

Written Recommendations for the Draft Revised Project-affected People's Mechanism Policy and PPM Rules of Procedure

Dear Acting MD-CEIU,

Thank you for the opportunity to provide comments on the draft revised Project-affected People's Mechanism (PPM) policy. As civil society organizations from around the world supporting communities affected by Asian Infrastructure Investment Bank's (AIIB) financing and that of other development financial institutions, we have a strong interest in ensuring that PPM is an accessible and legitimate office capable of holding AIIB accountable and facilitating meaningful remedy for harms done.

As of now, the PPM has the disappointing track record of 0 eligible cases in the past 7 years of functioning, while its financing has been associated with at least 48 complaints at co-financiers IAMs. From our vantage point, this is the result of a policy architecture that prevents AIIB's Board of Directors from understanding the institution's impact on the ground and enables management to limit independent oversight over their functioning. For example, the PPM is the only independent accountability mechanism requiring communities to engage with two levels of internal grievance mechanisms, prior to accessing the PPM. Information posted on the PPM website (as of 16 September 2025) lists 15 requests, all of which have been ruled ineligible. The reasons for ineligibility can be found below:

Reasons for Ineligibility	No.
Single requestor and prior good faith not met	6
Prior good faith not met	2
Co-Financier's IAM applies	4
Outside mandate of the PPM	2
Project dropped from pipeline	1

The [2024 External Review Report](#), commissioned by the managing director of the Complaints-resolution, Evaluation and Integrity Unit (MD-CEIU), confirmed the issues CSOs have been raising since the inception of the PPM and recommended wide ranging changes to the PPM Policy. Unfortunately, the revised draft Policy ignores the [majority of these recommendations](#). The recommendations that have been proposed are minimal, barely moving the needle and still falling short of [international good practice](#) by a wide margin. Our overall impression is that AIIB remains unwilling to adapt the PPM's design in the ways that are necessary to make it an effective mechanism.

The PPM now has an additional opportunity to ensure that the most important changes are implemented. In particular, we want to emphasize the importance of the five recommendations below:

1. Prior engagement with management and project-level grievance redress mechanisms (PL-GRMs) should be optional:

The PPM's high accessibility barrier was one of the major issues sought to be addressed by the review. However, the revised PPM Policy retains the unprecedented requirement that complainants first engage with two levels of internal grievance mechanisms. The only improvement is the creation of one additional exception around prior good engagement with management. Maintaining a high initial entry barrier and creating a list of exceptions, that is open to subjective interpretation, is only going to create a lack of predictability and enable undue discretion in eligibility determinations.

We recommend that in line with international good practice, prior engagement with the Bank management or clients be voluntary and not a pre-condition to accessing the PPM. We are concerned that despite the fact that management and clients usually work together to address community concerns, the policy still requires communities to go to management and PL-GRM separately and exhaust both options. We are especially concerned with the requirement to engage with PL-GRMs.

The challenges of availability and effective functioning associated with PL-GRMs are [well documented](#) not only for AIIB projects but also for institutions like the World Bank that have been around for much longer, where [significant gaps](#) have still remained. Which is why, while we welcome AIIB management's commitments to operational enhancements to implement and monitor information dissemination of PL-GRMs and effective case handling, we remain unconvinced that AIIB will be able to ensure that PL-GRMs are on the whole readily available or able to facilitate remedy. This is why no other IAM requires mandatory prior engagement with PL-GRMs and why PPM has always provided an exception to this rule when they're "non-functioning or non-existent."

It is an unnecessary burden to require communities who are facing significant environmental and social issues to provide proof that the PL-GRM does not exist or function properly. Even when they exist, PL-GRMs may be an unsuitable forum, or even a potentially dangerous forum and these issues are not sufficiently mitigated by the exceptions of the Policy.

(i) Even when they exist, PL-GRMs can be unsuitable for a variety of reasons:

In our experience, community concerns are often accompanied with AIIB's failure to comply with its environmental and social standards, that even the most effective PL-GRM is unsuited to fairly consider. Moreover, AIIB should not be passing on its

responsibility to project implementers who may not have the capacity or resources to address concerns. Communities also often do not trust PL-GRMs because they perceive them to be run by the same actors causing them harm in the first place. To the extent that communities may be seeking project redesign, or that a project be paused and stopped completely, a PL-GRM would be similarly unable to address such demands.

(ii) PL-GRMs are potentially dangerous for Requestors in ways that are not always predictable:

Put simply, this requirement puts already vulnerable communities at risk, and the proposed exceptions do not go far enough to mitigate this risk. The risk of retaliation against communities by project implementers is [widely documented](#), and yet the draft revised PPM policy continues to require at-risk communities to attempt to use PL-GRMs, with the exception still seemingly requiring communities to *prove* that this risk exists in each individual case. Unless the PPM is prepared to accept a simple unsubstantiated statement, “I/We fear the risk of retaliation,” this is an unfair burden to put on at-risk populations. There could also be instances where the communities are unable to predict or prove retaliation risk and yet might face retaliation due to this requirement.

If accessibility barriers are not reduced, we believe the review process of the PPM, undertaken primarily in response to the major accessibility issues faced by affected communities, will be a failure.

2. The PPM should have a monitoring mandate without needing Board approval:

We welcome the improvement in the draft revised PPM policy with respect to the PPM’s monitoring mandate and urge it to further expand this mandate. As currently drafted, the PPM can independently verify the status of implementation of specific measures in Management Action Plans (MAPs), but only under exceptional circumstances and subject to Board approval.

The PPM should be equipped to relay concerns received from Requestors who believe MAPs are not being adequately implemented, and/or to recommend how implementation may be improved. It ought to be able to exercise its independent oversight function whenever material non-compliances are identified, regardless of how common that might be. When the implementation of corrective action has stalled or failed to provide concrete remedy to affected communities and Management has not been able to facilitate the implementation, it is crucial that the PPM be able to act promptly at its own discretion. Needing to commit significant resources to prepare materials to present to the Board and seek its official approval at a Board meeting makes monitoring slow, expensive and ultimately ineffective.

