

Comparison table to the Project

IMPROVING THE ACCOUNTABILITY OF THE ASIAN INFRASTRUCTURAL INVESTMENTS BANK:

MECHANISM OF IMPACT ON PEOPLE AFFECTED BY THE PROJECT

Comments of the Network of Central Asia and Caucasus NGO Forum on ADB

to the Policy of AIIB on the Project-Affected People’s Mechanism

March 23, 2018, Bishkek, Kyrgyzstan

INTRODUCTION

The countries of Central Asia and the Caucasus are currently in the process of joining the membership of the Asian Infrastructure Investments Bank (AIIB). In this regard, AIIB develops policies and procedures for the issuance of loans and investments to member countries. Therefore, the participation of the civil society of the countries of Central Asia and the Caucasus in the discussion and provision of recommendations on the developed policies is extremely important.

This document concerns AIIB on the Project-Affected People’s Mechanism (PPM). Environmental and Social Policy (ESP) provides that AIIB will establish an oversight mechanism to assess The Project-Affected People’s Mechanism. The proposed PPM should help solve problems related to ESP by resolving disputes and complaints submitted by people affected by the projects.

| Document PPM | Comments | Working group proposals |
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| 1. INTRODUCTION | | |
| <p>2. AIIB’s 2016 Environmental and Social Framework (ESF)² guides sound environmental and social management for the identification, preparation and implementation of AIIB-funded Projects. Within the ESF, the Environmental and Social Policy (ESP) including its three associated mandatory Environmental and Social Standards (ESS) relating to environmental and social assessment and management, involuntary resettlement and Indigenous Peoples, applies to each AIIB financed Project. 3 The ESP provides a mechanism for public consultation and disclosure of information on environmental and social risks and impacts of Projects. <u>Therefore, ordinarily Project-affected people should have ample opportunity to raise any concerns with AIIB staff during the processing of a Financing.</u></p> | <p>There is a need to outline the Bank's strict obligations to the people affected by the Project.</p> | <p>Thus, usually people affected by the project should have ample Opportunities and rights to solve any problems with the AIIB staff during the processing of the Financing.</p> |
| 2. OVERVIEW | | |
| <p>5. CEIU assigned functions are effectively exercised when it maintains its independence and, at the same time, can be fully engaged with Management and staff. This allows CEIU to be part of the internal dialogue on enhancing implementation of Projects financed by AIIB. A unique feature of AIIB is that CEIU’s Managing Director (MD-CEIU) is invited to attend the AIIB Executive Committee and Management Committee as an independent observer. This ensures that CEIU is fully informed and strategically positioned to influence</p> | <p>To clarify the status of the observer and the instruments of influence on the adoption of managerial decisions.</p> | <p>Add the following definition to the glossary: An independent observer is an official of ABIA who participates in the work of the Executive Committee and the management of the committee in</p> |

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| <p>Management’s decision-making process. However, CEIU is not part of regular operational-level decision-making processes or an observer on the AIIB Investment Committee. This is to preserve CEIU independence from operational management. These arrangements are regularly monitored by the Board in quarterly meetings with CEIU. The Board will continue to monitor and review the role of CEIU to ensure its continued independence and effectiveness in discharging its critical mandate.</p> | | <p>accordance with an approved provision which describes its functions and powers.</p> |
| <p>7. This paper on the proposed PPM is divided into the following sections:</p> <ul style="list-style-type: none"> • Part 3 provides a brief overview of and background to the establishment of the PPM. • Part 4 details the purpose, guiding principles, scope, accessibility and functions of the proposed PPM. • <u>Part 5 elaborates on implementation issues such as registration of submissions, determinations of eligibility, processing (including undertaking site visits), resolution and interim remedies, addressing transparency, confidentiality, protection against retaliation and handling of special situations involving co-financing and use of country systems.</u> • Part 6 provides information on the way in which the proposed PPM will deal with certain operational matters, such as reports, legal advice and budgets, among others. • Part 7 summarizes the overall resource implications for establishment and operation of the proposed PPM. • Part 8 provides information on the consultative process followed in finalizing the PPM proposal. | <p>Bring to a uniform application of terms and definitions from the glossary.</p> | <p>Part 5 details implementation issues, such as registration of submissions, the definition of admissibility, processing (including website visits), resolutions and temporary remedies, transparency, confidentiality, protection against retaliation, and dealing with special situations with co-financing and use of client systems.</p> |
| <p>3. BACKGROUND</p> | | |
| <p>10. The AIIB President and Board have emphasized that, while approval and disbursements of Financings are important, it is Project quality and results that underpin AIIB’s lean, clean and green approach and its reputation as a 21st century bank. From this perspective, accountability and learning constitute fundamental drivers of positive and sustainable Project outcomes. Moreover, effective institutional risk management comes from sincere operational commitment, at senior management and staff levels, to destigmatize problems and to address them transparently and collaboratively. <u>AIIB’s Code of Conduct for Bank Personnel</u> encourages a culture in which staff acknowledge “mistakes and errors regardless of consequences” and “tak[es] all actions necessary to redress them properly.”¹¹</p> | <p>Requires access to / link to the code of conduct of AIIB bank employees.</p> | |
| <p>4. THE MECHANISM</p> | | |
| <p>4.1 PURPOSE</p> | | |
| <p>11. <u>The proposed PPM aims to provide an independent, impartial and effective way to address concerns, requests for resolution of disputes (and related problem solving) and/or complaints from Project-affected people.</u> This can also help enhance institutional accountability and continuous learning within AIIB to improve Project quality,</p> | <p>To reduce the three stages of considering appeals to one, taking</p> | <p>11. The proposed PPM is aimed at providing an independent, impartial and effective way to resolve complaints from people affected by the project.</p> |

