMENTS OF AN EFFECTIVE ACCOUNTABILITY MECHANISM FRAMEWORK FOR FINANCIAL INTERMEDIARIES**

#### **A. Context**

34. In order to manage the potential E&S risks and impacts of their portfolio of activities, financial intermediaries are mandated to comply with the E&S policies of the DFIs that finance investments through them, and with applicable national laws and regulations. One of the prerequisites to execute this mandate is that the FIs need to prepare an ESMS that would be applied to the full investment cycle of activities they finance.

35. Basically, an ESMS lays out the processes and procedures to identify and manage the E&S risks and impacts from individual activities. An ESMS must be commensurate with the nature and level of potential risks and impacts, which depend on the diverse range of financial activities and leverage of financial intermediaries to sub-borrowers, and access to information. For example, activities like support to capital markets, risk-sharing guarantees, and investing in private equities have different E&S risk profiles as well as different levels of influence, compared to traditional greenfield investments in infrastructure. Similarly, a financial intermediary's leverage

---

<sup>27</sup> FIRST provides guidance and tools to understand and manage the risks that E&S issues present for FIs; implement an ESMS; conduct E&S due diligence; as well as create a pipeline of new business and develop product offerings tailored to the environmental needs of its clients. See Financial Institutions: Resources, Solutions and Tools. <https://firstforsustainability.org/sustainability/external-initiatives/sustainability-frameworks/>. SBN is a network of financial sector regulatory agencies and banking associations from emerging markets committed to advancing sustainable finance in line with international good practice.

may be limited in cases of support to capital markets where there may be no bilateral relationship between the financial intermediary and secondary market transactions.<sup>28</sup> These limitations are likely to be further aggravated by reasons such as lack of transparency due to confidentiality and competition among peers, and corporate culture to maximize profits.

36. Environmental and social risk management practices by financial intermediaries are complex, challenging, and often unsatisfactory due to the above constraints. These are further aggravated for reasons such as weak institutional capacity, corporate culture to maximize profits, and presence of several intermediate layers between the DFI and the final subproject executor, among others. Therefore, it is not surprising to note that internal reviews by DFIs' independent evaluation departments and accountability mechanisms, as well as external reviews by several CSOs and other international agencies like UNEP, are critical of financial intermediaries' performance in managing E&S risks.

37. Also, it is a fact that the financial intermediaries often fail to appreciate the fact that there is a business case for managing effectively E&S risks and impact as they 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 E&S risks. These costs can be variously categorized as stranded assets or investments that become obsolete; 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.<sup>29</sup>

38. The E&S policies of DFIs require financial intermediaries to ensure that their clients set up a grievance redress mechanism (GRM) at the individual project level, scaled to the potential risks and impacts, to receive and facilitate the resolution of the concerns or complaints of individuals who believe they have been adversely affected by the E&S impact of the project. However, in reality, GRMs are often poorly designed or implemented, and thus create mistrust and conflict between communities and the project executing agency. It is also important to note 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 E&S policies, standards, and procedures.

## **B. Need for an Accountability Mechanism**

39. The above summary underscores the need for an effective accountability mechanism for financial intermediaries for two reasons. One, to ensure that financial intermediaries comply with their own E&S policies and that the ESMS does not remain only on paper. Two, that the project-affected people have access for timely redress for their grievances. At the same time, experiences with the IAMs of several DFIs indicate that it is important not to develop a complex mechanism. Any design of an accountability mechanism for financial intermediaries must be proportional to

<sup>28</sup> IFC. 2018. *IFC Interpretation Note on Financial Intermediaries*. <https://www.ifc.org/wps/wcm/connect/a6de7f69-89c8-4d4a-8cac-1a24ee0df1a3/FI+Interpretation+Note+November+2018.pdf?MOD=AJPERES&CVID=msNA7rQ>

<sup>29</sup> Overseas Private Investment Corporation (OPIC). Costs and Risks Related to Unresolved Conflict. <https://www.opic.gov/who-we-are/office-of-accountability/oa-services/guide-opic-clients/costs-and-risks-related-unresolved-conflict>; HBR. 2016. 2015 EY Global Institutional Investor Survey. In T. Whelan and C. Fink, *The Comprehensive Business Case for Sustainability*. *Harvard Business Review*; D. M. Franks, R. Davis, A. J. Bebbington, S. H. Ali, D. Kemp, and M. 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)*.

potential impacts from its portfolio of investments and easily accessible to complainants. To be effective, the accountability mechanism must be established and implemented based on the following three key principles: (i) independence, (ii) efficiency, and (iii) transparency.

### **C. Three Building Blocks**

40. Three blocks are essential to ensure that an accountability mechanism for financial intermediaries is effective and efficient: (i) an environmental and social management system adopted as a corporate policy by the FIs; (ii) independent redress mechanism (IRM); and (iii) access to information and disclosure policy. The following sections provide an outline for the design of a possible accountability mechanism for financial intermediaries.

## **IV. BLOCK I: ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM**

41. One of the preconditions for designing an effective accountability mechanism for financial intermediaries is to establish an ESMS that is proportionate to the E&S risk profiles of the financial intermediary' portfolios, and the level of influence financial intermediary may have on their sub-borrowers. A comprehensive ESMS will typically consist of the following five essential features.

- (i) *Environmental and social policy.* This policy will state the E&S requirements and standards that will be applied to the lending and/or investment activities to manage E&S risk associated with the financial intermediary's portfolio of borrowers and/or investees. The E&S policy should be endorsed by the financial intermediary's senior management and board and include a commitment to maintain the necessary internal capacity for its implementation. The E&S policy should be actively communicated to all employees, borrowers, and investees and published on the financial intermediary's website.
- (ii) *Environmental and social due diligence processes and procedures.* To establish and maintain a process to identify the E&S risks and impacts from the investments, the investee's mitigation and performance measures should be supplemented, as well as its ability to manage identified E&S risks and impacts. This means conducting environmental and social due diligence (ESDD) processes and procedures, including meaningful consultations with stakeholders at the individual transaction level, to identify the potential environmental, social, labor, occupational health and safety, and security risks and impacts associated with the operation considered for financing.
- (iii) *Monitoring and review of portfolio.* This involves monitoring each borrower or investee's E&S performance against the financial intermediary's E&S policy, the ESDD findings, and E&S contractual obligations. The extent and frequency of monitoring should be commensurate with the E&S risk and potential impacts of the transaction as identified through the ESDD. Depending on the monitoring outcome, the mitigation measures in the ESAP may need to be supplemented by additional activities.
- (iv) *Grievance redress mechanism at the individual transaction level.* Establishing a GRM is needed if any of the lending activities is likely to generate adverse E&S impacts on affected communities (e.g., high-risk operations and large projects with potentially complex issues). The GRM has to be scaled to the risks and adverse

impacts of the lending activity financed by the financial intermediary. It should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and without cost nor retribution to the party that originated the issue or concern. The client will inform the affected communities about the GRM in the course of the stakeholder engagement process.

- (v) *Internal organizational capacity.* Qualified personnel with E&S responsibilities should be designated, and available human and financial resources must be ensured for the effective implementation of the ESMS. The financial intermediary's organizational capacity needs will vary depending on the E&S risk profile of its portfolio. It may use qualified in-house staff and/or retain external experts to conduct the necessary ESDD for transactions.

42. As stated in the previous section, several resources are currently available for the design and implementation of pragmatic ESMS. For example, IFC in collaboration with other agencies has established the network FIRST, a one-stop shop for financial institutions to get information and learn about the benefits of E&S risk management, and how to identify and take advantage of environmental business opportunities. Other notable resources include ADB's SPS Operations Manual, Section F1 (October 2013);<sup>30</sup> ADB's Operations Manual, Section D6 (December 2003) on Financial Intermediation Loans;<sup>31</sup> IFC's Interpretation Note on Financial Intermediaries (November 2018); and the World Bank's Environmental and Social Framework Guidance Note for ESS 9 on Financial Intermediaries (June 2018).

43. Additionally, several international organizations have also developed the following guidance materials on how to design sustainability frameworks on special topics.

- (i) **United Nations Environment Programme Finance Initiative (UNEP-FI).**<sup>32</sup> A partnership between the UNEP and the global financial sector, outlining sustainability principles for financial organizations and offering peer-to-peer networks, research and training.
- (ii) **United Nations Principles for Responsible Investment.**<sup>33</sup> A UN initiative for institutional investors, outlining six investment principles related to environmental, social, and corporate governance issues.
- (iii) **United Nations Global Compact.**<sup>34</sup> A UN initiative for businesses to voluntarily commit to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.
- (iv) **International Labour Organization International Labor Standards.**<sup>35</sup> A system of international labor standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity.

<sup>30</sup> ADB. 2013. Safeguard Policy Statement. *Operations Manual*. OM F1. Manila.

<sup>31</sup> ADB. 2018. Financial Intermediation Loans. *Operations Manual*. OM D6. Manila.

<sup>32</sup> United Nations Environment Programme Finance Initiative. <https://www.unepfi.org/>.

<sup>33</sup> United Nations Principles for Responsible Investment. <https://www.unpri.org/>.

<sup>34</sup> United Nations Global Compact. <https://www.unglobalcompact.org/>.

<sup>35</sup> International Labour Organization International Labor Standards. <https://www.ilo.org/global/standards/lang-en/index.htm>.

- (v) **International Organization for Standardization (ISO).**<sup>36</sup> ISO, a network of national standards institutes of 163 countries, has developed international standards on social responsibility (ISO 26000), risk management (ISO 31000), and environmental management (ISO 14000).
- (vi) **Business Charter for Sustainable Development.**<sup>37</sup> An initiative of the International Chamber of Commerce that help corporations to develop their own policies and programs to promote sound environmental management
- (vii) **London Principles of Sustainable Finance.**<sup>38</sup> Proposed principles under which financial market mechanisms can best promote the financing of sustainable development.
- (viii) **OECD Guidelines for Multinational Enterprises.**<sup>39</sup> Voluntary principles and standards for responsible business conduct in areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.
- (ix) **SA8000, Social Accountability Standard.**<sup>40</sup> A global social accountability standard that focuses on employee rights and fair working environments.
- (x) **SIGMA Guiding Principles.** A framework that helps organizations to develop a set of guiding principles on the environment, social relationships and structures, people, fixed assets, and financial performance.

44. The Sustainable Banking Network (SBN) is a community of financial sector regulatory agencies and banking associations led by IFC, and facilitates the collective learning of members, supporting them in policy development and related initiatives to create drivers for sustainable finance in their home countries. The idea for the SBN arose during the first International Green Credit Forum hosted by IFC and the China Banking Regulatory Commission in May 2012 in Beijing. In the forum, banking regulators and associations from 10 countries requested that IFC facilitate a global knowledge network on sustainable banking. SBN was formally launched in September 2012. SBN is entirely voluntary, and participating regulators and banking associations are free to get involved in ways that best help them meet their goals. A defining characteristic of SBN is the practicality and openness with which members are collaborating to share knowledge. The World Wildlife Fund has produced useful resources for banks in particular: *ESG Integration for Banks: A Guide to Starting Implementation*; and *Financial Market Regulation for Sustainable Development in BRICS Countries*.<sup>41</sup>

45. The Association of Equator Principles have published useful resource materials such as Equator Principles Implementation Note, Guidance Note for Consultants etc. The following guidance materials on GRM, prepared by the World Bank and BankTrack, are useful resources for the design and implementation of effective GRMs.

---

<sup>36</sup> International Organization for Standardization. <https://www.iso.org/home.html>.

<sup>37</sup> Business Charter for Sustainable Development. <https://iccwbo.org/publication/icc-business-charter-for-sustainabledevelopment-business-contributions-to-the-un-sustainable-development-goals/>.

<sup>38</sup> London Principles of Sustainable Finance. <https://www.griequity.com/resources/integraltech/GRIBusinessModel/sustfinprinciples.pdf>.

<sup>39</sup> OECD Guidelines for Multinational Enterprises. <http://www.oecd.org/corporate/mne/>.

<sup>40</sup> SA8000, Social Accountability Standard. <http://www.saintl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689>

<sup>41</sup> World Wildlife Fund. 2014. *Environmental, Social and Governance Integration Guide*. [https://d2ouvy59p0dg6k.cloudfront.net/downloads/wwf\\_environmental\\_social\\_governance\\_banks\\_guide\\_report.pdf](https://d2ouvy59p0dg6k.cloudfront.net/downloads/wwf_environmental_social_governance_banks_guide_report.pdf); World Wildlife Fund. 2015. *Financial Market Regulation for Sustainable Development in the BRICS Countries*. <https://www.wwf.ch/sites/default/files/doc-2017-08/2015-06-study-financial-market-regulation-for-sustainable-development-in-the-brics-countries.pdf>.

- (i) World Bank. 2018. *Grievance Redress Mechanism Checklist*. <http://pubdocs.worldbank.org/en/354161530209334228/ESF-Checklist-ESS10-GRM-June-2018.pdf>
- (ii) World Bank. *Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-Financed Projects Part 1: The Theory of Grievance Redress*. <https://openknowledge.worldbank.org/bitstream/handle/10986/12524/692060ESW0P1250Effective0Governance.pdf?sequence=1&isAllowed=y>; World Bank. *Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-Financed Projects Part 2: The Practice of Grievance Redress*. <https://openknowledge.worldbank.org/bitstream/handle/10986/18364/692060ESW0P1250Effective0Governance.pdf?sequence=1&isAllowed=y>
- (iii) BankTrack. 2018. Developing Effective **Grievance** Mechanisms in the Banking Sector. [https://www.banktrack.org/download/developing\\_effective\\_grievance\\_mechanisms\\_in\\_the\\_banking\\_sector/2018\\_pa\\_002\\_bank\\_report\\_faweb2\\_3.pdf](https://www.banktrack.org/download/developing_effective_grievance_mechanisms_in_the_banking_sector/2018_pa_002_bank_report_faweb2_3.pdf)

46. The following summaries, collected from some of the ADB and World Bank-assisted projects, further elaborate on the relevance of the topics discussed above (see Boxes 1–5).