As the CEIU itself noted in its [July 2025 report](#) on the PPM Policy Review, stakeholders have provided feedback that “independent verification strengthens trust in MAP implementation, particularly in high-risk projects”, while peer IAMs reported that “monitoring or independent verification by the IAM improves compliance and outcomes.”

Further, the PPM should have an explicit mandate to monitor a case until all instances of non-compliance have been remedied. Upon conclusion of its monitoring/verification activities, the PPM should be required to submit verification reports to the Board on the extent of implementation of measures in the MAP, reasons for any delay or implementation failures, and recommendations for institutional learning on timely and effective remedies for instances of non-compliance.

3. Management’s obligations when complaints are filed to co-financiers IAM should be strengthened.

AIIB continues to be responsible to prevent and remedy harm associated with all its investments, including AIIB’s co-financed investments worth at least \$23.3 billion ([until 2024](#)). The PPM should be able to accept complaints and facilitate remedial action in all co-financed projects. Even the proposed revisions to PPM Policy regarding AIIB’s management’s obligations in cases where co-financier’s IAMs find non-compliance, do not sufficiently outline AIIB’s responsibilities towards affected communities. The Management’s report to the board should include both opportunities for institutional learning and remediation of harm for project-affected communities. The PPM should also have an opportunity to comment on the Management report, before it is finalized. The report and PPM’s comments should be presented to the AIIB’s Board of Directors and disclosed in the complaints registry.

4. To safeguard the PPM's independence, hiring of the MD-CEIU should be led by the Board and include external stakeholders.

The CEIU acknowledges the need for improving independence of the PPM, [noting](#),

“Although mentioned in other Bank documents, the independence of the PPM does not get much attention in the policy itself. This should be made explicit as part of the updated PPM Policy”

However, the revised PPM Policy does not increase the PPM’s independence, particularly around the hiring process of the MD-CEIU. We propose that hiring of the MD-CEIU be led by the Board and include external stakeholders.

We appreciate that a core aspect of AIIB’s lean governance model is its non-resident Board, which has more limited functions. However, one aspect of the Board’s function is enshrined in AIIB’s Articles of Agreement, i.e., the oversight mechanism. In aspects related to hiring of the MD-CEIU and resourcing the PPM, the Board, through its Policy

and Strategy Committee, should play a more active role. Currently the hiring of the MD-CEIU is led by management with the role of the Board limited to providing feedback on the candidate chosen by the President via the Corporate Secretary. At other Banks, Board members form part of the hiring committee, including attending candidate interviews. The selection committee should also include external stakeholders such as civil society organizations as is [good practice](#) at other development financial institutions. This helps to legitimize the hiring process and builds trust in the independence and integrity of the selected individual.

This is crucial because the MD-CEIU's ability to act with independence and integrity, particularly in the face of pressure by other stakeholders, is the cornerstone of the PPM's effectiveness. It is essential that the new MD-CEIU is hired through a Board-led process that includes external stakeholders.

The hiring process of the MD-CEIU is outlined in the 2024 Terms of Reference (TOR) of the Complaints-resolution, Evaluation, and Integrity Unit. We recommend the following language:

The MD-CEIU is appointed by the Board following the recommendation of a selection committee set up for that purpose. To maintain the independence of the CIEU, the selection committee will conduct an independent, transparent, and participatory selection process that involves stakeholders from diverse regional, sectoral, and cultural backgrounds, including civil society and business communities.

The MD-CEIU may be removed from office only by a decision of the Board, for cause, as determined by the Board.

5. The PPM Policy should be reviewed every five years:

One of the most alarming changes to the draft revised PPM Policy has been the amending of "*The Policy shall be reviewed no later than five years from its adoption. The MD-CEIU shall initiate and guide the review.*" to

"Every five years, the MD-CEIU shall assess the implementation of this Policy and recommend to the Board whether a review is necessary. If the Board endorses the review, the MD-CEIU shall initiate and guide the review."

Requiring Board endorsement of the review is a regression from international good policy, where the IAM should have the authority to initiate its own review at regular intervals. It risks AIIB's PPM policy not being reviewed again for multiple 5-year cycles due to the review being a deeply politicized issue amongst the Board, thus locking in the PPM's accessibility and effectiveness challenges.

The first 5 years of the PPM's existence coincided with significant developments at the AIIB (e.g. significant number of complaints in AIIB financed projects (including co-financed projects) and no eligible cases), which warranted reconsideration and update of the PPM policy. There is every reason to expect that each of the ensuing 5-year intervals will bring equally significant developments, not least the acceptance and handling of the PPM's first cases. The PPM policy must therefore be regularly reviewed and updated to keep pace with the prevailing practices in development finance and be fit for purpose. It is absolutely crucial that the culture of continuous learning and improvement around accountability is not compromised.

These comments include Recommendations on Revised Draft PPM Policy for the draft revised PPM Policy and also include recommendations for PPM's Rules of Procedures. We welcome further engagement with you on these important issues.

Sincerely,

Accountability Counsel

Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE)

Buliisa Initiative for Rural Development Organisation (BIRUDO)

Community Empowerment and Social Justice Network (CEMSOJ)

Defenders in Development Campaign

Ecolur informational NGO

Friends with Environment in Development

Fundación CAUCE: Cultura Ambiental - Causa Ecologista

Fundeps

Gender Action

Growthwatch

Inclusive Development International

Inisiasi Masyarakat Adat (IMA)

Jamaa Resource Initiatives, Kenya

Jubilee Australia Research Centre

Latinoamérica Sustentable

MiningWatch Canada

NGO Forum on ADB

Oyu Tolgoi Watch

Recourse

Rivers without Boundaries

Rivers without Boundaries Mongolia

Sustentarse

Urgewald

Uzbek Forum for Human Rights

I. Recommendations on Revised Draft PPM Policy



AIIB Policy on the
Project-affected People's Mechanism December 7,
2018
(Revised [December 15, 2025])

1. Introduction

- 1.1. The [Environmental and Social Policy](#) (ESP) of the Asian Infrastructure Investment Bank (AIIB) guides sound environmental and social management of AIIB-financed projects (Projects).¹ The ESP provides a mechanism for public consultation and disclosure of information on the environmental and social risks and impacts of Projects and for use of Project-level Grievance Redress Mechanisms (Project-level GRMs). The ESP also provides that AIIB will establish a mechanism to receive submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP.
- 1.2. This Policy, adopted by the Board of Directors, establishes such a mechanism, known as the Project-affected People's Mechanism (PPM). The Complaints- resolution, Evaluation and Integrity Unit (CEIU) shall be responsible for the proper functioning of the PPM.
- 1.3. While the President manages AIIB under the supervision of the Board of Directors pursuant to Article 29(4) of AIIB's [Articles of Agreement](#), this Policy recognizes that the President has delegated significant aspects of this management authority in relation to investment operations to AIIB management (Management) .
- 1.4. This Policy is deemed a "major policy" of the Board of Directors, in accordance with Article 26 of AIIB's Articles of Agreement.