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| <p>effectiveness and sustainability. By the establishment and operation of the proposed PPM, AIIB affirms its bankwide commitment to stakeholder responsiveness and robust internal oversight to engender trust, confidence and constructive partnerships in Project design, processing and implementation.</p> | <p>into account the simplification.</p> | |
| <p>4.2 GUIDING PRINCIPLES</p> | | |
| <p>4.3 SCOPE AND ACCESSIBILITY</p> | | |
| <p>4.3.1 All Projects</p> | | |
| <p>4.3.2 Eligibility to File</p> | | |
| <p>15. Project-affected <u>people</u> may submit eligible: (i) concerns under the PPM in respect of a Project for which AIIB has disclosed a Project summary information (PSI) until approval of the Financing (or signing of the legal agreements in the case of a Non-sovereign-backed Financing; (ii) requests for resolution under the PPM once the PSI has been disclosed until Project completion (or the Loan closing date in the case of a Loan); and (iii) requests for compliance review under the PPM once the Financing has been approved (or the legal agreements for a Non-sovereign-backed Financing has been signed) until the Project completion (or the Loan closing date in the case of a Loan). The process to be followed in any of these situations is as follows:</p> <ul style="list-style-type: none"> • <u>Direct submission by any two or more persons from the Project area of influence who are potentially or actually adversely affected by the Project; or</u> • <u>Submission by any two or more affected persons in the Project area of influence with local assistance (see para. 16 below); or</u> • <u>In exceptional cases, by two or more affected persons in the Project area of influence with nonlocal assistance that is adequately justified by the affected persons at the filing of their submission and the same is endorsed by the PPM.</u> | <p>The application must be accepted from any number of persons.</p> | <ul style="list-style-type: none"> • Direct representation by any persons from the area of influence of the Project, which potentially or in fact are adversely affected by the Project; or • Providing local assistance to any affected persons in the field of the Project's impact (see paragraph 16 below); or • In exceptional cases of affected persons in the project's area of influence with non-local assistance, which are duly justified by the affected persons when applying, and the same is approved by the PPM. |
| <p>16. Ordinarily, Project-affected people will be expected to file any submission themselves. However, they may seek assistance locally to file a submission. <u>In exceptional circumstances, where adequate local assistance for filing a request is not available, such assistance may be sought internationally.</u> If a submission is filed by a party other than the Project-affected people, the party must clearly identify the Project-affected people on whose behalf the submission is filed and provide evidence of the authority to file on behalf of such people. The filing party must have no conflict of interest and act with transparency and in good faith.</p> | <p>An explanation of the BANK is required, which is understood at the international level and what constitutes exceptional circumstances.</p> | |
| <p>4.3.3 Attribution to AIIB</p> | | |
| <p>17. PPM submissions must make a credible case of potential or actual adverse impact or harm¹⁷ to Project-affected people concerned in the Project area of influence resulting from AIIB's lack of compliance with applicable ESP provisions. The proposed PPM will not</p> | <p>It requires clarification of what is meant by the "third" party.</p> | |

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| <p>have authority to review the action or inaction of a Client or <u>third parties</u>. It is only authorized to review AIIB's own actions or inactions regarding application of the ESP.</p> | | |
| <p>4.3.4 Language</p> | | |
| <p>4.3.5 Subject Matter Exclusions</p> | | |
| <p>19. The substance of all Project-related concerns, requests or complaints must have been taken up with AIIB Management in the first instance. <u>The proposed PPM will not handle or take cognizance of any concerns, requests or complaints arising from or relating to the following:</u></p> <ul style="list-style-type: none"> • Allegations of fraud, corruption or any other prohibited practices. • Issues identified as relating to, or arising from, AIIB-financed procurement. • Any matter relating to a policy other than the ESP. • Issues or matters relating to the adequacy of the ESP, including any AIIB decision pursuant to paragraph 10 of the ESP to use the environmental and social policies and procedures of an MDB or a bilateral development organization in place of the ESP. • Submissions that PPM considers to be frivolous, malicious or intended for improper purposes and/or to gain undue competitive advantage. • Submissions that concern activities or parties or impacts outside the reasonable control of AIIB, including the actions or inactions of any Client or any third party. • Submissions that relate to issues or matters for which a concern, request or complaint has already been initiated and/or processed and resolved by the PPM unless there is new evidence or circumstances unknown during earlier consideration by the PPM. • <u>Submissions that have not first been taken up with the Project-level Grievance Redress Mechanism (GRM), where one is available, or with AIIB Management or staff concerned.</u> • Submissions filed after Project completion (or if the Financing is in the form of a Loan, after the expiry of the Loan closing date).¹⁹ In exceptional circumstances, the PPM may conclude that a complaint should be considered after this date, provided that no complaint can be filed in any circumstances beyond 24 months following Project completion (or the Loan closing date, as applicable). | <p>It requires clarification on what basis the materials are excluded, which were not previously considered.</p> <p>It takes an explanation why 24 months?</p> | |
| <p style="text-align: center;">4.4 FUNCTIONS</p> | | |
| <p>4.4.1 Pre-emptory Review</p> | | |
| <p>22. <u>Pre-emptory review is intended to proactively address any eligible concern about AIIB interventions submitted by Project-affected people after disclosure of a PSI for the Project but before the approval of a Sovereign-backed Financing or signing of the legal agreements for a Non-sovereign-backed Financing. Concerns refer to any Project-related issues that involve possible ESP-related noncompliance by AIIB that have not yet crystallized into any identified dispute under a Project. Any identified dispute may be the subject of a request for resolution. Project-affected people can withdraw a submitted concern at any time and</u></p> | <p>Include only complaints (simplified) at any stage. In this case, complaints can be filed before the</p> | <p>People affected by the project can file a complaint at any stage of the project cycle and until the beneficiary's obligations are fully discharged.</p> |