**(i) Clear Articulation of Corporate Policy on Environment and Social Management****Box 1: People's Republic of China— Commitment to Finance Responsible Investments at Actis, and India—The National Bank for Agricultural and Rural Development**

The Asian Development Bank (ADB) approved an equity investment in the Actis China Fund 2 (Fund) in 2004. The Fund strives to promote responsible investing by seeking opportunities to create long-term, sustainable value and by applying international environmental, social, and governance (ESG) standards to all of their investments, regardless of the local regulatory environment. The following extract from its website describes such a commitment: *We take both a “top down” and “bottom up” approach to assessing ESG risks and opportunities, which enable us to confidently determine the priorities for each investment. Regardless of sector, we are committed to promoting world-class standards in health and safety, environmental protection, social engagement and business integrity—as well as sound corporate governance and transparent accounting—right across our portfolio. This commitment manifests itself through: (1) full-time, in-house team of ESG professionals; (2) determination to improve ESG at management level for all our portfolio companies; and (3) adherence to the UN-backed Principles for Responsible Investment (UNPRI). We expect our business partners to understand and share our commitment to integrating the management of ESG practices fully into their business processes. As a signatory to the UNPRI, Actis has been reporting publicly to the PRI since 2010. In 2015, PRI launched a Reporting and Assessment process to measure signatories ESG activities and reporting frameworks, for which Actis achieved an ‘A’ rating’.*

In India, the National Bank for Agricultural and Rural Development provides a robust policy framework for financial intermediaries (FIs) and/or banks for safeguard compliance and accountability to the affected persons. It prescribes that FIs and/or banks must have (a) environment and social safeguard system or policy that provides for screening of risks, risk categorization, risk assessment, and action plan for risk mitigation as an integral part of each phase of the project cycle; (b) a grievance redress mechanism that delegates power to the grassroots level; creates awareness; educates the public and project stakeholders; invites feedback, grievances, and suggestions from all stakeholders (social audit); clear procedural steps from the receipt of complaint to their disposal; and built-in appeal and review mechanism; (c) stakeholder consultations and examination of legal clearances and no-objection certificates; and (d) reporting, review, and compliance phases and steps clearly demarcated.

Source: ADB. *China, People's Republic of: PRC: ACTIS CHINA FUND 2, L.P.* <https://www.adb.org/projects/38921-014/main#project-pds>; Actis. Responsible Investing. <https://www.act.is/responsible-investing/>.

## (ii) Key Elements of an Effective Grievance Redress Mechanism

### Box 2: Viet Nam— Central Mekong Delta Region Connectivity Project

The Central Mekong Delta Region Connectivity Project (CMDRCP) financed jointly by the Asian Development Bank (ADB) and the Export–Import Bank of Korea, with a grant from Australia’s Department of Foreign Affairs and Trade, led to a direct impact on more than 1,770 households with an additional, indirect impact on another 516 households. During implementation, the project’s grievance redress mechanism (GRM) recorded and successfully handled a total of 968 complaints from affected people, split almost equally between resettlement and construction-related impacts. The two kinds of complaints were mirrored by the presence of two separate GRMs, which converged over the duration of the project, as the nature of the problems overlapped.

An independent review identified the following actions as enablers for the design and implementation of an effective GRM:

- (i) There was strong commitment from the borrower to establish and manage an effective GRM and greater attention to design and implementation of compensation and income restoration programs;
- (ii) There were robust institutional arrangements, wherein the Dong Thap provincial-level land acquisition and resettlement agency established a special task force for resolution of complaints received. The Can Tho land acquisition and resettlement agency set up a field office to implement its income restoration program, which then started functioning as a liaison office for problem-solving between households and the agency itself;
- (iii) There were extensive consultations and information disclosure, using multiple modes, with the households during preparation and implementation.
- (iv) The national Project Coordination Committee with high-level representation from the Ministry of Transport and other relevant ministries, the Dong Thap Province and Can Tho City people’s committees, and the three funding agencies provided overall direction to the implementing agency and provincial authorities.
- (v) There was integrated functioning of consultants and contractors in resolving construction-related complaints, and a flexible approach to problem-solving was used.
- (vi) Timely availability of project funds avoided delays in conducting widespread consultations, necessary surveys for paying compensation, and for setting up an escrow account for deferred compensation for payments that had to be postponed for reasons outside the project’s control.

The independent review also identified room for further improvement in the following areas: (i) increased regularity and timeliness of communication with households; (ii) creation of a systematic database for complaints, which can be accessed remotely by designated stakeholders; and (iii) training in problem-solving skills for members of the project implementation team, including staff of relevant government agencies, consultants, and contractors.

Source: ADB. 2018. *Building Bridges Lessons from Problem-Solving in Viet Nam*. <https://www.adb.org/sites/default/files/publication/424386/building-bridges-problem-solving-viet-nam.pdf>.

**(iii) Examples of Projects with Comprehensive Environmental and Social Management Systems**

**Box 3: People’s Republic of China—Air Quality Improvement in the Greater Beijing-Tianjan-Hebei Regions, 2017**

The environmental and social management system (ESMS) provides guidance on (i) screening, categorization, and review of subprojects; (ii) organizational structure and staffing including skills and competencies in environmental and social areas; (iii) capacity building; and (iv) monitoring and reporting. The ESMS provides for the inclusion of environment category A subprojects. If any such subprojects are included, the Asian Development Bank (ADB) will review and approve the environmental impact assessments, which must meet ADB’s Safeguard Policy Statement 2009 requirements on disclosure and consultation.

Source: ADB. *People’s Republic of China: Beijing–Tianjin–Hebei Air Quality Improvement—Hebei Policy Reforms Program*. <https://www.adb.org/documents/people-s-republic-china-beijing-tianjin-hebei-air-quality-improvement-hebei-policy-reforms>.

**(iv) People’s Republic of China: Beijing–Tianjin–Hebei Air Quality Improvement—Hebei Policy Reforms Program**

**Box 4: India Infrastructure Financing Company Ltd., 2016**

With the assistance of the Asian Development Bank (ADB), India Infrastructure Financing Company Ltd. (IIFCL) formulated its environmental and social management framework in 2009. In its policy statement, IIFCL states that the environmental and social management framework was prepared as part of IIFCL’s commitment to comply with the Government of India’s policies, law, and regulations as well as to follow the safeguard policies of development partners, e.g., ADB, World Bank, Kreditstalt für Wiederaufbau (KfW), and Japan Bank for International Cooperation (JBIC).

The 2016 version of the environmental and social management framework states that any incremental safeguards requirement due to an international financial institution involvement in project financing will be identified during the due diligence procedure, and additional measures “will be attempted” for implementation in agreement with the project developers.

Source: ADB. *India Infrastructure Financing Company Ltd.* <https://www.adb.org/projects/38926-014/main#project-documents>.

**(v) Meaningful Consultations with the Project-Affected Persons and Other Key Stakeholders**

**Box 5: Viet Nam—Trung Son Hydropower Project**

**Salient Features of the Project**

- A multi-purpose 260-megawatt project; over 2,300 households affected by land acquisition, over 500 families relocated
- Safety and health Impacts associated with the arrival of 4,000 workers and camp-followers
- Adverse impacts on water quality, fisheries, protected areas, and physical cultural resources

**Consultation Challenges**

- Scattered distribution of households in remote areas with limited accessibility (53 villages in three provinces)
- Presence of four distinct ethnic groups in remote areas with high illiteracy rate
- Difficult to get people to leave daily work to join consultations; clients with no previous consultation experience

**Consultation Process**

- Community level: 53 villages were consulted on how to manage impacts related to inundation, access road construction, livelihood impacts, biodiversity etc.
- Broader consultations with other key stakeholders at the district, provincial, and national level and with national and international CSOs on the design of environmental and social risk management plans
- Consultations planned well in advance to facilitate wider participation of women, youth, and elder members of the local communities
- Use of diverse communication materials designed in response to the above challenges: short, easy-to-understand posters in different ethnic languages; audio tapes and cassette players for those who cannot read; communication materials and project documents left with village chiefs for continued informal consultations
- Dedicated project website to provide project status and consultation results, as well as receive feedback, grievance, and complaints

**Consultation Results**

- Design of more realistic and acceptable mitigation plans to manage adverse E&S impacts
- Better consultation process during construction; improved grievance redress mechanism
- Enhanced trust between the project implementation unit staff and project-affected persons

Sources: World Bank. *Electricity of Viet Nam Trung Son Hydropower Project Management Board. 2011. Consultation General Report.* <http://web.worldbank.org/archive/website01363/WEB/IMAGES/COMPREHE.PDF>; World Bank. *Report Responses to Consultation Comments Trung Son Hydropower Project.* <http://web.worldbank.org/archive/website01363/WEB/IMAGES/RESPON-4.PDF>.

## V. BLOCK II: INDEPENDENT REDRESS MECHANISM

47. It is important to note that the project-level GRM is not a substitute for an independent accountability mechanism (IAM) at the institution (financial intermediary) level, because the GRM cannot determine whether the financial intermediary has complied with its own E&S policies, standards, and procedures. For the purpose of clarity, the term independent redress mechanism (IRM) is described as an office within a financial intermediary, which has the authority and independence to review whether the financial intermediary has complied with its E&S policy, and to try to resolve a grievance or complaint brought by people who have been, or may be, adversely affected by investment activities supported by the financial intermediary.

48. The IRM may resolve the complaints through a formal process of investigation or review for compliance with the financial intermediary's E&S policy; and/or through a formal or informal dispute resolution process. It is important that IRM fulfills its task in a flexible, practical, and solution-oriented manner and retains its discretion. IRM must be an independent, transparent, credible, accessible, and equitable mechanism that provides a predictable process.

49. For IRM to be effective and to carry out its tasks within the framework of the above principles, it is critical to spell out the processes and procedures for addressing the complaints received. These would include, but are not limited to, the following key aspects. This list is only meant to provide an outline for IRM process and procedures and not the actual guidelines:

**(i) Scope and Exclusions**

- (a) Clarity on the scope – e.g., E&S Policy, complaint pertains to E&S risks and impacts
- (b) List of exclusions – e.g., project closing date, procurement issues, etc.

**(ii) Submitting a Grievance or Complaint**

- (a) Who can submit a complaint
- (b) Clarity on how a complaint can be submitted (language, form, etc.)
- (c) Information to be provided (e.g., a simple format for easy accessibility by anyone)

**(iii) Eligibility Determination Process**

- (a) Eligibility criteria is to be clearly spelled out
- (b) Timeline for determining eligibility
- (c) Disclosure of decisions arrived at

**(iv) Steps for Addressing a Complaint**

- (a) Process or steps to identify noncompliance with its own E&S policy and standards
- (b) Process or steps to determine a flexible approach to address complaints received, whose aim should be to find a quick, fair, and effective resolution of the grievance or complaint received in accordance with applicable policy
- (c) Roles of complainants, other stakeholders of the project, management of the financial intermediary, project or activity staff, site visits etc., in addressing the grievance or complaint received, and identification of remedial actions
- (d) Role of financial intermediary's board (or CEO if there is no board) in reviewing and approving IRM's findings and recommendations and/or remedial actions to redress the grievance
- (e) Timeline for concluding the process
- (f) Disclosure of decisions arrived at

- (v) Monitoring Implementation of the Agreed Remedial Actions**
  - (a) Role of IRM and staff of the financial intermediary in monitoring the implementation of remedial actions
  - (b) Monitoring process or methodology
  - (c) Process or basis for determining satisfactory resolution of complaint received
  - (d) Timeline for concluding the process
- (vi) Retaliation**
  - (a) Process and procedures to deal with potential and actual risks of retaliation faced by complainants
- (vii) Collaboration with other independent accountability mechanisms**
  - (a) Rules on when, how, and on what to collaborate
- (viii) IRM Register – Public Website**
  - (a) Procedures for posting information in the IRM register on status of complaints received and actions taken

50. The following examples from Cambodia, Sri Lanka, and Pakistan demonstrate how an effective IAM can help to not only address E&S risks and impacts, but also influence positive policy changes at the national level and improve the environment and social sustainability of projects (see Boxes 6–8).

**(i) Positive Contribution of the Problem-Solving Function**

**Box 6: Pakistan—National Highway Development Sector Investment Program**

In response to requests from people who are likely to be affected by involuntary resettlement by the project, the Asian Development Bank's (ADB's) Office of the Special Project Facilitator (OSPF) facilitated a multi-stakeholder consultation to work out a course of action. All parties had a chance to voice their concerns, listen to each other, and reach an agreement on a course of action. The consultation included agreements on disclosure of the updated list of affected persons, and details concerning the construction of two underpasses. The executing agency also agreed to communicate with the complainants and explain preliminary compensation rates and their methods of calculation.

The OSPF's monitoring of the agreements reached resulted in satisfactory distribution of compensation, among other outcomes. This problem-solving interaction was successful because of the willingness of all parties to work together to find a solution. Since the project was in the early stages of implementation, no harm had occurred yet and a consultative process was still possible. Implementation of the resettlement plan was closely observed by local monitors, ADB staff, and by OSPF.

Source: Box 4 in K. Lewis. 2012. *Citizen-Driven Accountability for Sustainable Development: Giving Affected People a Greater Voice—20 Years On*. <https://www.opic.gov/sites/default/files/files/citizen-driven-accountability.pdf>.