1.5. This Policy, as revised herein, shall enter into effect on [January 1, 2026] and applies to all submissions made on or after this date.

2. PPM and its Functions

2.1. Functions: The PPM shall provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP ~~in situations when their concerns cannot, in the PPM's judgment, be addressed satisfactorily through Project-level GRMs or AIIB Management processes~~. AIIB's accountability is to be enhanced through the following three functions of the PPM:

Commented [1]: An eligibility criteria need not find mention in a provision describing the PPM's core function.

¹ The definition of "Project" can be found in the ESP (Section 5.3).

2.1.1.

Early Problem Solving Function (Early Problem Solving), the objective of which is to enable Project-affected people to obtain rapid resolution of their concerns over simple matters which arise during AIIB's environmental and social due diligence of a Project and which do not require dispute resolution; they may include inquiries about the consultation process related to a Project or requests to address any environmental nuisance such as dust, noise or mobility restrictions experienced during Project preparation.

2.1.2. Dispute Resolution Function (Dispute Resolution), which shall seek to facilitate a dialogue between AIIB, the Project-affected people and/or Client² with a view to agreeing on actions to mitigate known potential or actual material adverse environmental or social impacts that arise during AIIB's environmental and social due diligence of a Project or during Project implementation.

2.1.3. Compliance Review Function (Compliance Review), which is designed to investigate allegations by Project-affected people that AIIB has failed to comply with its obligations under the ESP in its environmental

and social due diligence of a Project or its oversight of the Project during implementation, thereby causing or being likely to cause material adverse environmental or social impacts on the Project-affected people and, if the allegations are substantiated, to review any action plan proposed by Management to ~~remediate address~~ these impacts.

2.2. In carrying out the PPM functions, the PPM shall have the following competencies:

2.2.1. To determine the eligibility of submissions.

2.2.2. To assess the submissions and make determinations regarding them.

2.2.3. To carry out such other tasks as are reasonably related to the discharge of the above competencies.

2.3. MD-CEIU: The Managing Director, CEIU (MD-CEIU) shall represent the PPM in all matters before the Board of Directors and the President. The MD-CEIU shall have unimpeded access to the Policy and Strategy Committee of the Board of Directors to report on the work of the PPM.

2.4. Resourcing: The ~~President Board~~ shall ensure that the PPM is adequately resourced and staffed in order to fulfill its functions. ~~The MD-CEIU shall prepare an annual budget (including any contingency funds) identifying the level of resources necessary to ensure that PPM can effectively carry out all of the roles, responsibilities, and activities set out in this Policy. The PPM budget will be submitted to the Board for approval on a no objection basis.~~ The President shall ~~also~~ ensure that the MD-CEIU has full access to AIIB's staff and files, including electronic files, relevant to submissions received and processed by the PPM, and will ensure that AIIB personnel fully cooperate with the PPM.

² The definition of "Client" can be found in the ESP (Section 5.1).

3. Persons Who May File a Submission

3.1.

~~Two~~ One or more Project-affected people (Requestors) may file a submission. In cases involving allegations of gender-based violence, sexual harassment or sexual exploitation and abuse, a single Requestor may file a submission. They may authorize an in-country representative (Authorized Representative) to file a submission on their behalf. In exceptional situations, when in-country representation is unavailable, the Requestors may designate an individual or organization outside of the country as their Authorized Representative to file a submission.

Commented [2]: Six complaints have been rejected due to there being a single requestor and this issue has emerged as a key eligibility barrier.

These cases include matters related to the Environmental and Social Framework including labour, loss of land or land use, and lack of meaningful consultation. The PPM already has the ability to not accept frivolous requests and thus using single requestors as a proxy for frivolous requests is unnecessary and counter productive.

The PPM also received 4 separate cases about the Chennai Peripheral Ring Road (Sections 2 and 3), each of which was rejected for being raised by a single requestor. This underlines that complaints from single requestors can be valid and raise widespread issues, as well as demonstrates that projects can cause harm to multiple people who, for whatever reason, may not be able to coordinate their complaints.

3.2 The PPM may initiate a Compliance Review process of one or more Projects or sub-projects as explained below:

3.2.1. The PPM may initiate a Compliance Review of one or more Projects or Sub-Projects based on the circumstances described in 3.22 or in response to an internal Request from the President, the Board, or Management.

3.2.2. The PPM may self-initiate a Compliance Review or the President, the Board, or Management may put forth an internal request in circumstances where: (i) a Compliance Review is deemed necessary to review environmental and social compliance issues of systemic importance to the AIIB; (ii) concerns exist regarding particularly severe harm; or (iii) Project-affected people may be subject to, or fear, reprisals, preventing them from lodging a complaint with the PPM.

3.2.3. Such self-initiation or internal requests initiated by the President, the Board, or Management should include a written rationale for the Compliance Review request.

Commented [3]: The MD-CEIU, the AIIB President and the Board should be able to self-initiate a complaint to be undertaken in the absence of a formal Request and subject to strict conditions/ criteria. These criteria/conditions may include fear of reprisals and/or information received by the IAM regarding the risk to the IFI's reputation resulting from a particular operation it is financing, etc. This allows the Bank to address harm when affected people are unable or unwilling to file complaints, such as due to risk of reprisals.

If the PPM initiates compliance review proceedings according to the criteria set out above, the information or internal request is deemed to be eligible under Section 5, and the PPM can proceed accordingly.