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| <p><u>instead file a request for resolution. Complaints may only be filed after approval of a Sovereign-backed Financing or the signing of the legal agreements for a Non-sovereign-backed Financing.</u></p> | <p>approval of the project or the signing of the contract.</p> | |
| <p>23. Concerns are those issues raised by Project-affected people during processing of the Financing that are considered by the PPM to be sufficiently material that, if left unresolved, are likely to result in potential adverse impact in the Project area of influence. The desired outcome of a pre-emptory review is that the PPM has facilitated a dialogue between AIIB staff, the Project-affected people and or Client concerned. This may lead to clarifications about the Project or timely measures to correct or improve Project preparation and Financing due diligence under the ESP.</p> | <p>It is recommended to remove this item, since it does not bear any semantic load.</p> | |
| <p>24. Project-affected people filing a concern with the PPM must show that they have already approached AIIB Management or staff concerned but were not satisfied with their responses.</p> | <p>Remove.</p> | |
| <p>4.4.2 Dispute Resolution</p> | | |
| <p>25. <u>A dispute over AIIB compliance with the ESP may arise at any time during processing of the Financing up until the relevant Project completion (or Loan closing date, as applicable).</u> When a Project- related dispute is clearly identified or crystallized, Project-affected people may wish to use a problemsolving approach to resolve the dispute. This option is designed to promote a dialogue between the parties on the issues and, as needed, a practical way forward to find a resolution of any disagreements.</p> | <p>Taking into account world practices, it is necessary to bring the complaints in the applicant's favor in line.</p> | <p>25. Complaints about compliance with AIIB ESAs may arise at any time during the processing of the Financing until the relevant completion of the project cycle and until the recipient's obligations are fully discharged.</p> |
| <p>26. To that end, the Project-affected people concerned must file a request for resolution with the PPM during the <u>time period described in paragraph 25</u>. The request identifies the issues in dispute, how these relate to alleged AIIB non-compliance with ESP provisions, and the potential or actual adverse impact that the Project-affected people who file the request believe they are likely to suffer. The request must adequately demonstrate that Project-affected people have taken up the matter with AIIB staff concerned and have not been able to reach a mutually satisfactory resolution. Where a GRM has been established, the Project-affected people must show that they have approached the GRM and that the GRM has not been able to resolve the dispute.</p> | <p>Respectively to paragraph 25</p> | |
| <p>27. <u>Efforts to identify workable solutions to an eligible request for resolution can include:</u></p> <ul style="list-style-type: none"> • Facilitation and information sharing. • Joint fact-finding and framing of issues. • Dialogue and negotiation by parties. • Mediation and/or conciliation. • Any other method acceptable to the parties. | <p>It is recommended to simplify procedures and leave only a "complaint".</p> | <p>Efforts to identify acceptable solutions for an application complainant may include:</p> |

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| <p>28. The PPM will respond <u>to eligible requests</u> for resolution by facilitating alternative dispute resolution methods. The PPM will assist the parties involved to identify a roadmap of potential solutions.</p> <p>The major output of any dispute resolution process will be a set of specific and mutually agreed, timebound and voluntary understandings and commitments contained in a document that can be monitored by the PPM.</p> | <p>It is recommended to remove this item.</p> | |
| <p>29. The PPM will assist the parties to monitor implementation of the document through mutually agreed timelines and performance indicators. However, the PPM will not support dispute resolution arrangements that effectively coerce one or more parties, that are contrary to AIIB policies and procedures, or that violate <u>any</u> local or national laws or regulations.</p> | <p>It is recommended to remove this item.</p> | |
| <p>31. <u>If any request for escalation to compliance review in either of the above situations is found eligible by the PPM, the requesting party may nevertheless opt out and reactivate the unresolved dispute resolution process at any time before a complaint-specific task force has been constituted.</u></p> | <p>It is recommended to remove this item.</p> | |
| <p>4.4.3 Compliance Review</p> | | |
| <p>32. Project-affected people may submit a request for a compliance review by the PPM after the approval of a Sovereign-backed Financing or the signing of the legal agreements for a Non-sovereignbacked Financing, but before Project <u>completion</u> (or the Loan closing date in the case of a Loan). Communicating concerns, making requests for resolution or filing complaints are all ways for Projectaffected people to engage with the AIIB during the Project <u>cycle</u>. The proposed PPM could be pre-emptory during the processing of a Financing by accepting eligible concerns or requests for dispute resolution. Complaints, however, which are more likely to arise during Project implementation, are a means to address compliance issues after the Project has been designed.</p> | <p>People affected by the project can file a complaint at any stage of the project cycle and until the beneficiary's obligations are fully discharged.</p> <p>Clarify, the implementation of the project or the loan cycle.</p> | |
| <p>33. An eligible compliance review requires that Project-affected people have submitted a clear and sufficiently detailed complaint post-approval of a Sovereign-backed Financing or post-signing of legal agreements for a Non-sovereign-backed Financing. The complaint must show that there is reasonable <u>likelihood</u> of substantial adverse potential or actual impact in the Project area of influence due to alleged AIIB noncompliance with ESP provisions. Project-affected people must show that they have approached AIIB staff/Management and the GRM, where one is available, and that these efforts, including</p> | <p>The explanation of the notion of reasonable probability is required.</p> | |