## (ii) Compliance Review Function Contributed to Project Quality Improvements

### Box 7: Sri Lanka—Southern Transport Development Project

The Asian Development Bank's Compliance Review Panel (CRP) conducted a compliance review in response to a request from the Joint Organization of the Affected Communities of the Colombo-Matara Highway. The review found compliance lapses in several areas, such as inadequate environmental impact assessment, lack of required gender action plans, and inadequate attention paid to the vulnerability of certain population groups and households.

The compliance review as well as the post-inspection monitoring by CRP had several beneficial effects: (i) the compliance review was instrumental in the creation of new legislation and procedures on land acquisition and compensation, and on instituting local grievance and conflict resolution mechanisms; (b) the compliance review led to resettlement and compensation issues being dealt with in a more methodical and rational manner, which was beneficial to affected people in terms of improved compensation and livelihood rehabilitation; and (c) the compliance review highlighted project design flaws and was instrumental in correcting them and facilitating the implementation of the project by the government. The positive resolution of these issues ultimately contributed to the success of the project as a whole.

Source: Box 5 in K. Lewis. 2012. *Citizen-Driven Accountability for Sustainable Development: Giving Affected People a Greater Voice—20 Years On*. <https://www.opic.gov/sites/default/files/files/citizen-driven-accountability.pdf>.

## (iii) Compliance Review Function Contributed to Changes in National Policy on Grievance Redress Mechanism

### Box 8: Cambodia—Rehabilitation of the Railway Project

The original project (Loan 2288-CAM) involving rehabilitation of the railway line between Sihanoukville and Poipet and reestablishment of a railway link with Thailand, affected more than 4,000 households situated within the corridor of impact of the railway line, or on land required for the construction of project-related infrastructure. In response to requests from some of these households, the Board of Directors of the Asian Development Bank (ADB) authorized the Compliance Review Panel (CRP) to investigate the project for its compliance with requirements in ADB's Safeguard Policy Statement 2009 related to involuntary resettlement.

One of the main recommendations (#3) of the CRP's investigation is to improve the functioning of the grievance redress mechanism (GRM), to be reflected in a time-bound and verifiable action plan. The Government's initial reaction to this was indifferent. However, due to Management's commitment and operational staff's diligent follow-up actions, the government changed its initial position and went on to approve the national-level Guidelines for Project-level GRM, which detail procedures for submitting, receiving, and redressing complaints; and provide an Individual Complaint Form and template for Register of Complaints. These documents became part of the Land Acquisition and Involuntary Resettlement Standard Operating Procedures for Externally Financed Projects in Cambodia. This and other changes such as establishment of GRM committees at the Commune, district, and provincial levels; inclusion of household representatives in these committees; trainings, etc., contributed to significant improvements in the grievance redress process. ADB Management is continuing to pursue further improvements, including introduction of an appeals process as identified by the CRP in its initial report.

Sources: ADB. *Thirteenth Progress Report—ADB Management's Action Plan to Implement the Board Decision on the Recommendations of the CRP Final Report: Rehabilitation of the Railway in Cambodia Project*. [https://www.adb.org/sites/default/files/project-documents/37269/37269-013-pr-en\\_0.pdf](https://www.adb.org/sites/default/files/project-documents/37269/37269-013-pr-en_0.pdf); Compliance Review Panel. 2019. *4th Annual Monitoring Report to the Board of Directors on the Implementation of Remedial Actions for the Greater Mekong Subregion: Rehabilitation of the Railway Project in the Kingdom of Cambodia*. [http://compliance.adb.org/dir0035p.nsf/attachments/CAM-4thMonitoringReport-BoardDoc-ForDisclosure.pdf/\\$FILE/CAM-4thMonitoringReport-BoardDoc-ForDisclosure.pdf](http://compliance.adb.org/dir0035p.nsf/attachments/CAM-4thMonitoringReport-BoardDoc-ForDisclosure.pdf/$FILE/CAM-4thMonitoringReport-BoardDoc-ForDisclosure.pdf). Manila: ADB.

51. Accountability Counsel, a nonprofit organization that advocates for people harmed by internationally financed projects, published the *Accountability Resource Guide—Tools for Redressing Human Rights and Environmental Abuses in International Finance and Development* in August 2015. This guide aims to assist in determining what rights communities have and how they can access accountability mechanisms when those rights have been or may be violated.<sup>42</sup>

52. Meanwhile, the following cases described in the July 2018 report, *Developing Effective Grievance Mechanisms in the Banking Sector* published jointly by BankTrack and OXFAM Australia, provide an overview of the current status in establishing an institutional-level grievance mechanism (see Box 9).

### Box 9: Current Practices on Grievance Mechanisms in the Banking Sector

Many banks already require clients or financed projects to establish their own operational-level grievance mechanisms as a condition of finance. While this is positive, a bank's role must go beyond simply requiring a client or project grievance mechanism as this approach is not sufficient to ensure that impacts are remedied. Nor does it contribute toward fulfilling the obligation for banks to establish or participate in a grievance mechanism. No large private sector bank currently operates institutional-level grievance mechanisms in line with the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights Guiding Principles. However, within the context of a slow pace of progress from the sector, the banks listed below offer examples of "current good practice" in the banking sector. These banks show they are beginning to address their responsibilities. Their efforts may serve as examples to other banks that may be starting to consider developing policies and practices.

- **ABN AMRO**, in its inaugural *2016 Human Rights Report*, commits to "explore whether a grievance mechanism at the bank in relation to our lending activities is feasible as a last-resort option". It also sets out its approach to asking corporate clients and investee companies to provide information on grievance mechanisms, with a focus "not on the mere existence of grievance mechanisms but on the question how a company verifies the effectiveness of its mechanism." ABN AMRO gives details of grievance channels for other stakeholders, including clients and employees. Additionally, it publicly refers to an independent grievance mechanism (the Dutch OECD National Contact Point) and states that it will abide by its decisions.
- **Australia and New Zealand Bank (ANZ)** sets out channels for employees, customers, and "other stakeholders" to raise complaints as part of its human rights policy, although for "other stakeholders", only a postal address for a compliance officer is provided. The policy states, "We are working towards ensuring that all available mechanisms align with the Guiding Principles' standards for effectiveness, so that they are trusted, accessible, predictable, equitable and transparent". For its customers, ANZ provides multiple access points and information on lodging a grievance but does not provide publicly available information on timeframes for each step in the process.
- **Banco de Brasil (BB)** has an external ombudsman that can be contacted by "all segments of the public with which BB has a relationship". The bank states that the ombudsman "was established in April 2005 to receive complaints, recommendations, suggestions and praise", and reports that it has "offered suggestions regarding socio- environmental concerns".
- **Credit Suisse** makes a number of channels available for "indications of potential or real human rights impacts", which are unrestricted and accessible in theory to affected communities. While this does not form a grievance process, the bank stated in an interview that it had participated in an exercise evaluating its processes against the Guiding Principles effectiveness criteria, which identified potential improvements.
- **Deutsche Bank**, in its Human Rights Statement, "encourages all its stakeholders to contact the

<sup>42</sup> Accountability Counsel. <https://www.accountabilitycounsel.org/accountability-resources/guides/>.

bank in case they have a clear evidence of failure of Deutsche Bank’s responsibility to avoid any harm of human rights or its involvement in a human rights issue”. No specific channels are offered, and there is no consistent procedure for handling complaints.

- **National Australia Bank (NAB)** has employee grievance processes, whistleblower programs, and customer grievance processes. In its 2017 Group Human Rights Policy, NAB states that it will have grievance mechanisms in place to allow those adversely affected to raise concerns and seek remedy (as appropriate), and refers to the Guiding Principles regarding the different forms that remedy may take. The policy states that affected parties raising concerns will be kept updated at appropriate times in such investigations. This policy statement is comprehensive in elaborating on the possibility of providing a grievance mechanism to allow affected stakeholders to raise complaints and seek remedy. However, the procedure does not yet have steps and associated timeframes for stakeholders who may be affected by its clients’ activities. In a reply to the questionnaire for this research, NAB shared that its grievance mechanism will be set out more clearly on its website as the website is updated. NAB provides project names for a small number of projects through the Equator Principles reporting schedule but does not currently report on its project financing or corporate loans across its high-risk sector portfolios.
- **Standard Chartered** has a “Speaking Up” program through which stakeholders can report complaints about breaches of law or regulation and noncompliance with bank policies. People affected by the bank’s finance are not specifically mentioned as stakeholders, but the bank states in its reporting: “Our whistleblowing channels are available to anyone—colleagues, contractors, suppliers and members of the public”. Specific channels are provided, although details of the procedure for handling complaints are limited.
- **Westpac** includes a one-page section on “effective grievance mechanisms and access to remedy” in its Human Rights Position Statement and 2020 Action Plan. This sets out a complaints channels for stakeholders, including members of the public, and includes a commitment to “refine and evolve existing feedback channels to better identify and remedy human rights issues that arise”. For its customers, Westpac has a feedback and complaints section of its website that includes a “What happens then” document. This document includes a timeframe for responding to inquiries, who in the bank addresses the concerns, how the issues can be escalated and options for appealing the decision. This type of process—including the timeframes and other relevant information—could be expanded to also include stakeholders affected by lending practices.

Source: BankTrack and OXFAM Australia. 2018. *Developing Effective Grievance Mechanisms in the Banking Sector*.

[https://www.banktrack.org/download/developing\\_effective\\_grievance\\_mechanisms\\_in\\_the\\_banking\\_sector/2018\\_pa\\_002\\_bank\\_report\\_faweb2\\_3.pdf](https://www.banktrack.org/download/developing_effective_grievance_mechanisms_in_the_banking_sector/2018_pa_002_bank_report_faweb2_3.pdf).

## VI. BLOCK III: ACCESS TO INFORMATION AND DISCLOSURE POLICY

53. Almost all DFIs have access to information and disclosure policies. These policies reflect their commitment to transparency, accountability, and participation by stakeholders in development activities supported by them. These policies recognize the right of people to seek and receive information about DFI’s operations. The Accountability Resources Guide discusses information disclosure rules at the international financial institutions and the CSO note to AIIB (**CSO Note on disclosure**) discusses best practices in information disclosure and accountability.<sup>43</sup>

54. ADB’s 2018 Access to Information Policy reflects the above commitments<sup>44</sup> and includes the following clause on providing information to project-affected people and other stakeholders:

<sup>43</sup> T. Mendel and E. Summers. 2016. *Comments on the Public Information Interim Policy of the Asian Infrastructure Investment Bank*. [https://bankinformationcenter.cdn.prismic.io/bankinformationcenter%2Fe816675d-0554-415d-91fe-50d71c8ad7a2\\_cld-and-bic-note-on-aiib-interim-public-information-policy-2015.pdf](https://bankinformationcenter.cdn.prismic.io/bankinformationcenter%2Fe816675d-0554-415d-91fe-50d71c8ad7a2_cld-and-bic-note-on-aiib-interim-public-information-policy-2015.pdf). Centre for Law and Democracy and Bank Information Center.

<sup>44</sup> ADB. Access to Information Policy. <https://www.adb.org/documents/access-information-policy>.

“ADB works closely with its borrowers and clients to ensure two-way communications about ADB projects with project- affected people and other stakeholders. *This is done within a time frame, using relevant languages, and in a way that allows project- affected people and other stakeholders to provide meaningful inputs into project design and implementation.*”

55. IFC's 2012 Access to Information Policy encourages its clients to be more transparent about their businesses to help broaden understanding of their specific projects and. In addition, IFC believes that when clients are committed to transparency and accountability they help promote the long-term profitability of their investments.<sup>45</sup>

56. To assure credibility, it is critical for financial intermediaries to establish an Access to Information and Disclosure Policy, approved by its board. Such a policy will have the following three 3 key elements:

- (i) policy principles (information provided to project affected persons);
- (ii) disclosure of information related to IRM process (without compromising confidentiality);  
and
- (iii) exceptions to disclosure (list of exemptions, clarity on under what circumstances).

---

<sup>45</sup>IFC. Access to Information Policy.

## APPENDIX 1: SAMPLE LIST OF DEVELOPMENT FINANCE INSTITUTIONS THAT SUPPORT FINANCIAL INTERMEDIARY OPERATIONS

Bilateral DFIs	Regional DFIs	Global DFIs
<b>United Kingdom:</b> CDC Group plc <b>France:</b> Proparco <b>Netherlands:</b> Netherlands Development Finance Company (FMO) <b>Germany:</b> Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) <b>Sweden:</b> Swedfund <b>Norway:</b> Norfund <b>United States:</b> Overseas Private Investment Corporation (OPIC) <b>Japan:</b> Japan Bank for International Cooperation (JBIC) <b>Canada:</b> Export Development Canada (EDC) <b>Spain:</b> Compañía Española de Financiación del Desarrollo (COFIDES)	Asian Development Bank (ADB) Asian Infrastructure Investment Bank (AIIB) Inter-American Development Bank (IDB) African Development Bank (AfDB) European Investment Bank (EIB) European Bank for Reconstruction and Development (EBRD)	World Bank Group: <ul style="list-style-type: none"> <li>• International Bank for Reconstruction and Development (IBRD)</li> <li>• International Development Association (IDA)</li> <li>• International Finance Corporation (IFC)</li> <li>• Multilateral Investment Guarantee Agency (MIGA)</li> </ul>

DFI = development finance institution.

Source: OXFAM International. Risky Business—Intermediary Lending and Development Finance. <https://www.oxfam.org/en/research/risky-business>.