Commented [4]: We recommend that all prior good faith engagement with either Project-level GRM or Management be made voluntary. We are concerned that the PPM Policy continues to require two levels of engagement with internal mechanisms despite evidence that this requirement has made the PPM completely inaccessible.

The PPM also acknowledges that management and PL-GRMs usually work together. Despite this, the PPM requires that Requestors separately reach out to PL-GRMs and Management, when this is a huge burden of time and resources on affected communities.

We are especially concerned that unlike any other IAM, the PPM makes prior good faith engagement with PL-GRMs mandatory, despite PL-GRMs being unsuitable or potentially dangerous.

4. Resolution of Grievances

4.1 Requestors are encouraged but not required to make prior efforts with the Project-level GRM or Management.

~~The PPM process is available to Requestors after they make good faith efforts to resolve their issues with the Project-level GRM and Management. This approach enables timely resolution of these issues at the Project level using the Client's GRM complemented by Management's support when needed. If Requestors are unable to resolve their issues at these levels, they~~

Commented [5]: If Requestors make good faith efforts with PL-GRMs and management supports PL-GRMs, does that also count as prior good faith with Management?

Alternatively, If Requestors make good faith efforts with management, and management rely on project-implementors, does that also count as prior good faith with PL-GRM?

~~should present to the PPM the reasons for this. Acceptable reasons would, without limitation, include: (i) the nonexistence or nonfunctioning of the Project-level GRM; (ii) a failure on the part of Management to engage meaningfully with the Requestors within a reasonable period of time following notice to Management to engage with the Requestors; or (iii) a risk of retaliation.~~

5. Time Limits for Filing a Submission

5.1. Request for Early Problem Solving may be submitted after the Project summary information (PSI) in relation to a Project has been disclosed by AIIB and before the approval of the Financing.³

5.2. Request for Dispute Resolution or Compliance Review may be submitted (i) after the PSI in relation to a Project has been disclosed by AIIB, in case of Dispute Resolution and (ii) after the approval of the Financing, in case of Compliance Review, and before one of the following dates:

5.2.1. For Sovereign-backed Financings: The Closing Date.⁴ In exceptional circumstances, where the Client continues to be bound by environmental and social undertakings beyond the Closing Date or when a Dispute Resolution has failed to lead to an agreement and the Requestors wish to file a request a Compliance Review, the PPM may consider the request as eligible if it is submitted during the 24 months following the Closing Date.

³ "Financing" means a Sovereign-backed Financing and Non-sovereign-backed Financing (for details, see AIIB's [Operational Policy on Financing](#).)

⁴ "Closing Date" means: (a) for loans the date specified in the Loan Agreement (or such later date as the Bank shall establish by notice to the Loan Parties) after which the Bank may, by notice to the Loan Parties, terminate the right of the Recipient to withdraw from the Loan Account (for details, see [General Conditions for Sovereign-Backed Loans](#), Appendix, No. 8.); and (b) for guarantees, the date of completion of the Project.

5.2.2. For Non-sovereign-backed Financings: the date 24 months following the date of the last disbursement of AIIB's funds or, in the case of guarantees, the date 24 months following the date of the last

Commented [6]: What level of due diligence will Requestors be required to do to identify whether there is a Project-level GRM? If there is no information available on the website or on the project site, would that be sufficient?

If the project implementor provides an email for the GRM, how long will Requestors be required to wait before escalating the issue?

Commented [7]: If despite management engagement, affected-communities want to pursue a PPM complaint, the PPM should accept the submission.

Commented [8]: Instead of risk of retaliation, the exception should be fear of retaliation. As long as communities are afraid, that should be enough and they should not be required to prove how significant the risk is.

disbursement under the underlying obligation or, in the case of equity funding, prior to AIIB's exit from its investment.

6. Eligibility of Submissions

6.1.

A submission shall be ineligible to be considered by the PPM, if:

- 6.1.1. It does not relate to a Project that has been approved for financing by AIIB or in relation to which a PSI has been disclosed;
- 6.1.2. It is anonymous;
- 6.1.3. It raises allegations of Prohibited Practices⁵ or relates to procurement;
- 6.1.4. It relates to any AIIB policy other than the ESP;
- 6.1.5. It relates to the adequacy of the ESP;
- 6.1.6. The Project is co-financed with another multilateral development bank (MDB) or bilateral development organization and AIIB has agreed to the application of the environmental and social policies and procedures and to rely on the Independent Accountability Mechanism (IAM) of such institution;
- 6.1.7. It is filed outside of the time limits set out in this Policy;
- 6.1.8. The Requestors have not, in the PPM's judgment, made good faith efforts in the manner described above in Section 4.1;
- 6.1.9. It raises issues that have already been considered by the PPM, unless there is new evidence or circumstances not known at the time of the previous submission; or
- 6.1.10. It has been filed fraudulently, with frivolous, malicious or improper intent or to gain undue competitive advantage.

6.2. Further, a request for Compliance Review shall be ineligible if:

- 6.2.1. It relates to actions or inactions that do not involve AIIB's failure to comply with the ESP or otherwise raises issues unrelated to AIIB's failure to comply with the ESP;

⁵ See, the Bank's [Policy on Prohibited Practices which provides definitions of Prohibited Practices](#).

- 6.2.2. It relates to activities, parties or impacts beyond the reasonable control of AIIB (including the conduct of the Client or any third party, unless that conduct is directly relevant to assessment of AIIB's compliance with the ESP);

- 6.2.3. It relates to laws, policies, or regulations of AIIB's Member government, unless they directly relate to AIIB's compliance with the ESP; or

- 6.2.4. It relates to the subject matter of an ongoing Early Problem Solving or a Dispute Resolution.

7. Processing of Submissions

- 7.1. Submission: The submission shall identify the Requestors making the submission. The Requestors shall be encouraged but not required to indicate under which PPM function they propose their submission to be reviewed. Other information to be included in the submission shall be detailed in the sample submission form to be set out in the Rules of Procedure for the PPM.
- 7.2. Language of Submission and Other Written Communications With the PPM: The submission may be written in English or in any official or national language of the Requestors' country. The PPM's acknowledgment of submission receipt shall be in English and in the language of the submission, if such language is not English. Thereafter, PPM's communications with the Requestors shall be in English. The PPM shall also translate the substantive part of these communications into the submission language, if such language is not English. However, the English language version of AIIB's communications shall prevail in the case of a discrepancy between the English and translated version.