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| preferably efforts at problem-solving through a dispute resolution process, have not led to a satisfactory result. | | |
| 34. A complaint should (i) indicate the <u>outcomes</u> the complainant is seeking; (ii) provide copies of all relevant correspondence with AIIB Management, the Client or other concerned authorities, including with the GRM where one is available, and (iii) refer to the extent possible, to the relevant ESP provisions which it is considered AIIB has not followed. Figure 1 summarizes when concerns, requests for resolution and complaints would normally arise in the Project cycle. | It is recommended to simplify the steps. | Figure 1 summarizes when complaints usually arise in the Project cycle. |
| 35. <u>The process followed by the PPM to determine eligibility for concerns, requests for resolution and complaints is elaborated in Part 5.2.</u> Importantly, processing of a Financing and/or Project implementation, as the case may be, will continue notwithstanding any submission of a concern, request for resolution or complaint in the absence of any suspension mandated by the relevant authority. ²³ Implementation guidelines issued by PPM will document the specific steps involved, including process flow, indicative timelines and applicable templates, eligibility determination, registration, fact-finding, assessment, conclusion, reporting and closure of submissions by Project-affected people. | Excessive detail. | 35. The process followed by the PPM is set out in part 5.2. |
| 4.4.4 Continuous Learning for Effectiveness and Training | Remove, because this is the internal document of the bank. | |
| 4.4.5 Outreach | Remove, because this is the internal document of the bank. | |
| 4.5 ORGANIZATION AND STAFFING | | |
| 4.5.1 Multitasking and Functional Firewalls | | |
| 44. The proposed PPM <u>structure</u> is illustrated in Figure 2 below. While PPM-specific staff will be hired to meet the workload of the PPM, professional CEIU staff will multitask while managing any real or potential conflict of interest. Staffing needs of CEIU are regularly reviewed by the Board to ensure that CEIU can fully carry out its mandate. Going forward, this will include review of resources for the PPM. | Revise the structure on the basis of recommendations for preserving the consideration of complaints, remove groups to prevent and resolve disputes. | |
| 46. <u>For matters requiring specialist expertise, MD-CEIU may engage external experts as necessary, in accordance with AIIB consultant recruitment procedures, for carrying out PPM functions. In the case of any compliance review, MD-CEIU may create a Project-specific task force comprising one or more members as necessary. MD-CEIU will be the chair of this task force.</u> | The basis for attracting external experts. | |

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| 4.5.2 Managing Director (MD)-CEIU | | |
| <p>47. <u>MD-CEIU will represent the proposed PPM in all matters before the Board and, as circumstances may require, before the President and his/her Management team. PPM-related responsibilities of the MD-CEIU will include (i) supervising and managing preparation and submission of all periodic and annual reports on PPM activities to the Board; (ii) finalizing and submitting annual budgetary and human resource requests for the PPM as part of the CEIU budget; (iii) directing and guiding the PPM Secretariat, particularly on eligibility determinations; (iv) constituting and handling all complaint-specific reviews and investigations, as chair of each assigned task force; (v) directing and supervising systemic and thematic reviews by PPM and conduct of PPM outreach initiatives and activities and (vi) any related communication or submissions to the Board, President and other senior Management members.</u></p> | <p>Determine the term of office, the mechanism of elections (the director can not be more than one term) + determine the mechanism, and after the control. It is proposed to consider the possibility of creating a Council with the participation of expert and civil communities.</p> | <p>47.1. MD-CEIU is elected as a result of an open tender with the participation of expert and civil society. He can not be elected for more than one term.</p> |
| 4.5.3 CEIU-Assigned Staff; Head-PPM Secretariat | | |
| 4.5.4 Project-Specific Task Force | | |
| <p>51. Task force members should be <u>well-respected experts with demonstrated integrity, professionalism, relevant qualifications and experience (particularly in infrastructure development, social, environmental and related fields) and with proven ability to interpret and apply rules and resolve disputes thoroughly and fairly. Such experts should have the ability to interact effectively with all parties concerned and, have relevant local or regional experience to deal responsively with the Project-affected people submitting the request for resolution or complaint.</u></p> | <p>1, which is understood under the wording "Demonstrated integrity" and who will be responsible for the invitation of these experts?</p> | |
| <p>52. An expert may not have been engaged by AIIB as a consultant or in any staff, managerial or Board position, for one year prior to the appointment as a task force member. Similarly, task force members will not be eligible for engagement by AIIB as a staff member, Board official, consultant or in any other remunerative capacity during the two years immediately after completion of their task force term. Appointed task force members will be required to sign a Conflict of Interest Declaration.</p> | <p>Add grounds for a possible challenge to a candidate or an expert.</p> | <p>52. The examiner may not have been recruited by AIIB as a consultant or any staff, manager or position of the Board for one year prior to appointment as a member of the task force. Similarly, members of the target group will not have the right to participate in AIIB as an employee, a Council official, a consultant or any other solvent capacity for two years immediately after the end of the target group's term. The appointed members of the task force will have to sign the Declaration of Conflict of Interest. An expert can not be recruited as</p> |