**APPENDIX 2: COMPARISON OF KEY FEATURES OF INDEPENDENT ACCOUNTABILITY MECHANISMS**

<b>Key Features</b>	<b>ADB</b>	<b>AIB</b>	<b>EBRD</b>	<b>EIB</b>	<b>GCF</b>	<b>IBRD and IDA World Bank Group</b>	<b>IFC and MIGA World Bank Group</b>
<b>BACKGROUND</b>							
Name	Accountability Mechanism	Project-affected People's Mechanism	Project Complaint Mechanism	Complaints Mechanism Policy	Independent Redress Mechanism	The Inspection Panel	Compliance Advisor Ombudsman
Year established; key changes; current policies	Established in 1995 (Inspection Function); First Accountability Mechanism policy in 2003  Consultation and compliance review phases in 2003  2012 Accountability Mechanism Policy; OM issued on 24 May 2012	Established in 2018; became effective on March 19  Applies to all projects, which are either under consideration, approved on, or subsequent to that date	The 2004 Independent Recourse Mechanism (IRM) was replaced by PCM in March 2010  The current PCM was 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 Complaints Mechanism Principles, Terms of Reference, and Rules of Procedure	Established in 2017  Procedures and Guidelines of the IRM dated February 2019	Established in 1993  Reviewed and/or 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

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Mandate	<p>To provide an independent and effective forum for people adversely affected by ADB-assisted projects to voice out their concerns and seek solutions to their problems</p> <p>To request a compliance review on the alleged noncompliance by ADB with its operational policies and procedures that may have caused, or is likely to cause, direct and material harm to project-affected people</p>	<p>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 Environmental and Social Policy (ESP)</p> <p>Applied in situations when concerns of project-affected people cannot be addressed satisfactorily through project-level GRMs or AIIB Management processes</p>	<p>To provide an opportunity for an independent review of complaints from individual(s) or organization(s) concerning a project that allegedly has caused, or is likely to cause, harm</p> <p>The goal is to enhance the EBRD's accountability through the PCM's two functions</p>	<p>A public accountability tool that enables alternative and pre-emptive resolution of disputes between complainants and the EIB Group</p> <p>Main objective is to ensure the right to complain of EIB Group stakeholders, thus giving voice to their concerns regarding maladministration</p> <p>The Complaints Mechanism Division advises the EIB Group on possible improvements to the implementation of its activities</p>	<p>Address complaints from people who have been or may be adversely impacted by a GCF-funded project or program; or initiate proceedings on its own to investigate grievances or adverse impacts that have been or may be caused by a GCF-funded project or program</p> <p>As per its TOR, the objectives are to be fair and equitable to all stakeholders; be independent and transparent</p>	<p>To provide (a) an independent forum for people to seek accountability and recourse for harm that they believe result from IBRD or IDA-assisted projects; and (b) an independent and impartial assessment of claims about harms resulting from noncompliance with the Bank policies and help to improve development effectiveness of World Bank operations</p>	<p>To address complaints from people affected by IFC/MIGA projects in a manner that is fair, objective, and equitable; and to enhance the E&amp;S outcomes of IFC/MIGA projects</p>
<b>SCOPE</b>							
Coverage	Any sovereign or nonsovereign project or operations financed or administered or to be financed or to be administered by ADB	All AIIB-funded projects	All EBRD-funded projects  Problem-solving request must relate to a project where the Bank has provided—and not withdrawn—	The CMP applies to complaints of alleged maladministration, which means poor or failed administration when the EIB Group fails to apply a rule or	All GCF-funded projects or programs	Public-sector projects that are financed or administered or to be financed by IBRD or IDA, except for Bank-executed Trust Funds	Any project that IFC or MIGA is participating in, or is actively considering, including IFC/MIGA exposure to projects via

Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			<p>a clear indication that it is interested in financing the project</p> <p>Compliance review request must relate to a project that has been approved for financing</p>	<p>principle that is binding upon it, including its own policies, standards, and procedures</p> <p>Covers both project and operations and nonproject- or operations-related complaints</p>			financial intermediaries
Functions	<p><b>Problem solving; compliance review; and advisory function by problem solving</b></p> <p><i>No advisory function for CRP</i> but observations and suggestions can be made through compliance review monitoring reports, lessons learned report, and the Accountability Mechanism annual report</p>	<p><b>Handling of project processing queries:</b> rapid resolution of concerns over simple matters that arise during project preparation and which do not require dispute resolution</p> <p><b>Dispute resolution:</b> to facilitate a dialogue between AiIB, complainant(s), and/or the client to agree on actions to mitigate potential or actual adverse E&amp;S impacts</p>	<p><b>Problem-solving function:</b> objective is to restore dialogue between the complainant and the client to resolve the issue(s) underlying a complaint without attributing blame or fault</p> <p><b>Compliance review function:</b> seeks to determine whether or not the EBRD has complied with a relevant EBRD policy with respect to an</p>	<p><b>Complaints investigation function:</b> comprises investigations and compliance reviews</p> <p><b>Mediation function:</b> 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</p> <p><b>Advisory function:</b></p>	<p><b>Problem solving</b></p> <p><b>Compliance review</b></p> <p><b>Advisory functions</b></p>	<p><b>Compliance Review</b></p> <p><i>No problem solving or dispute resolution function</i></p> <p><i>No advisory function</i></p>	<p><b>Dispute resolution</b></p> <p><b>Compliance review</b></p> <p><b>Advisory functions</b></p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
		<p>that arise during preparation and implementation</p> <p><b>Compliance review:</b> to investigate allegations of non-compliance with AIIB's ESP and Environmental and Social Framework during preparation or implementation and if the allegations are substantiated, to review any action plan by Management to address those adverse impacts</p>	approved project	<p>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</p> <p><b>Monitoring function:</b> monitors the implementation of agreed corrective actions in the context of closed complaints, including agreements reached through mediation, and the EIB Group's response to its advisory opinions</p>			
Operational policies covered by the IAM	<p>ADB's operational policies and procedures, relating to ADB-assisted projects</p> <p>Currently, of the 51 sections of ADB's</p>	Environmental and Social Policy and Environmental and Social Framework	EBRD's operational policies	<p>Project- or operations-related complaints:</p> <p><b>A</b> – Access to information</p> <p><b>E</b> – Environmental and social impacts</p> <p><b>F</b> – Governance aspects of</p>	GCF's operational policies and procedures, including E&S safeguards	World Bank'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

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	Operations Manual, 37 are subject to compliance review			financed operations  Nonproject- or operations-related complaints: <b>A</b> – Access to information <b>C</b> – Customer and investor relations <b>G</b> – Own governance or administration, including own procurement <b>H</b> – Human resources			and/or social outcomes
<b>STRUCTURE</b>							
Integrated or separate structures for problem solving, compliance review, and advisory functions	Separate structure: The SPF, who reports to the President; the CRP, which reports to the Board	Integrated structure for all three functions, which is part of Compliance-resolution, Evaluation and Integrity Unit (CEIU), which reports to the Board	Integrated structure for problem solving and compliance review functions headed by EBRD's Chief Compliance Officer and supported by a PCM officer and (up to 10) PCM experts.	Integrated structure led by the head of Complaints Mechanism Division and staffed by a deputy head, several complaints and mediation officers, and a number of support staff  The Complaints Mechanism division head reports to the Independent	Integrated structure: Head of IRM team reports to the GCF Board. Has authority to appoint staff and consultants	IPN Reports to the Board	Integrated structure: An independent unit headed by a VP who reports to the WBG President is responsible for all three functions

Key Features	ADB	AIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
				Inspectorate General			
Problem solving team	<p>SPF is appointed by the President for 3 years; renewable for 2 more years</p> <p>Per policy, SPF is composed of an international staff member and two administrative or national staff members</p> <p>Currently, OSPF has a senior facilitation specialist, senior consultation officer, and an associate facilitation coordinator, all of whom are ADB staff</p>	<p><i>Managing Director of CEIU is empowered to appoint staff for undertaking tasks to implement the PPM Policy</i></p> <p><b>No details are available at present</b></p>	<p>PCM Officer is responsible for problem solving and compliance review functions, and day-to-day functioning of PCM</p> <p>PCM Office is nominated by a committee and appointed by the President on a 5-year renewable contract</p> <p>Up to 10 PCM experts, appointed by the Board for a renewable term of 3 years, serve as eligibility assessor or as problem solving or compliance review expert, or for follow-up monitoring and reporting</p>	<p>One EIB-Complaints Mechanism staff member (mediation officer) is assigned responsibility for managing the mediation process, under the supervision of the head of EIB-Complaints Mechanism, who will determine the knowledge and skills required and select (as needed) external or internal experts (if there is no potential conflict of interest)</p>	<p>IRM Team includes one compliance and dispute resolution specialist, who works on both functions; one registrar, and two interns</p>	<p><b>No dispute resolution function</b></p>	<p>Team of dispute resolution specialists led by a principal ombudsman,- a full-time staff appointed by CAO VP</p> <p>A roster of trained mediators is used for hiring additional specialists as needed</p>
Compliance review team	<p>Per policy, one international staff member and two administrative or national staff</p>	<p><i>Managing Director of CEIU is empowered to appoint staff for undertaking tasks to</i></p>	<p>See above</p>	<p>One EIB-Complaints Mechanism staff (complaints officer) is assigned</p>	<p>IRM Team includes one compliance and dispute resolution specialist, who</p>	<p>The Panel is supported by a secretariat, which is led by an executive secretary, and</p>	<p>A team of compliance specialists led by a senior specialist, compliance;</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	members support the CRP, currently consisting of an advisor, a senior compliance review officer, and an associate compliance review coordinator	<i>implement the PPM Policy</i>  <b>No details are available at present</b>		responsibility for managing the investigation process, under the supervision of the head of EIB-Complaints Mechanism, who will determine the knowledge and skills required and select (as needed), and external or internal experts (if there is no potential conflict of interest)	works on both functions, one registrar, and two Interns.	includes seven to eight staff (senior operations officers, operations officers, a communications officer, a research assistant, and an executive assistant), plus consultants and interns	full-time staff appointed by CAO VP
Compliance review panel constitution	CRP consists of three members appointed by the Board for a 5-year, nonrenewable term  Chair works full time in ADB Headquarters, the other two are part-time members	There is no CRP  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 CRP  A PCM expert, who was not the eligibility assessor, appointed by the PCM officer conducts the compliance review	See above	There is no CRP  The IRM Team carries out compliance review	CRP consists of three members of IPN appointed by the Board for a 5-year, nonrenewable term  The CRP elects the IPN Chair yearly	There is no CRP appointed by the President
Compliance receiving officer	One full-time CRO (non-ADB staff or 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, and	There is no designated CRO	There is no designated CRO  The Registrar and two interns undertake this task	There is no designated CRO  A secretariat staff member (research assistant) carries out the	There is no designated CRO  The CAO staff carries out this task as designated "intake" and

Key Features	ADB	AIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			registering or not registering a complaint			compliance receiving function	“eligibility” teams comprising staff from both the dispute resolution and compliance review teams
Interlocutor for compliance review function	A six-member Board Compliance Review Committee (BCRC) ensures that CRP operates within the scope of the compliance review function described in the Accountability Mechanism 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 compliance review	No interlocutor  The chief compliance officer is responsible for ensuring that the PCM officer carries out the PCM functions and administrative responsibilities according to the rules and procedures	No interlocutor  Complaints Mechanism division head reports to the EIB Group’s Inspector General	IRM reports directly to GCF Board  IRM consults with Ethics and Audit Committee on recommendation, policy, and procedures; and seeks its advice on other matters, as appropriate	Board’s Committee on Development (CODE)  No role in clearing or reviewing the TOR for compliance review or the draft compliance review 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	Per the policy, upon request, OGC advises on matters concerning ADB’s legal status, rights, and obligations  <b>Current practice:</b> One designated legal staff of OGC who is not a project counsel provides on-demand legal advice to BCRC,	The General Counsel, as the AIB’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 Complaints Mechanism Policy or in the Complaints Mechanism 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 compliance review	OGC has no role in CAO’ process  OGC represents IFC Management

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	OSPF, OCRP  The OGC staff does not advise Management on AMP issues to avoid any perceived or potential conflict of interest						
ELIGIBILITY CRITERIA							
Eligibility to file a complaint (people who can file a complaint)	Complaints for both problem solving and compliance review may be filed by  (a) two or more people, in a country where the project is located or in a member country 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	Two or more  Project-affected people (requestors) may file a submission and 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 authorized	One or more  Individual(s) located in an impacted area; or who 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 review  An authorized representative	Accessible to affected people, their representatives, and/or interested individuals or organizations.  The Complaints Mechanism's main objective shall be to review and analyze complaints with a view to preparing substantive and timely responses  Admissibility criteria: (a) complaints must be submitted within 1 year from the date when the facts upon which the allegation is based could reasonably be known by the	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 or have been or who may be affected by adverse impacts of a GCF-funded project or program	Two or more people  (a) Persons 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 nonlocal representative where the party submitting the request contends that	Complaints for both dispute resolution and compliance review 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

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	<p>cases where local representation cannot be found</p> <p>Further, for compliance review, in special cases involving allegations of serious violations of ADB's operational policies and procedures relating to an ongoing ADB-assisted project, one or more Board members may request CRP to conduct the compliance review, after first raising their concerns with Management</p>	representative to file a submission	may file a complaint on behalf of a complainant, by providing written proof such as signed letter by the complainant	<p>complainant; (b) complaints from anonymous parties; and (c) complaints without contact details such as the postal address or email address of the complainant</p> <p>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</p> <p>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 or project</p>		appropriate 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;	<b>Project Processing Query:</b> After	PS request must relate to a Project where	Complaints must be submitted within 1 year from	Shall not process a complaint	Projects under preparation or implementation	Projects with active IFC/MIGA involvement or