7.3. Acknowledgement of Receipt of Submission: The PPM shall acknowledge receipt of a submission to the Requestors and recommend the most suitable processing option based on submission content, timing and eligibility criteria, taking the Requestors' proposal, if any, into account. **The PPM should provide Requestors an opportunity to understand the different processes during this stage.** The Requestors' decision on which process they wish to pursue will, however, be final, subject to the submission meeting the applicable requirements of Section 5 (*Time Limits for Filing a Submission*) and Section 6 (*Eligibility of Submissions*).

7.4. Screening for Eligibility; Registration: The PPM shall determine whether the submission meets the eligibility criteria set out in Section 6.1 and inform the Requestors, Management and the Board of Directors of its determination. If the submission meets such eligibility criteria, it shall be registered in the PPM registry.

7.5. Site Visits: The PPM may, unless the Member in which the Project is located objects, undertake site visits to the Project area at any time after a submission has been filed, in order to better understand submission issues and possible ways to address them. If the Member rejects a site visit request, the PPM will inform the Board of Directors and shall conduct its review on the basis of the available evidence. In the spirit of AIIB's partnership with its Members assistance from Members in facilitating timely PPM site visits is anticipated.

7.6.

Early Problem Solving: Once the submission has been registered in the PPM registry, the PPM shall provide a copy of it to Management. Management shall provide its response to the submission. The PPM shall facilitate constructive dialogue between Management, the Client, the Requestors and any other relevant parties to identify solutions to address the concerns raised. These submissions shall be handled as promptly as possible in order to facilitate resolution of concerns during Project preparation. **If Early Problem Solving fails to address the concerns to the satisfaction of Requestors, they may request a transfer to Dispute Resolution or Compliance Review.**

7.7. Requests for Dispute Resolution

7.7.1. Once the submission has been registered in the PPM registry, the PPM shall provide a copy of it to Management. Management shall provide its response to the submission.

- 7.7.2. The PPM shall forward Management's response to the submission to the Requestors. Management shall forward its response to the Client.
- 7.7.3. The PPM shall seek consent of the parties to the dispute to undertake dispute resolution and document the agreed approach and methodology, as well as identified issues and timelines for the dispute resolution process.
- 7.7.4. The PPM shall aim to facilitate the formulation and signing of a dispute resolution agreement containing a time-bound, monitorable implementation schedule for specific agreed actions.
- 7.7.5. The PPM shall monitor the implementation of the dispute resolution agreement in accordance with the agreed schedule.
- 7.7.6. The PPM shall prepare a summary of actions taken to resolve the dispute.
- 7.7.7. The PPM shall encourage the parties to the dispute to reach an agreement. However, if agreement is unlikely to be reached within a reasonable period of time, the PPM may terminate the review of the submission, ~~after consultation with the parties.~~
- 7.7.8. Any party to the dispute may terminate the dispute resolution process at any stage of the review. In such case, ~~or if the dispute resolution is unsuccessful or results in a partial agreement,~~ the Requestors may submit a request for Compliance Review, provided that it meets the eligibility criteria for such submission.

7.8. Requests for Compliance Review

- 7.8.1. Once the submission has been registered in the PPM registry, the PPM shall provide a copy of it to Management. Management shall provide its response to the submission, including its view, if any, on whether the submission meets the eligibility criteria set out in Section 6.2 (*Eligibility of Submissions*).
- 7.8.2. Based on the information provided in the submission, Management's response ~~(including any actions proposed by Management to address the issues raised in the submission)~~, and additional

Commented [9]: It would be antithetical to the principles of dispute resolution if the PPM were to, based on an assumption of likelihood, without consultation, terminate the dispute resolution process.

Commented [10]: As of now the language reads as if "only" if the dispute resolution is terminated by a party to the dispute, would the Requestors be able to opt for Compliance Review. However, the dispute resolution may also be terminated by the PPM, in which case too the Requestors will be able to opt for Compliance Review.

Commented [11]: Moreover, in some instance, dispute resolution is able to produce an agreement on some issues and not on others and if dispute resolution is partially unsuccessful, Requestors should be able to opt for Compliance Review for those issues. If communities are not given this option, dispute resolution may get entirely derailed as they will want to reserve the right to file a Compliance Review.

information obtained during site visits, from the Board Director concerned and any local authorities or agencies involved in the Project, the PPM shall determine whether the submission meets the eligibility criteria set out in Section 6.2, and decide whether to recommend that the Board of Directors approve the commencement of the Compliance Review. ~~The PPM may decide that another course of action in lieu of a Compliance Review is appropriate. In such case, it shall also decide whether approval by the Board of Directors of such course of action is required.~~ If the PPM decides not to recommend a Compliance Review ~~or other course of action~~, it shall submit to the Board of Directors and Management for information a report explaining its decision.

- 7.8.3. If the PPM recommends approval of the commencement of the Compliance Review ~~or other appropriate course of action~~, the decision of the Board of Directors shall be communicated by the PPM to the Requestors and by Management to the Client.
- 7.8.4. If the Board of Directors approves the PPM's recommendation to commence the Compliance Review, the PPM shall ~~seek comments from the Policy and Strategy Committee of the Board on the terms of reference for Compliance Review and~~ share the final terms of reference with the Board of Directors for information. The PPM shall form a Project-specific task force to be chaired by the MD-CEIU. to carry out the Compliance Review. The Requestors, the Client, local authorities and agencies involved in the Project, the Board Director concerned, Management and other AIIB staff shall be provided an equal opportunity to be heard during the Compliance Review.
- 7.8.5. Once the Compliance Review has been completed, the PPM shall prepare a draft Compliance Review report. The PPM shall circulate the draft Compliance Review report to the Requestors for comment and to Management for a response. Management shall circulate the draft report to the Client for comment.
- 7.8.6. Management shall prepare its response to the PPM's draft Compliance Review report and seek comments on it from the Client. Management shall update its response, taking into account comments received.
- 7.8.7. If the PPM determines that there has been noncompliance with the ESP, Management shall also prepare a proposed Management Action Plan (MAP). The MAP shall include ~~clear time-bound actions to address issues set out in the PPM's draft Compliance Review~~

Commented [12]: This discretion to choose another course of action goes directly against the principles of legitimacy, transparency and predictability under the UN Guiding Principles.