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| | | a consultant or any staff or position of the Board if the complaint is addressed in his or her case. |
| 5. IMPLEMENTATION UNDER THE MECHANISM | | |
| 5.1 REGISTRATION | | |
| <p>54. The PPM Secretariat will register a submission from Project-affected people within the applicable timeframe. Any such submission should:</p> <ul style="list-style-type: none"> • Adequately identify the party making the submission and, if relevant, any entity assisting the party in filing. • If considered necessary, expressly request confidentiality. The PPM Secretariat will respect any such request, but anonymous complaints will not be entertained. • Include complete contact information for the party (and their authorized representative, if any), including residential and/or mailing address and, to the extent possible, telephone number, email address, and fax number. • Identify the name or description of the AIIB project at issue, including the project location. • Briefly summarize the perceived potential and/or actual harm in the project area of influence which the project has or is likely to cause. • <u>Briefly describe any efforts by the party to approach project-level authorities (including the GRM) and AIIB Management or project staff to address or resolve the issue giving rise to the perceived potential and/or actual harm and the results of the efforts.</u> | Briefly describe the desired result for implementation. | Briefly describe the desired outcome for the project (including HUS) and the Office of AIIB or project personnel to address or solve the problem that generates potential potential and / or actual harm, and the results of efforts. |
| <p>55. <u>Upon registration, the PPM Secretariat will send an acknowledgment to the party making the submission and undertake a determination of whether the submission is eligible for PPM review. If the PPM Secretariat is unable to register the submission, it will be returned to the submitting party—if the party has provided sufficient contact information—with an explanation as to why registration was not possible. The submitting party may make another submission to the PPM if it has addressed any deficiencies in its original representation identified by the PPM Secretariat. If the submission has been referred to another part of the AIIB, the PPM will inform the submitting party accordingly with a copy to the AIIB staff concerned.</u></p> | Specify a temporary specific framework. | |
| 5.2 ELIGIBILITY | | |
| <p>57. The following are additional eligibility conditions for each specific response route:</p> <ul style="list-style-type: none"> • <i>Concerns:</i> An eligible concern must be submitted prior to approval of a Sovereign-backed Financing or the signing of the legal agreements for a Non-sovereign-backed Financing and arise from or relate to matters that (i) occur following PSI disclosure, (ii) have not yet crystallized into, or become matters of, disagreement or dispute and (iii) are likely to cause | Insert it in the third paragraph, paint it (rephrase) and include in the complaint process. 2. Complaints are filed at all stages. | 57. The following are additional conditions for the eligibility for each specific route of the response: Complaints: a complaint requesting compliance review must be filed before and after approval of sovereign financing |

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| <p>potential adverse impact or harm in the Project area of influence due to AIIB noncompliance with ESP requirements.</p> <p><u>• Requests for dispute resolution: An eligible request may be filed following PSI disclosure or at the latest before Project completion (or Loan closing date in the case of a Loan). The request must relate to matters that (i) have become the subject of an identified disagreement or dispute and (ii) are likely to cause potential or actual adverse impact or harm in the Project area of influence due to perceived AIIB noncompliance with ESP requirements.</u></p> <p><u>• Complaints: A complaint requesting compliance review must be filed after approval of a Sovereign-backed Financing or after signing of the legal agreements for a Non-sovereign-backed Financing and show the reasonable likelihood of substantial potential or actual adverse impact in the Project area of influence from perceived AIIB noncompliance with ESP provisions.</u></p> | | <p>or after signing legal funding agreements not supported by sovereigns and show a reasonable likelihood of significant potential or actual adverse impact in the Project area of the effect of the alleged non-compliance of AIIB with the provisions of the ESP.</p> |
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5.3 PROCESSING

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| <p>61. Where MD-CEIU determines a complaint to be eligible and proposes to carry out a compliance review, a report determining the eligibility and recommending conduct of a compliance review is circulated to the Board on a no-objection basis for at least 10 working days. Upon Board approval of the proposal, compliance review is then carried out using a four-step process. First, the complaint-specific task force constituted for the compliance review, with MD-CEIU as chair, will prepare a detailed terms of reference (TOR), including a proposed timetable for review. The task force will circulate the proposed TOR to the complainant and responsible AIIB operations staff for comment and then finalize the TOR, taking into consideration the comments. Second, the task force will undertake detailed fact-finding, including collation of relevant Project-based data, undertake any necessary site visits, and interview complainants and other parties concerned, including the representatives of AIIB and the Client. Third, the task force will prepare its findings regarding alleged AIIB noncompliance with ESP requirements and submit a draft report, through its chair, to the complainant and the assigned AIIB operations staff, for comment. AIIB operations staff will, in turn, update the Client and take Client views and suggestions into account in the Investment Operations Department response to the task force on the draft report. Fourth, taking the comments of all parties into account, the task force, through the chair, will submit a finalized report to the Board for information, documenting the findings of the task force.</p> | <p>Define specific deadlines for each of the four stages: compare with other financial institutions.</p> | |
| <p>62. <u>If the final report of the task force indicates findings of noncompliance, it may include a request to the Board to approve a recommendation that Management prepare a time-bound and monitorable remedial action plan (Action Plan) to remedy the Bank’s noncompliance. If the Board agrees, Management is given the opportunity to prepare the time-bound Action Plan within a specified period. In preparing the Action Plan,</u></p> | <p>There should be feedback at all stages of the implementation of the action plan.</p> | <p>62. If the final report of the task force identifies findings on non-compliance, it may include a request to the Council to approve a recommendation that management prepare a temporary and</p> |