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	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	<p>Project Summary Information disclosure and before its Board approval</p> <p><b>Dispute Resolution:</b> 2 years after closing</p> <p><b>Compliance Review:</b> Closing date for sovereign-backed, except in some exceptional cases; 2 years after last disbursement for nonsovereign-backed loans</p>	<p>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 12 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</p> <p>For the compliance review request, the complaint must relate to a project that has either been approved for financing or filed within 24 months after the date on which the Bank</p>	the date when the facts upon which the allegation is based could reasonably be known by the complainant	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 that are closed or where the Bank financing disbursement is more than 95% are not eligible	under consideration

Key Features	ADB	AIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			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	<p>Not a requirement – encouraged to cite specific policy violations</p> <p>Yes, a prior attempt to contact Management to address the complaints is a criterion</p> <p>Prior effort to solve the problems through the project level GRM is <b>NOT</b> a prerequisite</p>	<p>Not a must to cite specific policy violations</p> <p>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</p>	<p>The complaint needs to identify complainant(s) or the authorized representative, if any; and provide contact details, project name, and potential harm caused or is likely to cause</p> <p>The PCM officer may waive the prior good-faith effort requirement for problem solving function, if in his/her view such an effort would be futile or harmful to the complainant</p>	<p>Both (a) and (b) are not requirements</p> <p>Complaint must be a written communication concerning alleged maladministration by the EIB Group</p> <p>Complainants need to identify themselves; state the subject of the complaint; what he/she expects to achieve; and to provide as much detailed, relevant information as possible about the complaint</p>	<p>Both (a) and (b) are not requirements</p> <p>However, citing the specific policy violations is encouraged</p>	<p>Yes, a prior attempt to contact Management to address the complaints is one of the eligibility criteria</p> <p>However, a prior effort to solve the problems through the project level GRM is <b>NOT</b> a prerequisite</p>	<p>Both (a) and (b) are not requirements</p> <p>However, citing the specific policy violations is encouraged</p>
<b>RESPONSIVE TO THE CONCERNS OF PROJECT-AFFECTED PEOPLE</b>							
Complainants' ability to switch from compliance review to problem solving or vice-versa	<p>Switching back from compliance review to problem solving is not feasible</p> <p>Compliance review excludes complaints</p>	<p>Can switch to compliance review only after the DR process is terminated</p> <p>Any party to the dispute may terminate the</p>	The eligibility assessment report will include a determination of whether the complaint is eligible for a problem solving	If there is a manifest opportunity for formal mediation, the Complaints Mechanism obtains formal agreement from the relevant	If problem solving does not result in an agreement, the complaint or any part of the grievance or complaint that remains	Not applicable	<i>CAO DR experts conduct assessment of the eligible complaint by engaging the requesters and the client to determine which</i>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	<p>being dealt by the SPF up to the completion of step 3 under problem solving function</p> <p>After completion of step 3 of problem solving, complainants can request for compliance review, if they have serious concerns on compliance issues Problem solving excludes matters being dealt with or already dealt with by the CRP</p>	<p>dispute resolution process at any stage in the process, after which the requestors may submit a request for compliance review, subject to the submission meeting the applicable eligibility requirements</p>	<p>function, compliance review, both (with a decision regarding the order in which they should be conducted), or neither</p>	<p>stakeholders (complainant, affected communities, project promoter, national authorities, and relevant EIB Group services, where appropriate) to start a mediation process</p> <p>Any of the parties may interrupt or call off the mediation process at any time</p> <p>Complainants who are not satisfied with the outcome of the procedure or with the EIB Group's response can file a complaint of maladministration against the EIB Group with the European Ombudsman</p>	<p>unaddressed will be referred for compliance review</p>		<p>function the parties seek to initiate</p> <p>At any point in the dispute resolution process a party (requester or client) may seek to switch to compliance review process</p> <p>It is not possible to switch from compliance review to dispute resolution once the compliance review process begins</p>
Impact of Accountability Mechanism process on project	Initiation of a problem solving or compliance review process does not halt disbursement or	Initiation of a problem solving or compliance review process does not halt disbursement or	Initiation of a problem solving or compliance review process does not halt disbursement or	Initiation of a complaint investigation process does not halt disbursement	Initiation of a problem solving or compliance review process does not halt disbursement or	Initiation of IPN investigation process does not halt disbursement or	Initiation of dispute resolution or C process does not halt disbursement or

Key Features	ADB	AIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
preparation or implementation	project execution	project execution	project execution  However, the PCM officer may recommend interim suspension of the project if he/she believes that continued processing of the project will cause irreparable harm	or project execution	project execution	project execution	project execution, as these are decisions solely for IFC/MIGA
Sharing of eligibility report and the draft compliance review investigation report with the complainants	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; however, if eligible, eligibility report	<b>Dispute resolution process:</b> Eligibility reports and Management responses are shared to seek consent of the concerned parties to start the dispute resolution process  <b>Compliance review process:</b> The PPM informs the complainant(s) of the Board's decision on its PPM's recommendation to commence	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 have not been or yet to be approved by the Board)  If the assessors find the complaint eligible for compliance review, the report will be sent for	<b>Standard procedure:</b> Draft conclusions report shared with complainants for comments after internal consultations with EIB Group Services, EIB Director(s) General etc.  <b>Extended procedure:</b> Whenever appropriate, the draft Initial Assessment Report will be circulated to the complainants or external stakeholders involved in the	The IRM will communicate to the complainant its eligibility determination, which shall include reasons  IRM shares a copy of the following reports with the complainant:  (a) GCF Secretariat's (Management) response to the complaint (fact checks and prior actions taken, if any); (b) IRM's compliance appraisal report: (the draft	IPN eligibility report and 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	CAO shares the eligibility decision and assessment reports with the President, Board, IFC/MIGA, and complainants simultaneously  The C process has three components: appraisal, investigation, and monitoring  CAO shares its compliance appraisal report with management, the President, the Board, and

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	<p>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>compliance review</p> <p>The PPM circulates its draft compliance review report to the complainant(s) for comment</p> <p>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</p>	<p>information to the relevant parties as well as to the President and the Board</p> <p>When a complaint is found eligible for a problem solving Initiative (with or without eligibility for compliance review), the Eligibility Assessment Report will be publicly released and posted on the PCM web site within five business days of the President's decision</p> <p>The PCM officer circulates the Problem Solving Completion report for information to all relevant parties as well as to the President and the Board</p>	<p>complaint-handling process, after internal consultations with EIB Group Services, EIB Director(s) General etc.</p>	<p>compliance review reports by the IRM; and (c) final compliance review report and Board's decision on it</p>	<p>The Panel meets with Management, requesters and other relevant stakeholders in preparing its report but does not share a draft with anyone</p> <p>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</p> <p>No stakeholder has access to the draft Investigation Report</p> <p>Under current practice, when the Panel sends its final Investigation Report to the Board of Executive</p>	<p>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 cleared for disclosure by the President together with IFC/MIGA response</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			<p>The draft compliance review report is shared with relevant parties for comments</p> <p>The final compliance review report, the approved Management Action Plan, and the complainant's comments will be circulated to the relevant parties and publicly disclosed</p>			<p>Directors and provides a copy to Bank management, it shares the investigation report's Table of Findings with requesters on a confidential basis</p> <p>The full report is posted on the panel's website once the Board has discussed the report and approved Management remedial action plan</p>	
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 and the management response to findings, if any, the PCM officer will send the Compliance Review Report and the Management Action Plan to the complainant for comments	<p>The work of the Complaints Mechanism is based on consultation of concerned stakeholders</p> <p>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</p>	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 noncompliance

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			Taking account of the Management Action Plan and complainant's comments, the compliance review expert may adjust his or her recommendations (but not findings) then issue the final Compliance Review Report to the PCM Officer	evidence, if any; incorporate decisions taken, if any, based on the findings and conclusions provided; express views on the substance of the allegations			
Complainants' and Panel's role in monitoring implementation of remedial actions	<p>Complainants have no role</p> <p>CRP monitors implementation of remedial actions approved by the Board for 3 years</p> <p>CRP consults with the complainants, borrower, Management, and staff</p>	<p>Complainants have no role</p> <p>PPM monitors implementation of management action plan approved by the Board</p>	<p>The PCM Officer will monitor implementation of any agreement reached by the problem solving initiative as well as the implementation of the approved management action plan</p> <p>The PCM officer will issue the monitoring reports at least biennially or until the PCM</p>	<p>See above.</p> <p>The Complaints Mechanism, in collaboration with the EIB Group services concerned, monitors the implementation of agreed corrective actions and recommendations, whenever appropriate and in any case no later than 24 months after the date of the Conclusions Report</p>	<p>The IRM monitors the implementation of the following, including consultations with the complainant(s): (a) agreements concluded through problem solving; and (b) final remedial action plans and decisions of the Board taken on the recommendations of the IRM in relation to complaints</p>	<p>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</p> <p>The Bank Management prepares periodic reports to inform the Board of the progress in the implementation of action plans approved by the Board</p>	<p>Complainants are consulted by CAO during the monitoring process</p> <p>CAO keeps the compliance investigation open and monitors actions taken by management to address noncompliance until CAO finds issues to be resolved</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			<p>officer determines that monitoring is no longer needed</p> <p>In the preparation of each management action plan monitoring report, the PCM officer will consult with the relevant parties as appropriate</p>			<p>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 biennial summary of the implementation of all active action plans</p> <p>IPN posts those summaries on its website</p>	
Reprisal Policy to protect complainant	Yes, a Guideline has been developed to prevent such risk by OCP-CP and SP-OSPF	Yes, the PPM's Rules of Procedures include a specific section on how to deal with retaliation	<p>Yes, <i>EBRD has a Corporate Policy Statement on retaliation issued by its Civil Society Engagement Unit (January 2019)</i></p> <p>The EBRD does not tolerate actions by EBRD clients or other project counterparties</p>	Guiding principle 2.6 states: <i>Complainants to the EIB Group Complaints Mechanism 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</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)

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			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	<i>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>			

ADB = Asian Development Bank; AIIB = Asian Infrastructure Investment Bank; AM = Accountability Mechanism; CAO = Compliance Advisor Ombudsman; CMP = Complaints Mechanism Policy; CRP = Compliance Review Panel; EBRD = European Bank for Reconstruction and Development; EIB = European Investment Bank; ESP = Environment and Social Policy; GCF = Green Climate Fund; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IFC = International Finance Corporation; IPN = Inspection Panel; IRM = Independent Redress Mechanism; MIGA = Multilateral Investment Guarantee Agency; OCRP = Office of the Compliance Review Panel; OSPF = Office of the Special Project Facilitator; PCM = Project Complaint Mechanism; PPM = Project-affected People's Mechanism; SPF = Special Project Facilitator; WBG = World Bank Group.

Note: Information in this appendix were extracted from publicly available documents and may not fully reflect actual practices or procedures.  
Sources: ADB Accountability Mechanism Policy and inputs directly emailed by colleagues from AIIB, EBRD, EIB, GCF, IBRD/IDA, IFC/MIGA.

**Appendix 3: Comparison of Key Features of Environmental and Social Standards Applicable for Supported Financial Intermediary Operations**

<b>Key Features</b>	<b>ADB</b>	<b>AiB</b>	<b>EBRD</b>	<b>EIB</b>	<b>GCF</b>	<b>IBRD and IDA World Bank Group</b>	<b>IFC and MIGA World Bank Group</b>
Name of E&S policy	Safeguard Policy Statement 2009, June 2009	Environmental and Social Framework, February 2019	Environmental and Social Policy, May 2014  Public Information Policy, May 2014	Environmental and Social Standards, October 2018	Environment and Social Policy, 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, October 2018
Specific E&S requirements for financial intermediary operations	Yes  SPS paragraphs 65, 66 and 67 deal with financial intermediary project requirements	Yes  Para. 24 of the Environmental and Social Framework deals with financial intermediary project requirements	Yes  Performance Requirement # 9 is exclusively for financial intermediary operations	Yes	Yes  Financial intermediation projects are classified separately similar to other investments	Yes  Paras. 32–37 of the Policy on ESS sustainability specify requirements for investments through financial intermediaries	Yes  Financial intermediary project requirements are covered by the ES Standard 9
<b>KEY REQUIREMENTS FOR FINANCIAL INTERMEDIARY LENDING OPERATIONS</b>							
Screening and categorization	Yes  A proposed project is classified as category FI if it involves investment of ADB funds to or through a financial intermediary	Yes  A proposed project is classified as category FI if it involves investment of AiB funds to or through a financial intermediary	A project will be categorized as “FI” if the financing structure involves the provision of funds through financial intermediaries (FIs) whereby the financial intermediary undertakes the task of subproject appraisal and monitoring  The objective of PR	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)	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 financial intermediary operations, which is further divided into: FI–1, FI–2, and FI–3 based on their potential E&S risks and impacts (Policy on	All projects, including financial intermediation projects, are classified into one of four classifications: <i>High Risk</i> , <i>Substantial Risk</i> , <i>Moderate Risk</i> or <i>Low Risk</i>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			9 is to enable the FIs to manage E&S risks associated with their business activities and to promote good E&S business practices among their clients	For projects outside of the EU, the promoter shall be consistent with the classification provided by EU legislation, as well as the national E&S legislation and applicable international best practice.		Sustainability Para. 40)	
Environmental and social due diligence	SPS paras. 65, 66, and 67 deal with due diligence for financial intermediation projects	Para. 24 of the Environmental and Social Framework deals with due diligence requirements for financial intermediation projects	EBRD will conduct due diligence on the financial intermediary and its portfolio to assess (i) the financial intermediary's existing E&S 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 E&S safeguard system  PR # 9 on FIs describes E&S due	The compliance of projects financed through intermediaries with EU Directives or 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  The Finance Contract signed between the intermediary and EIB includes	Due diligence requirements spelled out in paras. 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	The Interpretation Note on Financial Intermediaries 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 or operations of FIs; guides FIs in making necessary adjustments and enhancements in their operations to help them meet these requirements; and provides guidance	ES Standard 9 on FIs describes E&S due diligence requirements for subprojects financed by FIs with support from the World Bank