First, the PPM's functions are provided clearly in Section 2 of the Policy, which include Early Problem Solving, Dispute Resolution, and Compliance Review. The draft revised Policy does not specify what other courses of action could be chosen instead, and this discretion would be available to the PPM despite the eligibility criteria for CR pursuant to para 6.2 being fulfilled. Such language provides a fourth option entirely outside of the PPM policy framework which is ad-hoc, unpredictable, and non-transparent.

Secondly, if affected communities have requested a CR, the decision of whether to conduct a CR should be an objective one based on explicitly stated minimal eligibility criteria. In other words, the PPM should recommend a CR when, upon preliminary consideration, it appears that the Project may have caused, or may be likely to cause, direct or indirect and material harm to the affected communities; and when there is an indication that AIIB may not have complied with the relevant policies and procedures.

The PPM should not have the ability to recommend another arbitrary, unspecified course of action, nor should it decide whether Board approval is required, particularly because Board members may have a conflict of interest if the complaint originates in their country or relates to the actions of its government.

Commented [13]: Once the Compliance Review is approved by the Board, it should be the PPM's mandate to set its terms of reference which can be shared with the Board of Directors for information. This is particularly important as TOR is not shared with parties for comments.

Alternatively, the parties should also be able to comment before the TOR is finalized.

report to return the Bank to compliance and achieve remedy for affected communities. Management shall circulate its draft MAP to the Client and Requestors for comment. Management shall update the MAP, disclosing and taking into account comments received from the Requestors on the adequacy of consultations and their satisfaction with proposed actions and from the Client, and send it to the PPM for comment.

Commented [14]: The PPM policy should explicitly prescribe the necessary components of a Management Action Plan. At a minimum, it should state that the actions in MAPs must be clear and time-bound to enable future monitoring. The policy should also make explicit that the objective of the actions in MAPs is to return the Bank to compliance and ultimately facilitate the delivery of remedy to affected communities.

Further, the Requestors' feedback on the adequacy of consultations about, and their satisfaction with proposed actions in, the draft MAP should be included in the final MAP. The MAP, including such feedback, should then be shared with the Board for approval. This ensures that the final MAP centers compliance and remedy for affected communities.

- 7.8.8. The PPM shall then finalize the Compliance Review report taking into account Management's response (and the MAP, if applicable) and send it to Management. Management shall then finalize the MAP, if applicable, to address the findings of the final Compliance Review report.
- 7.8.9. The PPM shall submit to the Board of Directors its final Compliance Review report. Management's response and the MAP, if applicable, shall be attached to the final Compliance Review report. The MAP, including any comments made by Requestors on the adequacy of consultations and their satisfaction with proposed actions, shall be subject to the approval of the Board of Directors.
- 7.8.10. Management shall monitor and submit monitoring reports to the Board of Directors on the implementation of the MAP in accordance with timelines specified in the MAP. The PPM shall review Management's monitoring reports.
- 7.8.11. ~~The PPM In exceptional cases, the Board of Directors~~ may conduct approve an independent verification ~~by the PPM~~ of the status of implementation of specific measures included in the MAP until actions taken by Management assure the PPM that the noncompliance has been addressed. The PPM shall submit a verification report to the Board of Directors on the extent of implementation of measures in the MAP, reasons for any delay or implementation failures, and recommendations for institutional learning on timely and effective remedies for instances of non-compliance.

8. Effect of a Submission on the Project

- 8.1. The fact that a submission has been found eligible shall not affect ongoing Project preparation or implementation. The review by the PPM of an eligible submission shall not prevent Management from addressing the issues it raises directly with the Requestors or the Client. ~~During its review, the PPM~~

~~may consider actions taken by Management to address issues raised in the submission.~~

Commented [15]: The eligibility processes for both dispute resolution and compliance review is described elsewhere in this Policy and the Procedures. This language is confusing as it does not describe in what context the PPM will consider actions taken by Management.

8.2. The PPM shall inform Management in writing if, during its review of the submission, it identifies that the information about the Project-level GRM or the PPM has not been adequately disclosed or that the Project-level GRM has not been established or that it is ineffective. The MD-CEIU shall inform the President if Management fails to take action to address such matters within a specified period following the PPM's notice to Management, in order to enable the President to work with Management to address such matters. If appropriate action is not taken within a set period of time following the PPM's notice to the President, the MD-CEIU shall inform the Board of Directors of the situation on a confidential basis.

8.3. If, during its review of the submission, the PPM concludes that continued Project preparation or implementation may potentially result in irreversible material adverse impacts that have not been adequately addressed in accordance with the ESP, the PPM shall inform ~~Management in writing of such possible impacts and the reasons for reaching this view. The PPM may also request Management to consider the matter and take appropriate action to address the situation. In such case, the MD-CEIU shall inform the President if Management fails to take action to address these matters within a specified period of time following the PPM's notice to Management, in order to enable the President to work with Management to address such matters. If appropriate action is not taken within a set period of time following the PPM's notice to the President, the MD-CEIU shall inform~~ the Board of Directors of the situation ~~on a confidential basis.~~

Commented [16]: Section 2.3 of this Policy states that "The MD-CEIU shall have unimpeded access to the Policy and Strategy Committee of the Board of Directors to report on the work of the PPM."

Unimpeded access includes being able to report on important matters such as "irreversible material adverse impacts." Requiring PPM to write to management, wait a reasonable period of time before escalating to President, wait for a reasonable period of time, before escalating to the Board constitutes impeding PPM's access to the Board and wasting precious time.

Given the urgency of the situation, the Board is the right party to identify whether the Management is taking appropriate action quickly.