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| <p><u>Management should consult the Client and give due consideration to comments from the Client. Management should, through the PPM, also seek inputs of the complainant on the draft Action Plan and give due consideration to comments from the complainant. Management should then submit the Action Plan to the Board for review and approval, copied to MD-CEIU.</u></p> | | <p>supervised corrective action plan (Action Plan) to address the Bank's inconsistency. If the Council agrees, management is given the opportunity to prepare the Interim Action Plan for a certain period of time, taking into account the practices of other international financial institutions. At all stages, feedback from the applicant is necessary.</p> |
| <p>63. Upon Board approval of the Action Plan, AIIB Management will commence its implementation. Management will monitor and periodically report on its implementation to the Board with a copy to MDCEIU. The PPM Secretariat, under guidance and supervision of MD-CEIU, will review these periodic reports and submit its observations to the Board on the status of implementation progress. Upon completion of measures under the Action Plan, Management will submit a final report to the Board. The PPM Secretariat, through MD-CEIU, will review this report and submit its observations to the Board. The Board will consider both the Management and CEIU reports together. <u>The complaint process will close when the Board approves Management's final report.</u></p> | <p>There should be feedback from the applicant at the stage of implementation of the action plan, and familiarization with the result.</p> | <p>At all stages, feedback from the applicant is necessary. The Board will consider reports from both the management and the CEIU. The complaint process will be closed when the Board approves the final management report.</p> |
| <p>5.4 RESOLUTION</p> | | |
| <p>64. <u>Remedial action through the PPM for eligible concerns is essentially an agreement to address ESP-related concerns. This may, for example, include reconsidering or restructuring the design of the Project.</u></p> | <p>To supplement with the possibility of a challenge.</p> | <p>64. Corrective action through the PPM for acceptable problems is, in fact, an agreement to solve problems related to ESP. This may, for example, include the review, restructuring and withdrawal of the project.</p> |
| <p>65. Targeted problem-solving is the practical remedy for handling requests for dispute resolution. <u>It involves collaborative fact-finding and monitoring of agreed follow-up actions.</u> PPM intervention attempts to achieve this by bringing the parties together to reach formal agreement through mediation or similar efforts. <u>The PPM will actively monitor and follow up agreed commitments and periodically report to the Board on results achieved.</u></p> | <p>It is required to indicate the parties to the joint fact-finding</p> | <p>This involves a joint (by all interested parties) fact-finding and monitoring of agreed follow-up actions. The PPM will actively monitor and monitor agreed commitments and report periodically to the Council on the results achieved and its evaluation.</p> |
| <p>5.5 INTERIM REMEDIES</p> | | |
| <p>67. (i) If a PPM review concludes that AIIB Management has failed to comply with the ESP in the manner outlined in (ii) below, then MD-CEIU may issue a request to the Vice President and Chief Investment Officer (VP IO) to take appropriate follow-up steps within</p> | <p>Disclose measures for non-fulfillment of ESP by the client, and</p> | |

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| <p>60 days of the request to remedy the client’s non-compliance. If such noncompliance continues beyond the 60-day period or any extended time mutually agreed between MD-CEIU and VP IO, or if at any time the PPM fact-finding concludes that there is serious likelihood of substantial, irreparable harm as a result of non-compliance by the Bank, the MD-CEIU may raise the matter with the President and inform the Board accordingly. (ii) For purposes of this paragraph 67, Management failure to comply with the ESP refers to a failure by Management to follow up adequately with the Client regarding a failure by the Client to establish the GRM within the time frame agreed with the Bank or to disseminate Project-level information about the GRM or PPM. It also refers to inadequate disclosure by the Bank of information about the GRM or PPM. It also includes situations in which PPM review concludes that there is serious likelihood of substantial, irreparable harm as a result of ESP non-compliance by the Bank.</p> | <p>measures to be taken against the client</p> <p>An explanation of the bank on the process of the refusal of the manager for the client is required.</p> | |
| <p>5.6 CONFIDENTIALITY AND PROTECTION AGAINST RETALIATION</p> | | |
| <p>5.7 TRANSPARENCY AND ACCESS TO STAFF</p> | | |
| <p>72. <u>Meaningful information</u> disclosure and transparency are essential features of PPM independence, impartiality and fairness in handling submissions. They are also critical for any effort to ensure overall AIIB institutional accountability in achieving effective development outcomes. <u>The PPM Secretariat will actively maintain a publicly accessible, updated and informative website and will post timely summaries of PPM findings and assessments on pre-emptive, dispute resolution and compliance reviews, as well as its own annual reports.</u></p> | <p>In the absence of the opportunity to provide information in the working language, staff should give in the language of the applicant.</p> <p>2. The information should be provided in a convenient form ()</p> | <p>The PPM Secretariat will actively support a public, up-to-date and informative website and publish timely summaries of the results and evaluations of the PPM on preventive, dispute resolution and compliance issues, as well as its own annual reports. This information should be accessible to persons affected by the project, in full in national or local languages.</p> |
| <p>5.8 SITE VISITS</p> | | |
| <p>76. The PPM Secretariat will obtain AIIB Member concurrence to undertake a site visit to the Project area of influence through the responsible AIIB operational department (following the usual approach for any AIIB fact-finding mission) on a Project-by-Project basis.³⁴ This approach is grounded in the recognition that AIIB Member collaboration is essential for any successful and sustainable resolution of submissions through the PPM.</p> | <p>It should not be allowed to visit project implementation sites other than those countries stipulated in local legislation.</p> | <p>This paragraph should be deleted.</p> |
| <p>5.9 USE OF A CO-FINANCIER’S OR A CLIENT’S SYSTEMS</p> | | |
| <p>5.10 IMPLEMENTATION GUIDELINES</p> | | |
| <p>81. The PPM Secretariat will issue Implementation Guidelines (Guidelines), following approval by MDCEIU, within 30 days from the effective date.⁴¹ These Guidelines will</p> | <p>PPM must provide information to</p> | <p>The manual will be posted on the website and should be accessible to the affected</p> |