Key Features	ADB	AiIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
			diligence requirements for subprojects financed by FIs with support from the EBRD	contractual clauses by which final beneficiaries must comply with all the relevant laws and regulations and, if applicable, with the Community <i>acquis</i>	that these requirements are fulfilled	to clients of FIs on reporting to IFC	
Environmental and social management system	Category 'A' and 'B' financial intermediation projects will be required to have in place or establish an appropriate ESMS to be maintained as part of their overall management system to meet national laws and/or ADB's requirements for financial intermediation projects	There is no specific requirement for FIs to develop an ESMS  The AiIB conducts due diligence to assess whether FIs are in a position to apply the requirements of the Environmental and Social Framework to the AiIB-financed subprojects; and identifies measures necessary to strengthen the FIs' existing E&S policies and procedures, including capacity to implement them	The FIs are required to put in place a clearly defined ESMS, including an environmental and social policy, and E&S procedures policy, commensurate with the nature of the FIs, and the level of E&S 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, which allow the promoter to identify, avoid, minimize, mitigate, and offset or remedy any E&S impact of the operation	Accredited entities to establish and implement their ESMS pursuant to the ESP  If the entities have been accredited to have an intermediary function, their ESMS will include the procedures and 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 by implementing an ESMS that is commensurate with the E&S risk profile of the portfolio supported by IFC financing  The Interpretation Note on Financial Intermediaries clarifies requirements of ESMS	Yes  FIs are required to prepare ESMS and Environmental and Social Standards 9 provides details  Where financial intermediation subprojects are likely to have minimal or no adverse environmental or social risks or impacts, the financial intermediary will apply national law
Grievance redress mechanism at	Requires that the borrower or client establish and	Requires the client to establish a suitable grievance	For all projects, including financial intermediation	The promoter ensures that a grievance	If the accredited entities are acting in an intermediary	Clients of FIs that are required to apply performance	Yes

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
the project level	maintain a GRM to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's or client's social and environmental performance at project level	mechanism 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	<p>projects that are likely to have adverse environmental or social impacts and issues, the client will develop and implement a stakeholder engagement plan that will outline how communication with identified stakeholders will be handled throughout project preparation and implementation, including the grievance procedure envisaged</p> <p>The client will need to respond to stakeholders' concerns related to the project in a timely manner</p> <p>Client need to establish an effective grievance mechanism, process or procedure to receive and facilitate resolution of stakeholders' concerns and grievances</p>	<p>mechanism is introduced at project level, irrespective of other complementary linkages or access to existing public grievance channels in the country concerned</p> <p>Such a mechanism is to be introduced at the outset of project design and possess a life span similar to that of the operation, while it should be open to serve all interested parties bearing concerns that arise out of the project's scope</p>	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)	<p>standards should develop grievance mechanisms commensurate with the level of E&amp;S risks and impacts associated with their operations</p> <p>The GN for Performance Standard 1, (paras. 108–111) provide more specific guidance on these requirements</p>	GRM requirements are spelt out in the ESS10: "Stakeholder engagement and information disclosure" which applies to all projects, including financial intermediation projects

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
Use of country and client's corporate systems	ADB is committed to supporting the strengthening and effective application of the developing member country's country safeguard systems, and para. 68 of the SPS 2009 elaborates its overall strategy for strengthening and using country safeguard systems	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 Environmental and Social Framework, paras. 52–56	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 of the project, and enable the project to achieve objectives materially consistent with the ESS
Information disclosure	Requires disclosure of relevant information about E&S 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,	Requires disclosure of relevant information about E&S 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	Performance Requirement #10 on Information Disclosure and Stakeholder Engagement applies to all projects including financial intermediation projects	Disclosure requirements are spelled out in respective ESS as well as in the ESS10: "Stakeholder engagement" applies to all projects, including intermediation projects	The GCF Information Disclosure Policy requires the accredited entities to disclose to the public the necessary documentation relevant to the E&S safeguards of the activities, and meeting the required disclosure period	Client will 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	Disclosure requirements are spelled out in respective ESS as well as in the ESS10: "Stakeholder engagement and information disclosure" applies to all projects, including financial intermediation projects.

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	<p>so they can provide meaningful inputs into the design and implementation of the project</p> <p>The Public Communications Policy (2005) sets out disclosure requirements for ADB activities, including safeguards</p>	<p>the general public, so they can provide meaningful inputs into the design and implementation of the project</p> <p>The Policy on Public Information (2018) sets out disclosure requirements for AIIB activities, including safeguards</p>			<p>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>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>	
Consultation	<p>Requires meaningful consultation with project-affected people and stakeholders, including concerned nongovernment organizations, early in the project preparation process</p> <p>Ensures that their views and concerns are made known to and understood by decision makers and are taken into account while designing and implementing the specific project and subproject E&amp;S impacts mitigation</p>	<p>Requires meaningful consultation with project-affected people and stakeholders, including concerned nongovernment organizations, early in the project preparation process</p> <p>Ensures that their views and concerns are made known to and understood by decision makers and are taken into account while designing and implementing the specific project and subproject E&amp;S</p>	<p>For all projects, including financial intermediation projects that are likely to have adverse E&amp;S impacts and issues, the client will develop and implement a stakeholder engagement plan appropriate to the nature and scale or the risks, impacts, and development stage of the project</p> <p>The stakeholder engagement plan will outline how communication with identified</p>	<p>Detailed consultation requirements are spelled out in respective ESS as well as in the ESS10: “Stakeholder engagement” applies to all projects, including intermediation 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 fulfill the activity-level stakeholder engagement requirements discussed in section 7.2 of the ESP; and that the accredited entities will conduct the necessary due diligence and oversight to</p>	<p>FIs required to apply performance standards should verify whether information about any subproject financed was appropriately consulted upon with affected communities by the subproject sponsor as required by Performance Standard 1 paragraph 29-31</p>	<p>Detailed consultation requirements are spelled out in respective ESS as well as in the ESS10: “Stakeholder engagement and information disclosure” applies to all projects, including financial intermediation projects</p>

Key Features	ADB	AIIB	EBRD	EIB	GCF	IBRD and IDA World Bank Group	IFC and MIGA World Bank Group
	and management plans (ESMP etc.)	impacts mitigation and management plans (ESMP etc.)	stakeholders will be handled throughout project preparation and implementation		confirm that these requirements are fulfilled		
Monitoring and reporting	FIs are required to monitor implementation progress of agreed safeguards mitigation and 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 and management plans, and to submit periodic monitoring reports on their implementation performance for each of the subprojects financed	<p>FIs are required to include E&amp;S procedures and risk assessment and monitoring mechanisms, as appropriate, to monitor subprojects and ensure compliance with national laws on environment, health, safety and labor, and relevant EBRD PRs.</p> <p>The financial intermediary will submit to EBRD annual E&amp;S reports on the implementation of its ESMS, as well as the E&amp;S performance of its portfolio of subprojects</p>	<p>Promoter is required to monitor implementation of the stakeholder engagement plan and performance of the grievance mechanism, and to report on both</p> <p>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 nontechnical summaries of progress updates,</p>	<p>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</p> <p>This may include both activity-specific and aggregated monitoring and reporting (Para. 6.8)</p>	<p>FIs are required to monitor each borrower or investee's E&amp;S performance against the FI's E&amp;S policy, the E&amp;S due diligence findings, and the E&amp;S contractual obligations</p> <p>The extent and frequency of monitoring should be commensurate with the E&amp;S risk and potential impacts</p> <p>Except those categorized as FI-3, all FIs are required to submit annual E&amp;S performance reports to IFC and keep their senior management informed regularly</p>	<p>FIs are required to monitor the E&amp;S performance of the subprojects in a manner proportionate to the risks and impacts, submit regular progress reports to the financial intermediary's management, and submit annual reports to the Bank</p> <p>These reports will include review of the effectiveness of the financial intermediary's ESMS</p>

<b>Key Features</b>	<b>ADB</b>	<b>AIIB</b>	<b>EBRD</b>	<b>EIB</b>	<b>GCF</b>	<b>IBRD and IDA World Bank Group</b>	<b>IFC and MIGA World Bank Group</b>
				engagement activities, public meetings, or targeted issue-based hearings			

ADB = Asian Development Bank; AIIB = Asian Infrastructure Investment Bank; EBRD = European Bank for Reconstruction and Development; EIA = environmental impact assessment; EIB = European Investment Bank; ESMS = Environmental and Social Management System; ESP = Environmental and Social Policy; ESS = Environmental and Social Standards; EU = European Union; E&S = environmental and social; FIs = financial intermediaries; GCF = Green Climate Fund; GRM = grievance redress mechanism; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; SPS = Safeguard Policy Statement; WBG = World Bank Group.

Note: The abridged information herein was extracted from publicly available documents and may not be accurate or fully reflect the actual practices or procedures.

Sources: ADB Accountability Mechanism Policy and inputs directly emailed by colleagues from AIIB, EBRD, EIB, GCF, IBRD/IDA, IFC, and MIGA.

## APPENDIX 4: SUMMARY FROM THE EMERGING LESSONS SERIES BY THE WORLD BANK INSPECTION PANEL

This is an adaptation of original work by the World Bank. <sup>1</sup> Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by the World Bank.

Project Cycle	Specific Issues	Emerging Lessons
<b>ENVIRONMENTAL ASSESSMENT</b>		
Project preparation	<ul style="list-style-type: none"> <li>• Environmental categorization reflecting social risks</li> <li>• Analysis of alternatives for project selection, location, and design</li> <li>• Delineating the project's area of influence and considering associated facilities</li> <li>• Determining the scope of cumulative impact</li> <li>• Early involvement of internationally recognized expertise</li> <li>• Assessing social impacts and designing related mitigation measures</li> <li>• Meaningful consultations to improve the quality of impact assessment</li> <li>• Mitigation through the environmental management plan</li> <li>• Impacts on forests and water sources</li> <li>• Transboundary and global environmental externalities</li> <li>• Impacts on cultural resources</li> <li>• Health and safety issues</li> <li>• Addressing capacity gaps among relevant stakeholders</li> <li>• Assessing a borrower's legal framework and its international obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 1: Adequate screening and scoping provide the foundation for a robust environmental assessment process</li> <li>• Lesson 2: Consideration of both social and natural impacts should inform project design</li> <li>• Lesson 3: Distinct adverse impacts require special attention</li> <li>• Lesson 4: Impacts can materialize under different financial instruments</li> <li>• Lesson 5: Ensuring borrower capacity is crucial for effective project implementation</li> </ul>
Project implementation	<ul style="list-style-type: none"> <li>• Engaging bank multidisciplinary expertise</li> <li>• Identifying warning signs and proposing solutions through continuous and proactive supervision</li> <li>• Effective monitoring and follow-up</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 6: Effective monitoring, supervision, and continuous environmental assessment require appropriate expertise and resources</li> </ul>
Long-term impacts		<ul style="list-style-type: none"> <li>• Lesson 7: Ensuring strong protection for people and their environment is key for sustainable project development outcomes</li> </ul>
<b>INVOLUNTARY RESETTLEMENT</b>		
Project preparation	<ul style="list-style-type: none"> <li>• Determining the project's impact area</li> <li>• Addressing legacy issues</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 1: Accurate scoping of risks is the foundation of successful resettlement programs</li> </ul>

<sup>1</sup> The World Bank Inspection Panel. *Emerging Lessons Series*. Washington, DC. <https://www.inspectionpanel.org/node/1871>.