Commented [17]: Transparency is crucial in this case to ensure that AIIB acts appropriately and with urgency

9. Disclosure

9.1. Disclosure of information by the PPM shall be carried out in accordance with the Bank's Policy on Public Information. Accordingly, unless a request for confidentiality has been granted by the PPM, all ~~eligible~~ submissions ~~with links to submission forms or request letters (redacted if Requestors request confidentiality)~~, PPM acknowledgements of receipt of ~~all such~~ submissions and PPM eligibility reports for all submissions shall be disclosed on the PPM website.

Commented [18]: Request letters form part of a complete registry and facilitate transparency around alleged harms associated with AIIB's financing.

9.2. The following additional information will be disclosed on the PPM website:

9.2.1. In the Case of an Early Problem Solving: a summary of actions taken at the Project level.

9.2.2. In the Case of a Dispute Resolution: the Dispute Resolution agreement (if the parties agree to disclose the agreement) or, if no Dispute Resolution agreement has been reached or if the parties do not agree to disclose it, a summary of the Dispute Resolution process and its outcomes; and Dispute Resolution monitoring reports.

9.2.3. In the Case of a Compliance Review: the decision of the Board of Directors on PPM's recommendation to approve the Compliance Review ~~or other course of action~~; the terms of reference prepared by PPM for the Compliance Review; the final Compliance Review report; Management's response to the Compliance Review report; the MAP approved by the Board of Directors; and any periodic MAP status ~~and verification~~ reports.

9.2.4 In the Case of Non-Compliance Findings by Co-Financiers IAM: the Management report along with PPM's comments as submitted to the Board of Directors.

10. Confidentiality; Retaliation

10.1. Confidentiality: The PPM shall maintain confidentiality upon receipt of a submission, if requested to do so by the Requestors, and shall make all reasonable efforts to safeguard this confidentiality throughout the submission process. The Requestors may request confidentiality for a variety of reasons, including risk of retaliation. The request for confidentiality and the reasons for the request shall be provided with the submission. The PPM will advise all PPM personnel, and Management will advise all other AIIB personnel, of their obligations to maintain the requested confidentiality when handling any submissions received. If, however, confidentiality becomes an impediment to eligibility assessment or to effective resolution of issues raised, the PPM shall advise the Requestors of such concerns and seek ~~consent to agree~~ on how to proceed. Failing such agreement, the PPM may terminate the review of the submission.

10.2.

Retaliation Risk: The PPM ~~does not tolerate any form of retaliation, and it~~ shall recognize and assess the risks of retaliation against the Requestors, any in-country Authorized Representative and, if determined by the PPM, other relevant persons in connection with a submission. The PPM shall advise the Requestors and the in-country Authorized Representative about the inability of the PPM to assist with the physical protection measures and explore with them if confidentiality of the identity of the Requestors or the in-country Authorized

Commented [19]: As it stands, the language on retaliation and confidentiality remains vague and lacks a clear process on how the PPM will assess, mitigate and address risks of retaliation. The 'retaliation risk mitigation measures' as stipulated in the Rules of Procedure, should be referred to in the policy.

Representative and, if applicable, other relevant persons and/or any other information would mitigate the retaliation risks.

11. Co-financing

- 11.1. PPM Coordination with Co-financier's IAM. In cases where the Project is co-financed with another MDB or bilateral development organization and AIIB has agreed to apply the environmental and social policies and procedures of such institution and to rely on the co-financier's IAM to handle submissions from Project-affected people under the Project, the PPM shall coordinate closely with the co-financier's IAM on the handling of the submissions ~~and prepare and submit to the Board of Directors and Management a report on the complaint and regular updates on the outcomes of the case. -and report to the Board of Directors on the outcome of the review by the co-financier's IAM of these submissions.~~

- 11.2. Management Report on Non-compliance Findings by Co-financier's IAM.

In cases where AIIB relies on the co-financier's IAM and the IAM makes a finding of non-compliance, Management shall prepare ~~and submit to the Board of Directors a draft~~ report on the implications for AIIB and the opportunities for institutional learning ~~and remediation of harm and circulate the draft report to the PPM for comment.~~ Management will then finalize the report taking into account the PPM's comments. Management will submit the final report, along with PPM's comments, to the Board of Directors.

12. General Provisions

- 12.1. Periodic Reporting to the Board of Directors: The PPM shall submit periodic reports to the Board of Directors on the status of the submissions, including on the implementation status of the MAPs.
- 12.2. Outreach, Learning and Training: ~~Any AIIB clients and sub-clients (including Financial Intermediaries) shall be required to disclose the existence of the PPM to project-affected communities. The PPM shall also conduct further outreach to ensure people affected or likely to be affected by AIIB-financed projects are aware of the PPM's existence and how to access it raise awareness of the opportunities it provides with Clients and other stakeholders that may be interested in, or affected by, AIIB-financed Projects.~~ The PPM shall also collaborate with the other IAMs and MDBs and systematically capture and share lessons learned to enhance effective implementation of the ESP.

Commented [20]: We applaud and appreciate that the MD-CEIU and the PPM has committed to better outreach with project-affected people going forward. We believe that this commitment should be enshrined in the PPM policy and Rules of Procedures in addition to the ESF, to provide further guidance on the manner in which the disclosure of information about the PPM's existence at the project level and on site should be carried out. Such disclosure should be required of all Clients, including projects financed via financial intermediary clients, as a matter of policy. This includes putting up signage about the PPM in a language and format accessible to local communities at project sites, and sharing information about the PPM during consultations about the project with local communities.

- 12.3. Implementation: The President shall issue a Directive, which, among other things, will authorize the MD-CEIU to issue and when necessary, interpret, the Rules of Procedure for the PPM to ensure the effective and efficient implementation of this Policy.
- 12.4. Review of the Policy: Every five years, the MD-CEIU shall ~~assess the implementation of this Policy and recommend to the Board whether a review is necessary. If the Board endorses the review, the MD-CEIU shall~~ initiate and guide ~~a the~~ review ~~of this Policy~~. The review shall take into account the views gathered through public consultations, including with Project-affected communities, AIB's Members, clients and other stakeholders.