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| <p>provide transparent, clear and userfriendly information for interested Project-affected people who may wish to initiate any process under the PPM. The Guidelines <u>will be posted on the PPM website</u>. Guidelines will be reviewed and updated periodically to reflect evolving good practice, user comments and concerns and to ensure maximum clarity and simplicity.</p> | <p>interested persons in a language that is convenient for perception, at the project implementation sites.</p> | <p>individuals in full in the national or local languages.</p> |
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6 GENERAL PROVISIONS

6.1 ANNUAL AND OTHER REPORTS

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| <p>83. The PPM Secretariat will prepare an annual report, under the direction and guidance of MD-CEIU, to describe PPM activities and learning during the preceding year. This report will be submitted to the Board, with a copy to the President, for information. <u>It will be released to the public within 45 days after Board consideration and posted on the PPM website.</u></p> | <p>+ the text should be accessible to the local population.</p> | <p>It will be published to the public within 45 days after consideration by the Council and posted on the website of the PPM, information should be available to the persons affected by the project in full in national or local languages.</p> |
| <p>84. CEIU will also prepare and publish periodic reports on specific PPM operations, particularly on learning and effectiveness activities. <u>Such periodic reports will be submitted to the Board, with a copy to the President, for information, and may be released publicly (either in full or in summary), at the discretion of MD-CEIU, within a reasonable time following Board submission, but generally not exceeding 45 days.</u></p> | <p>+ the text should be accessible to the local population.</p> | <p>Such periodic reports will be submitted to the Council with a copy to the President for information and may be published (in full or in full) at the discretion of the MD-CEIU within a reasonable time after submission by the Board, but usually does not exceed 45 days, information should be available to persons affected by the project , in full in national or local languages.</p> |
| <p>85. <u>Summaries (including brief updates) on the registration, processing and resolution of eligible concerns, requests for resolution and complaints will be prepared by the PPM Secretariat and publicly posted on the PPM website within the first 10 days of each quarter following the registration of each eligible submission, until the relevant case has been resolved or closed.</u></p> | <p>+ the text should be accessible to the local population.</p> | <p>85. Summaries (including brief updates) on the registration, processing and resolution of acceptable problems, requests for authorization and complaints will be prepared by the secretariat of the PPM and published on the PPM website during the first 10 days of each quarter after registration of each suitable until the relevant The case will not be allowed or closed, the information should be available to the persons affected by the project in full in the national or local languages.</p> |

6.2 ANNUAL BUDGET

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| 87. Under the direction and guidance of MD-CEIU, the PPM Secretariat will prepare a proposed annual budget for <u>effective and efficient</u> PPM operations each year. The submission will indicate the level of resources required for forecasted PPM activities in the following year. | Develop and introduce indicators for understanding these definitions. | |
| 88. The draft PPM annual budget will be incorporated into the overall CEIU budget and submitted for Board approval as part of the Bank’s budget. CEIU will formulate its budget independently, although it may seek inputs from other parts of the Bank. Adequate resources will be prepared for the PPM, and expenditures that are fully justified will be protected. MD-CEIU will be responsible for determining the required allocation of resources, including within the PPM budget for carrying out each of the specific forecasted annual activities. | The bank needs clarification on the definition of adequate resources. | |
| 6.3 INDEPENDENT REVIEW | | |
| 90. An independent review of PPM operations will be conducted under the guidance of the Policy and Strategy <u>Committee of the Board</u> , upon their own motion or upon the advice of MD-CEIU, <u>five years</u> from the date the PPM becomes effective. The President may also recommend to the Board that the PPM be reviewed. <u>Such independent PPM reviews will be conducted once every five years thereafter.</u> | Provide additional information on the composition of the committee Review the deadlines, downward. 3 years. | 90. An independent review of the operations of the PPM will be conducted under the guidance of the Policy and Strategy Committee of the Council on their own proposal or on the recommendation of the MD-CEIU in three years from the date of entry into force of the PPM. The Chairman may also recommend to the Council that the PPM be reviewed. Such independent reviews of the PPM will be held once every three years thereafter. |
| 6.4 LEGAL ADVICE | | |
| 93. In providing any legal advice to the PPM, the Office of the General Counsel will ensure that there is no potential or actual conflict of interest or, should the case arise, adequately manage any such conflicts so that PPM can properly discharge its obligations in relation to any eligible submission on the basis of independent legal advice. | Provide additional information on the composition of the committee, determine the level of participation of civil society in this committee, determine the goals and objectives of the consultations. | |
| 6.5 EFFECTIVE DATE | | |
| 7 RESOURCE IMPLICATIONS | | |