Project Cycle	Specific Issues	Emerging Lessons
	<ul style="list-style-type: none"> <li>• Understanding legal frameworks and institutional capacity</li> <li>• Addressing unique risks with land administration and management activities</li> <li>• Carrying out meaningful baseline studies</li> <li>• Participation and meaningful consultations</li> <li>• Adequate and timely disclosure of information</li> <li>• Choosing the instrument</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 2: Meaningful consultation and participation are essential elements of involuntary resettlement programs</li> <li>• Lesson 3: Choice of the appropriate resettlement instrument is the cornerstone of effective resettlement</li> </ul>
Project implementation	<ul style="list-style-type: none"> <li>• Supervising the implementation of resettlement instruments</li> <li>• Proper valuation</li> <li>• Timely compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 4: Active supervision is necessary to effectively identify and resolve problems</li> <li>• Lesson 5: Compensation for project-affected persons needs to be timely and based on sound valuation methodologies</li> <li>• Lesson 6: To be effective, a grievance redress mechanism needs to be accessible, reliable, and transparent</li> </ul>
Long-term impacts	<ul style="list-style-type: none"> <li>• Development assistance and transitional support</li> <li>• Cultural factors</li> <li>• Impact monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 7: Livelihood restoration works best when transitional support, development assistance, and culturally appropriate resettlement alternatives are provided</li> </ul>
<b>Indigenous Peoples</b>		
Project preparation	<ul style="list-style-type: none"> <li>• Proper assessment when project-affected peoples qualify as indigenous peoples in accordance with the policy</li> <li>• Applying alternative terminologies for IPs without diluting the standard of protection afforded by the policy</li> <li>• Indigenous peoples' consultation and participation should be inclusive and involve representative institutions and decision-making processes</li> <li>• Full disclosure of project information in culturally appropriate form, manner, and language</li> <li>• Ensuring broad community support for the project and its objectives</li> <li>• Comprehensive social assessments are essential for analyzing both benefits and harm</li> <li>• Assessing legal and policy frameworks and implementation capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 1: A proper process of identification and the use of appropriate terminology helps protect IP rights and ensure that IPs benefit from project outcomes</li> <li>• Lesson 2: Free, prior, and informed consultations leading to broad community support are central to protecting indigenous peoples and their rights</li> <li>• Lesson 3: Comprehensive assessments are necessary to understand potential impacts on indigenous peoples</li> <li>• Lesson 4: Provisions in indigenous peoples plans are key to mitigating impacts and generating long-term benefits to indigenous peoples</li> </ul>

Project Cycle	Specific Issues	Emerging Lessons
	<ul style="list-style-type: none"> <li>• Failure to develop an indigenous peoples plan when required</li> <li>• Ensuring the inclusion of indigenous peoples plan principles and components in the project design even when a stand-alone indigenous peoples plan is not required</li> </ul>	
Project implementation	<ul style="list-style-type: none"> <li>• Fully involving indigenous peoples in project implementation, especially when project circumstances change</li> <li>• Deploying specialized social specialists throughout project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 5: Active supervision enables proper responses to changing circumstances</li> </ul>
Long-term impacts	<ul style="list-style-type: none"> <li>• Projects must respect customary land and resource rights</li> <li>• Providing culturally appropriate benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 6: Respecting customary rights and securing culturally compatible benefits ensures the long-term well-being of indigenous peoples</li> </ul>
<b>CONSULTATION, PARTICIPATION, AND DISCLOSURE OF INFORMATION</b>		
Project preparation, project implementation long-term impacts	<ul style="list-style-type: none"> <li>• Proper stakeholder assessment</li> <li>• Representation in the context of indigenous peoples</li> <li>• Timeliness and location of consultations</li> <li>• Tailoring consultation meetings to the stakeholders and providing a safe environment</li> <li>• Continuous consultations and two-way communication</li> <li>• Intensified consultations when circumstances change</li> <li>• Effective grievance redress mechanisms that enhance continuous feedback</li> <li>• OP/BP 4.01 Environmental Assessment; OP/BP 4.10 Indigenous Peoples; OP/BP 4.11 Physical Cultural Resources; OP/BP 4.12 Involuntary Resettlement</li> </ul>	<ul style="list-style-type: none"> <li>• Lesson 1: Identifying all stakeholders and engaging with the appropriate representatives is crucial to establishing meaningful consultation and participation</li> <li>• Lesson 2: <b>Disclosing all critical project-related information, including on potential risks and impacts, in a timely and accessible manner is the foundation</b> for ensuring effective and meaningful participation</li> <li>• Lesson 3: Timely and accessible consultations that utilize culturally appropriate communication tools and give due consideration to the local context are essential</li> <li>• Lesson 4: Consultation and participation should be continuous, foster two-way communication, and adequately respond to feedback from affected communities</li> <li>• Lesson 5: Considering the objectives of the different consultation requirements under the World Bank's Safeguard Policies is important</li> </ul>

## Sources:

- The World Bank Inspection Panel. 2017. *Emerging Lessons Series No. 4: Consultation, Participation & Disclosure of Information*.

## Appendix 4

- <http://inspectionpanel.org/sites/inspectionpanel.org/files/publications/Consultation%20Participation%20and%20Disclosure%20of%20Information.pdf>
- The World Bank Inspection Panel. 2017. *Emerging Lessons Series No. 2: Indigenous Peoples*.  
<http://inspectionpanel.org/sites/inspectionpanel.org/files/publications/Emerging%20Lessons%20Learned%20No.%202%20-%20Indigenous%20Peoples.pdf>
  - The World Bank Inspection Panel. 2016. *Emerging Lessons Series No. 1: Involuntary Resettlement*.  
[http://inspectionpanel.org/sites/inspectionpanel.org/files/publications/Final\\_Version\\_Involuntary%20Resettlement\\_05\\_17\\_2016.pdf](http://inspectionpanel.org/sites/inspectionpanel.org/files/publications/Final_Version_Involuntary%20Resettlement_05_17_2016.pdf)
  - The World Bank Inspection Panel. 2017. *Emerging Lessons Series No. 3: Environmental Assessment*.  
<http://inspectionpanel.org/sites/inspectionpanel.org/files/publications/Emerging%20Lessons%20Series%20No.%203%20-%20Environmental%20Assessment.pdf>

## **APPENDIX 5: COMPILATION OF RESOURCE MATERIALS ON VARIOUS ACCOUNTABILITY MECHANISMS**

### **A. Links to Materials from Bilateral and Multilateral Financial Institutions**

The following were extracted from the Accountability Counsel's August 2015 publication, *Accountability Resource Guide—Tools for Redressing Human Rights and Environmental Abuses in International Finance and Development*.<sup>1</sup> For a hard copy of material in the electronic links, please contact Accountability Counsel at [info@accountabilitycounsel.org](mailto:info@accountabilitycounsel.org).

#### **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION**

BIC. The World Bank: A Toolkit for Activists.

D. L. Clark. 1999. *A Citizen's Guide to the World Bank Inspection Panel*.

<http://www.ciel.org/Publications/citizensguide.pdf>.

Accountability Counsel. 2017. *SOMO and Accountability Counsel's Inspection Panel Brochure*.

California. <https://www.accountabilitycounsel.org/wp-content/uploads/2017/08/SOMO-AC-The-World-Bank-Inspection-Panel.pdf>.

The World Bank Group. <http://www.worldbank.org/>.

World Bank. *Inspection Panel*

*Brochure*. <https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/publications/Brochure%20Inspection%20Panel.pdf>.

World Bank. World Bank Information Disclosure Policy.

<http://pubdocs.worldbank.org/en/393051435850102801/World-Bank-Policy-on-Access-to-Information-V2.pdf>.

World Bank (IBRD & IDA). Safeguard Policies.

<http://web.worldbank.org/archive/website00660A/WEB/OTHER/6FE66435.HTM?OpenDocument>.

#### **INTERNATIONAL FINANCE CORPORATION AND MULTILATERAL INVESTMENT GUARANTEE AGENCY**

Compliance Advisor Ombudsman. Operational Guidelines. [http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines2013\\_ENGLISH.pdf](http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines2013_ENGLISH.pdf)

Compliance Advisor Ombudsman. CAO's Guideline to Filing a Complaint. <http://www.cao-ombudsman.org/howwework/filecomplaint/>.

International Finance Corporation (IFC). <http://www.ifc.org/>.

IFC. Access to Information Policy.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_policy\\_aip](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_aip)

IFC. Environment and Social Review Procedure.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/es-proc-manual](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-proc-manual).

IFC. General Environmental, Health, and Safety General Guidelines.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/ehs-guidelines](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines).

IFC. Policy on Environmental and Social Sustainability.

---

<sup>1</sup> Accountability Counsel. 2015. *Accountability Resource Guide—Tools for Redressing Human Rights and Environmental Abuses in International Finance and Development*. California.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/sustainability-policy](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/sustainability-policy)

Multilateral Investment Guarantee Agency (MIGA). Policy on Social and Environmental Sustainability.

[http://www.miga.org/documents/Policy\\_Environmental\\_Social\\_Sustainability.pdf](http://www.miga.org/documents/Policy_Environmental_Social_Sustainability.pdf)

SOMO and Accountability Counsel's CAO Brochure. [https://www.somo.nl/wp-content/uploads/2018/07/HR-GM\\_CAO\\_WEB\\_8-10-2013-2.pdf](https://www.somo.nl/wp-content/uploads/2018/07/HR-GM_CAO_WEB_8-10-2013-2.pdf)

### **AFRICAN DEVELOPMENT BANK**

African Development Bank (AfDB). <https://www.afdb.org/en/about/mission-strategy>.

AfDB. Independent Review Mechanism (IRM). <https://www.afdb.org/en/independent-review-mechanism-irm>.

AfDB. *IRM Operating Rules and Procedures*. <https://www.afdb.org/en/documents/compliance-reviews/irm-operating-rules-and-procedures>.

AfDB. Policy on Disclosure Information. <https://www.afdb.org/en/disclosure-and-access-to-information>.

AfDB. Integrated Safeguards System Policy.

[https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/December\\_2013\\_-](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/December_2013_-_AfDB%E2%80%99S_Integrated_Safeguards_System_-_Policy_Statement_and_Operational_Safeguards.pdf)

[\\_AfDB%E2%80%99S\\_Integrated\\_Safeguards\\_System\\_-\\_Policy\\_Statement\\_and\\_Operational\\_Safeguards.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/December_2013_-_AfDB%E2%80%99S_Integrated_Safeguards_System_-_Policy_Statement_and_Operational_Safeguards.pdf).

AfDB. Policy Documents. <http://www.afdb.org/en/documents/policy-documents/>

SOMO & Accountability Counsel. Independent Review Mechanism Brochure.

<https://www.accountabilitycounsel.org/wp-content/uploads/2017/08/2017-SOMO-AC-The-Independent-Review-Mechanism-of-the-AfDB.pdf>

### **ASIAN DEVELOPMENT BANK**

Asian Development Bank (ADB). <http://www.adb.org/About/>.

ADB. *Accountability Mechanism Policy*.

[https://lnadbg4.adb.org/dir0035p.nsf/attachments/accountability-mechanism-policy-2012.pdf/\\$FILE/accountability-mechanism-policy-2012.pdf](https://lnadbg4.adb.org/dir0035p.nsf/attachments/accountability-mechanism-policy-2012.pdf/$FILE/accountability-mechanism-policy-2012.pdf)

ADB. ADB's Policies. <https://www.adb.org/about/policies-and-strategies>

ADB. Compliance Review Panel. <http://compliance.adb.org/>.

ADB. Office of the Special Project Facilitator. <http://www.adb.org/site/accountability-mechanism/problem-solving-function/office-special-facilitator>.

ADB. *Public Communications Policy of 2011*. <https://www.adb.org/sites/default/files/institutional-document/32904/files/pcp-2011.pdf>.

ADB. Special Project Facilitator Complaints Registry. <http://www.adb.org/site/accountability-mechanism/problem-solving-function/complaint-registry-year>.

International Accountability Project. 2017. *A Community Action Guide to the Asian Development Bank—How to Use ADB Safeguard Policies to Protect Your Human Rights*.

[https://accountabilityproject.org/wp-content/uploads/2017/12/Community\\_Action\\_Guide\\_ADB\\_Full.pdf](https://accountabilityproject.org/wp-content/uploads/2017/12/Community_Action_Guide_ADB_Full.pdf)

### **EUROPEAN INVESTMENT BANK**

European Investment Bank (EIB). [www.eib.org](http://www.eib.org).

EIB. Complaints Mechanism. <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>.

EIB. Complaints Mechanism Operating Procedures.

[http://www.eib.org/attachments/strategies/complaints\\_mechanism\\_operating\\_procedures\\_en.pdf](http://www.eib.org/attachments/strategies/complaints_mechanism_operating_procedures_en.pdf)

EIB. Transparency Policy. <https://www.eib.org/en/publications/eib-group-transparency-policy>.  
 EIB. 2009. *The EIB Statement of Environmental and Social Principles and Standards*.  
[http://www.eib.org/attachments/strategies/eib\\_statement\\_esps\\_en.pdf](http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf).

### **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

European Bank for Reconstruction and Development (EBRD). <https://www.ebrd.com/home>.  
 EBRD. Performance Requirements. <https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/performance-requirements.html>.  
 EBRD. Project Complaints Mechanism. <http://www.ebrd.com/pages/project/pcm.shtml>.  
 EBRD. 2004. *Project Complaint Mechanism (PCM) Rules of Procedure*.  
<http://www.ebrd.com/downloads/integrity/pcmrules.pdf>.  
 EBRD. 2008. *Environmental and Social Policy*.  
<http://www.ebrd.com/downloads/research/policies/2008policy.pdf>.  
 EBRD. 2014. *Public Information Policy*. <http://www.ebrd.com/downloads/policies/pip/pip-draft.pdf>.

### **INTER-AMERICAN DEVELOPMENT BANK**

The Inter-American Development Bank (IDB). <http://www.iadb.org/>.  
 IADB. Environment & Safeguards Compliance Policy.  
<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1481950>.  
 IADB. Information Disclosure Policy. <http://www.iadb.org/en/about-us/information-disclosure-policy,6110.html>.  
 IADB. Independent Consultation and Investigation Mechanism (MICI).  
<https://www.iadb.org/en/mici/mici-independent-consultation-and-investigation-mechanism>.  
 IADB. *Independent Consultation and Investigation Mechanism—We Want to Hear Your Voice*.  
<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=38363569>.  
 IADB. *MICI Policy*. <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=38262425>.  
 IADB. Relevant IADB Operational Policies Considered by MICI. <https://www.iadb.org/en/about-us/operational-policies>.

### **AUSTRALIAN EXPORT FINANCE INSURANCE CORPORATION**

Australian Export Finance Insurance Corporation.  
<http://www.efic.gov.au/Pages/homepage.aspx>.  
 Commonwealth Ombudsman. <https://www.ombudsman.gov.au/>.  
 EFIC. Complaints Mechanism. <https://www.exportfinance.gov.au/our-organisation/our-organisation/complaints-mechanism/>.

### **BRAZILIAN DEVELOPMENT BANK**

Brazilian Development Bank (BNDES). [www.bndes.gov.br](http://www.bndes.gov.br).  
 BNDES. Ombudsperson.  
[http://www.bndes.gov.br/SiteBNDES/bndes/bndes\\_en/Navegacao\\_Suplementar/Ouvidoria/](http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Navegacao_Suplementar/Ouvidoria/).