II. PPM Rules of Procedure Recommendations

Pursuant to paragraph 1.5 of the Rules of Procedure (ROP) of the PPM, the MD-CEIU is responsible for amending the ROP, which has not been updated since being originally issued in June 2019, upon consultation with the President. We understand from the MD-CEIU that the revision of the ROP will follow the finalisation of the revised PPM Policy.

The ROP contains essential policy provisions pertaining to the eligibility of complaints, the timeline, the filing and review process of submissions, information disclosure, issues of confidentiality and retaliation, and special considerations when projects are co-financed. We believe that it is essential for the ROP revision process to incorporate at least one round of stakeholder inputs on a draft revised ROP and have accordingly set out key recommendations for the ROP below:

1. Harm should include indirect harm such as harm to biodiversity, critical habitats, cultural heritage sites, and other global public goods.

In line with AIIBs expanding climate commitments, the PPM should be able to receive submissions related to harms caused to biodiversity and heritage sites. AIIB has a responsibility to prevent, mitigate, and remedy harms caused by its financing to global public goods even when there are no direct or indirect harms to people, and the PPM should uphold the Bank's accountability for such harms.

PPM Rules of Procedure, Page 3: Project-affected people: People who may be beneficially or adversely affected by an AIIB-financed Project.

Adverse effects may be related (but are not limited) to: labour and working conditions; health and safety; pollution; land acquisition, involuntary resettlement or economic displacement; impacts to biodiversity, protected areas, or the sustainable management of living natural resources; loss of tangible or intangible cultural heritage, or a lack of stakeholder engagement or information disclosure;

2. Requestors should not be required to outline whether harm is direct and material:

It is unduly burdensome to require Requestors to show how the adverse impacts they've suffered are 'direct' and 'material' and further risks creating a bias in the application of the PPM. Moreover, it is inconsistent with AIIB's existing ESF which allows people who believe "they have been or are likely to be adversely affected" to access the PPM, without any requirement to show how the adverse impact is material or direct. Requestors should simply be required to outline the harm arising out of an AIIB-financed project.

6.1.1. The submission includes the following information:

(e) ~~Direct and material~~ Actual or potential adverse environmental or social issues to be addressed.

3. Asymmetries of power between parties during DR processes:

In general, parties to the dispute resolution process do not have equal resources, capacity, political power, and information regarding the issues at hand. Mediators should play an active role in paying attention to these asymmetrical power dynamics to ensure that all parties may participate effectively and on equal terms in the process.

Under Rule 6.6: Insert

The PPM will be particularly sensitive to the existence of considerable asymmetries between the Parties so as not to undermine the possibility of reaching satisfactory results. Particular attention will be paid to asymmetries in availability of the information needed, and in the capacity and ability to participate effectively in these processes. PPM may propose capacity building activities and exercises to facilitate the Parties' effective and fruitful participation.

4. Hiring of independent third-party mediators

Paragraph 6.6.2 of the ROP enables the PPM to choose dispute resolution (DR) methods that are mutually acceptable to the parties and hire professional DR and subject-matter specialists to facilitate the process.

In light of the power imbalances often present between the affected communities and the project implementers as well as the complex realities of the cases, the mediator should be neutral, suitable to the case at hand, and appointed based on mutual consent of the parties. We therefore recommend that the paragraph be updated to reflect that the specialists appointed should be (1) a neutral, professional mediator or facilitator whose background and skills are suitable to the context and dynamics of the case; and (2) agreed to by the parties.

6.6.2. As with Project Processing Queries, under this procedure, the PPM does not assess whether or not AIIB is in compliance with the ESP. The PPM explores with the concerned parties mutually acceptable dispute resolution methods and may hire professional dispute resolution and subject-matter specialists **mutually agreed to by the parties** to facilitate the dispute resolution process. **The specialists should be neutral, third party professionals whose background and skills are suitable to the context and dynamics of the case.** This process may include consultative dialogue, information sharing, joint-fact finding, creation of a mediation mechanism or other methods. The PPM coordinates and guides the parties during the agreed dispute resolution process.

5. Criteria for finding non-compliance in CR processes

Paragraph 6.7.2 of the ROP sets out the criteria against which the PPM assesses whether there has been non-compliance. Criteria (d) and (e) should be removed from the list of considerations in determining whether there has been non-compliance by AIIB with its E&S Policy. This is because criterion (d) relates to Management's awareness of, and explanation for, its noncompliance while criterion (e) assesses the adequacy of Management's proposed remedy. There can still be instances of noncompliance despite Management being able to explain its noncompliant conduct and proposing appropriate actions to remedy it. Therefore, while the PPM can consider these factors in prescribing its recommendations for corrective actions, they are irrelevant to any findings of noncompliance.

6.7.2. Under this procedure, the PPM assesses whether:

- a) The facts alleged are substantiated.
- b) A direct causal link exists between the adverse impact and alleged AIIB noncompliance with the ESP.
- c) The alleged adverse impact is material.
- ~~d) Management has adequately explained its actions pursuant to the ESP.~~
- ~~e) The actions proposed by Management to resolve the issues raised in the submission are appropriate.~~

6. Role of Authorized Representatives:

The ROP has language that prescribes the role played by Authorized Representatives as providing "necessary assistance in filing a submission". But Authorized Representatives provide support through the entire complaint process, including monitoring of agreed upon actions. Research has shown that complainants are more likely to get positive outcomes at each stage of the process, if they are supported by representatives. Finally, the ROP also limits the requirement of PPM to communicate with Authorized Representatives to just the acknowledgement of the receipt of the submission, but the PPM should be communicating with Authorized Representatives throughout the complaints process.

3.2 ... ~~The Authorized Representative provides necessary assistance in filing a submission with the PPM.~~

3.3 The PPM acknowledges receipt of the submission to the Requestors ~~(with a copy to the and their~~ Authorized Representative) and initiates communication about the submission with the Requestors ~~and their~~ Authorized Representative.

7. Responsible exit:

We appreciate that the review has recognized a need to develop a protocol responsible exit. An essential aspect of that is the need for PPM's continued involvement in a case, without delay, even if AIIB or the Client exits the Project.

4. ROP: Time Limits for Filing a Submission

4.6 The submission will continue even if AIIB or the Client exits the Project.