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| <p>96. The implementation of the PPM has <u>modest</u> budgetary and staffing implications. This is consistent with the limited and episodic nature of the anticipated PPM workload in coming years. It also reflects a targeted multitasking approach within CEIU, as AIIB's mechanism for institutional oversight, to ensure that AIIB remains lean and unbureaucratic to maximize efficiency and operational effectiveness. In the event that the workload is more than anticipated, CEIU will submit a revised budget to ensure that it has the resources to fully carry out its mandate.</p> | <p>Define the criteria for "modest budgets."</p> | |
| <p>97. The proposed PPM will operate within CEIU.⁴³ CEIU will ensure that its existing staff composition is sufficiently <u>flexible and nimble</u> to undertake PPM work activities through the contemplated multitasking while adequately and effectively addressing any potential or actual conflict of interest situations. To the extent that additional PPM-specific staff positions are necessary at a later stage, the engagement of these new staff will only be undertaken if fully justified in terms of the PPM Project workload.</p> | <p>Define the criteria for conducting work activities (flexible, agile).</p> | |
| <p>98. <u>A review of existing IAMs suggests that the actual volume of eligible complaints processed annually within problem-solving, dispute and compliance review type functions has been exceptionally small. AIIB will take time to build up its portfolio. In the early years, a substantial portion of AIIB's portfolio is likely to comprise co-financed Projects that use the IAMs of lead co-financiers. Therefore, modest resources are budgeted with provision to respond to greater demands on the PPM.</u></p> | <p>Define the criteria for "modest resources", "actual volume of acceptable complaints".</p> | |
| <p>8 CONSULTATIONS</p> | | |
| <p>99. The PPM was designed through an open and collaborative approach to enhance its responsiveness to potential users. Dialogue with key stakeholder groups resulted in a two-phased approach to stakeholder public consultation. Phase I involved CEIU listening to and co-learning with stakeholders and Phase II will be a focused dialogue on the draft PPM paper. CEIU arranged to initiate each phase with web-based calls for written submissions, <u>interactive videoconferencing and in-person meetings</u> with any interested stakeholder. AIIB Board representatives were briefed on PPM progress, gave feedback and suggestions at the September 2017 Board Meeting and also gave views on a draft of this paper. CEIU also reached out to Member governments through their Board representatives in Phase I. Several interviews were conducted and various constituencies provided meaningful feedback (it is anticipated that further feedback will be received when the draft paper is circulated in Phase II).</p> | <p>Collective face-to-face consultations.</p> | <p>Phase I included the CEIU, which listened and conducted joint training with stakeholders, and in Phase II a focused dialogue will be held on the draft document of the PPM. The CEIU organized each phase through web calls for written submissions, interactive videoconferences, face-to-face meetings and face-to-face face-to-face consultations.</p> |
| <p>100. <u>Phase I consultation generated 15 written submissions from NGOs, academics, the United Nations, business and professional bodies based in Asia (including Russia), Europe, the United States, South America and Australia. In addition, four group videoconferences, a roundtable discussion at the AIIB annual meeting, and several in-person meetings were convened. In total, some 340 individual points were raised for consideration. These were grouped and ranked to inform PPM drafting and are listed below:</u></p> | <p>All proposals should be considered and taken into account, and communicated to the applicants;</p> | <p>Training: to improve policy (including ESF) and documentation to improve practice. The results of the acceptance of proposals should be communicated to the applicants with a motivation for refusing to accept any proposals.</p> |

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| <ol style="list-style-type: none"> 1. PPM and CEIU independence: particularly from Management, and in CEIU staff selection to avoid conflict of interest and ensure expertise. 2. PPM and CEIU outreach and site visits: including for local awareness-raising about the PPM and for monitoring purposes. 3. Complaint handling process: taking an early and pre-emptory approach; accepting a complaint from even one or two complainants; allowing complainants to move flexibly between complaint channels; and using clear, easy, timely and transparent processes that are culturally sensitive and in appropriate languages. 4. Complainant protection: against retaliation and through anonymity. 5. Remedial actions: including a PPM role to propose and design actions; suspension; remedy funding and PPM monitoring of remedial action plans. 6. Learning: for policy improvement (including ESF) and documentation to improve practice. | <p>The effectiveness of all meetings!</p> | |
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Conclusion

The draft of the discussed document, presented by AIIB, is generally voluminous (34 pages, 101 articles), contains frequent repetitions and vague wording. Some articles of the document refer to the internal procedures of AIIB and do not relate directly to the PPM.

Following the discussion, we provided about 70 comments and recommendations for 101 articles. It should be noted that in this document there are no specific definitions, time limits for consideration, mechanisms for feedback from applicants. Many points do not provide for participation of applicants in the process of consultations, visits to project implementation sites, etc.

We offer 3 stages of consideration of appeals of people affected by the projects (request, resolution of disputes, complaint), reduce to one stage - consideration of complaints at all stages of the project cycle.

In article 100 of this document, it was stated that 340 of the individual proposals examined were ranked into 6 groups. However, there is no information on the effectiveness of the review, that is, what percentage of them was taken into account by AIIB.

In view of the foregoing, we look forward to a close examination and acceptance of all the recommendations we proposed by AIIB.

Only in this way the adopted document will protect people from the possible negative impact of the AIIB projects, all interested parties will be satisfied, and the projects will achieve the set goals in the development of the infrastructure of the AIIB member countries.