### **CANADIAN OFFICE OF THE EXTRACTIVE SECTOR'S CORPORATE SOCIAL RESPONSIBILITY COUNSELLOR**

CSR Counsellor. [https://www.international.gc.ca/csr\\_counsellor-conseiller\\_rse/index.aspx?lang=eng](https://www.international.gc.ca/csr_counsellor-conseiller_rse/index.aspx?lang=eng).  
 CSR Counselor Review Process. [http://www.international.gc.ca/csr\\_counsellor-conseiller\\_rse/review\\_process-processus\\_examen.aspx?lang=eng](http://www.international.gc.ca/csr_counsellor-conseiller_rse/review_process-processus_examen.aspx?lang=eng).

## **EXPORT DEVELOPMENT CANADA**

- Export Development Canada (EDC). <http://www.edc.ca/english/index.htm>.
- EDC. Compliance Officer. <http://www.edc.ca/EN/About-Us/Management-and-Governance/Compliance-Officer/Pages/default.aspx>.
- EDC. Compliance Office Brochure. [https://www.edc.ca/EN/About-Us/Management-and-Governance/Audits/Documents/compliance\\_officer\\_resolution\\_e\[1\].pdf](https://www.edc.ca/EN/About-Us/Management-and-Governance/Audits/Documents/compliance_officer_resolution_e[1].pdf).
- EDC. Environmental and Social Risk Management Framework. <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Environment/Pages/default.aspx>.
- EDC. *Information Disclosure Policy*. <http://www.edc.ca/EN/About-Us/Disclosure/Documents/disclosure-policy.pdf>.

## **JBIC and JICA**

- Japan Bank for International Cooperation (JBIC). <http://www.jbic.go.jp/english/>.
- JBIC. Guidelines for Confirmation of Environmental and Social Considerations. <https://www.jbic.go.jp/en/business-areas/environment.html>.
- JBIC. Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations. <https://www.jbic.go.jp/en/business-areas/environment.html>.
- Japan International Cooperation Agency (JICA). <http://www.jica.go.jp/english/>.
- JICA. 2010. *Objection Procedures Based on the Guidelines for Environmental and Social Considerations*. [http://www.jica.go.jp/english/our\\_work/social\\_environmental/guideline/pdf/objection100326.pdf](http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/objection100326.pdf).
- Nippon Export and Investment Insurance (NEXI). <http://nexi.go.jp/en/>.
- NEXI. Procedures for Submitting Objections to NEXI Examiner. <https://www.nexi.go.jp/en/environment/objection.html>.
- NEXI. Guidelines on Environmental and Social Considerations. <https://www.nexi.go.jp/en/environment/social.html>.

## **OPIC**

- Overseas Private Investment Corporation (OPIC). <http://www.opic.gov/>.
- OPIC, Office of Accountability (OA). <http://www.opic.gov/who-we-are/office-of-accountability>.
- OPIC. *Office of Accountability*. [http://www.opic.gov/sites/default/files/docs/accountabilitybrochure05\\_000.pdf](http://www.opic.gov/sites/default/files/docs/accountabilitybrochure05_000.pdf)
- OPIC. 2010. *OPIC—Environmental and Social Policy Statement*. [http://www.opic.gov/sites/default/files/consolidated\\_esps.pdf](http://www.opic.gov/sites/default/files/consolidated_esps.pdf)

## **OECD-MEMBER FUNDERS**

- Organisation for Economic Co-operation and Development (OECD). <http://www.oecd.org/>.
- OECD. “Common Approaches” for Officially Supported Export Credits and Environmental and Social Due Diligence. [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&copte=tad/ecg\(2016\)3](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&copte=tad/ecg(2016)3)
- OECD. List of the National Contact Points. <http://www.oecd.org/investment/mne/ncps.htm>
- OECD. OECD Watch Case Check. <http://oecdwatch.org/oecd-watch-case-check>
- OECD. 2011. *OECD Guidelines for Multinational Enterprises*. <http://www.oecd.org/daf/inv/mne/48004323.pdf>.
- OECD. Calling for Corporate Accountability. <https://www.oecdwatch.org/2017/10/01/calling-for-corporate-accountability/>.
- United States Department of State. OECD National Contact Point Brochure.

<https://www.state.gov/u-s-national-contact-point-for-the-oecd-guidelines-for-multinational-enterprises/>

### **EQUATOR PRINCIPLES**

The Equator Principles (EPs). <https://equator-principles.com/>

### **UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS**

OHCHR. 2011. *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect, and Remedy” Framework*.

[https://www.ohchr.org/documents/publications/GuidingprinciplesBusinessshr\\_eN.pdf](https://www.ohchr.org/documents/publications/GuidingprinciplesBusinessshr_eN.pdf).

## **B. Nongovernment Organizations—Mission Statements**

### **Accountability Counsel**

“Accountability Counsel is a nonprofit organization that amplifies the voices of communities around the world to protect their human rights and environment. As advocates for people harmed by internationally financed projects, we employ community driven and policy level strategies to access justice.”

### **Bretton Woods Project**

<http://www.brettonwoodsproject.org>

Bretton Woods Project “focuses on the World Bank and the IMF to challenge their power, open policy space, and promote alternative approaches...[They] serve as an information provider, watchdog, networker and advocate. [They] provide information for the benefit of civil society groups, official institutions, research institutes, governments and parliaments across the world. The project acts as a network hub in the UK and works with civil society—in Europe and internationally—to change the Bank and the Fund.”

### **Bank Information Center**

[www.bankinformationcenter.org](http://www.bankinformationcenter.org)

BIC “partners with civil society in developing and transition countries to influence the World Bank and other international financial institutions (IFIs) to promote social and economic justice and ecological sustainability. BIC is an independent, non-profit, non-governmental organization that advocates for the protection of rights, participation, transparency, and public accountability in the governance and operations of the World Bank, regional development banks, and IMF.”

### **Banktrack**

<http://www.banktrack.org>

Banktrack “is the global network of civil society groups tracking the operations and investments of private sector banks (commercial banks) and their effect on people and the planet.” Their vision is to “to help contribute to a private financial sector accountable to society at large, whose operations contribute to creating healthy and just societies and preserve the ecological well-being of the planet.”

### **CEE Bankwatch**

<http://bankwatch.org>

CEE Bankwatch is “an international non-governmental organisation (NGO) with member organisations from countries across central and eastern Europe (CEE). [They] monitor the activities of international financial institutions (IFIs) which operate in the region and promote environmentally, socially and economically sustainable alternatives to their policies and projects.”

**Center for Human Rights and Environment /  El Centro de Derechos Humanos y Ambiente (CEDHA)** <http://www.cedha.org.ar/>

CEDHA “is a non-profit organization which aims to build a more harmonious relationship between the environment and people. Our work centers on promoting greater access to justice and guarantee human rights for victims of environmental degradation, or due to non-sustainable management of natural resources, and to prevent future violations. To this end, CEDHA fosters the creation of inclusive public policy that promotes inclusive socially and environmentally sustainable development, through community participation, public interest litigation, strengthening democratic institutions, and the capacity building of key actors.”

**Center for International Environmental Law**

[http://www.ciel.org/Intl\\_Financial\\_Inst/index.html](http://www.ciel.org/Intl_Financial_Inst/index.html)

CIEL “is a nonprofit organization working to use international law and institutions to protect the environment, promote human health, and ensure a just and sustainable society. We provide a wide range of services including legal counsel, policy research, analysis, advocacy, education, training, and capacity building.”

**EarthRights International**

<http://www.earthrights.org>

ERI “is a nongovernmental, nonprofit organization that combines the power of law and the power of people in defense of human rights and the environment, which we define as “earth rights.” We specialize in fact-finding, legal actions against perpetrators of earth rights abuses, training grassroots and community leaders, and advocacy campaigns. Through these strategies, EarthRights International seeks to end earth rights abuses, to provide real solutions for real people, and to promote and protect human rights and the environment in the communities where we work.”

**ECA Watch**

<http://www.eca-watch.org/>

“ECA Watch is an organizing and outreach mechanism of the larger international campaign to reform Export Credit Agencies (ECAs). Organizations participating in the campaign include non-governmental organizations and bodies working on issues related to the environment, development, human rights, community, labor, and anti-corruption.”

**Environmental Law for the Americas**

<http://www.aida-americas.org/en/about>

AIDA is “a nonprofit environmental law organization that works across international borders to defend threatened ecosystems and the human communities that depend on them.”

**Friends of the Earth (<https://foe.org>); Friends of the Earth (FOE) Japan**

<http://www.foejapan.org/en>

FOE Japan is “an international NGO which deals with environmental problems at the global level” and “tackles problems such as global warming, deforestation, and development aid to the Third World.”

**Fundar**

<http://fundar.org.mx/index.html/>

Fundar is an organization of plural and independent civil society with the aim to promote democracy, welfare and social justice in the Mexican state as well as internationally. It engages in policy advocacy and public institutions through sharing of specialized knowledge, critical

reflection and involvement with civil, social and governmental actors.

### **International Corporate Accountability Roundtable**

<http://icar.ngo>

ICAR “is a coalition of human rights, environmental, labor, and development organizations that creates, promotes and defends legal frameworks to ensure corporations respect human rights in their global operations.”

### **Inclusive Development International**

<http://www.inclusivedevelopment.net>

IDI “is a human rights organization working to make the international economic system more just and inclusive. IDI supports and builds the capacity of local organizations and affected communities to defend their land and human rights in the face of harmful investment, trade and development. Through research, casework and policy advocacy, IDI works to strengthen the human rights regulation and accountability of corporations, financial institutions and development agencies.”

### **Human Rights Watch**

<http://www.hrw.org/>

“Human Rights Watch defends the rights of people worldwide. We scrupulously investigate abuses, expose the facts widely, and pressure those with power to respect rights and secure justice. Human Rights Watch is an independent, international organization that works as part of a vibrant movement to uphold human dignity and advance the cause of human rights for all.”

### **International Federation for Human Rights**

[www.fidh.org](http://www.fidh.org)

FIDH is a nongovernmental federation for human rights organizations with 164 member organizations in over 100 countries. Its mission is to “contribute to the respect of all the rights defined in the Universal Declaration of Human Rights.” It aims to make “effective improvements in the protection of victims, the prevention of Human Rights violations, and the sanction of their perpetrators.” FIDH also publishes “Corporate Accountability for Human Rights Abuses: A Guide for Victims and NGOs on Recourse Mechanisms.” The guide is available at: <http://www.fidh.org/Updated-version-Corporate>.

### **IFIWatchnet**

<http://www.if-watch.net/>

IFIWatchnet “connects organisations worldwide which are monitoring international financial institutions (IFIs) such as the World Bank, the IMF, and regional development banks.” (This website compiles a list of other key organizations around the world that monitor the IFIs and provide resources to project-affected people).

### **International Accountability Project**

<http://accountabilityproject.org>

IAP “is a human rights advocacy organization that seeks to end forced eviction and create new global policy and practice for development that respects people’s homes, environment and human rights.” IAP’s methods include working “to win policy change, boost local advocacy efforts, and support grassroots activists and communities to access influential decision-making spaces.”

### **International Rivers**

<http://www.internationalrivers.org/>

International Rivers “has been at the heart of the global struggle to protect rivers and the rights of

communities that depend on them” since 1985. They work “with an international network of dam-affected people, grassroots organizations, environmentalists, human rights advocates and others who are committed to stopping destructive river projects and promoting better options.”

### **Japan Center for Sustainable Environment and Society (JACSES)**

<http://www.jacses.org/en>

“Japan Center for a Sustainable Environment and Society (JACSES) is an NGO dedicated to achieving sustainable development and social justice in the society...” JACSES “facilitate[s] change through: policy-and practice-oriented research; independent policy advocacy to protect the interests of vulnerable people; and awareness-raising that highlights individual voluntary action.”

### **Mekong Watch**

<http://www.mekongwatch.org/english>

“Mekong Watch is a Japanese NGO based in Tokyo. [They] combine research and advocacy to address and prevent the negative E&S impacts of development in the Mekong Region. [They] are especially concerned about the lack of consultation with affected communities in development planning and implementation and the role Japanese financing. By contacting communities directly, [they] try to bridge the information and communication gaps between them and decision-makers in Japan.”

### **Natural Justice**

<http://naturaljustice.org>

“Natural Justice: Lawyers for Communities and the Environment is a non-profit organization, registered in South Africa since 2007. [Their] vision is the conservation and sustainable use of biodiversity through the self-determination of Indigenous peoples and local communities. [Their] mission is to facilitate the full and effective participation of Indigenous peoples and local communities in the development and implementation of laws and policies that relate to the conservation and customary uses of biodiversity and the protection of associated cultural heritage. [They] work at the local, national, regional, and international levels with a wide range of partners.”

### **OECD Watch**

<http://www.oecdwatch.org/>

OECD Watch is an NGO made up of 60 member groups. OECD Watch produces useful publications, including a manual, that discuss the use of the National Contact Point process and cases brought under the NCP procedure. OECD Watch also conducts trainings regarding the OECD NCP procedure.

### **SOMO**

<http://somo.nl/themes-en/human-rights-grievance-mechanisms>

Centre for Research on Multinational Corporations (SOMO) “is an independent, not-for-profit research and network organisation working on social, ecological and economic issues related to sustainable development. Since 1973, the organisation investigates multinational corporations and the consequences of their activities for people and the environment around the world. SOMO conducts its own research, conducts research for Civil Society Organizations (CSOs), and coordinates and participates in networks.”