

## **Providing Leadership to the Rising Grievance Redress and Accountability Mechanisms (GRAMs) Community of Practice**

### ***Concept Note***

#### **The Growth of Grievance Redress and Accountability Mechanisms (GRAMs)**

Twenty five years ago, in an unprecedented commitment to transparency and public participation, the World Bank established its Inspection Panel – the first ever accountability mechanism of an international financial institution (IFI). The International Finance Corporation, the Inter-American Development Bank and the Asian Development Bank quickly followed suit. Today, there are 20 such mechanisms that form the Independent Accountability Mechanism Network (IAMnet). These independent accountability mechanisms (IAMs) may be characterized as the first generation of accountability mechanisms. They have several key features in common. They are independent of the management of the parent IFI and generally report to the IFI's head or Board. Their key function is to address complaints from people adversely affected by projects funded by the IFIs. All of them can assess if a project has complied with the parent IFI's own environmental and social policies. Some of them also have a problem solving mode. Although no official count has been made, it is estimated that there are probably 20-25 such mechanisms in operation and many more being established.

During these twenty five years, many professionals have been appointed and served as staff, consultants and members of these IAMs. Additionally, several civil society organizations have been established to monitor the activities of the IFIs/IAMs and to assist potential complainants in bringing grievances to the IAMs. The Bank Information Center, ADB NGO Forum, CEE Bankwatch Network, Both Ends Netherlands, Survival International and Accountability Counsel are but two of them. There is a coterie of consultants and staff within these organizations who make it their business to acquire and use specialized knowledge in relation to the IAMs. In response to IAMs, some IFIs have established specialized units (with staff and consultants) within their organizations to service the needs of management vis-a-vis these IAMs and to provide early interventions to complaints and grievances. The grievance redress service of the World Bank is one of them. Finally, there are academics who have researched, compared and critiqued IAMs, raising the bar for them over the years. Together these academics, staff, consultants, civil society personnel and IAM members form a "community of practice" that share knowledge, experiences and goals through both the IAMnet and informal channels.

Over the last decade or so, we have begun to see the rise of a second generation of grievance redress and accountability mechanisms (GRAMs). This phenomenon has been largely driven by multilateral donor fund and bilateral donor requirements. IFIs began to insist that their project implementation agencies establish grievance redress mechanisms (GRMs) at the project level. This requirement was largely because IFIs were receiving community level complaints in projects that can and should be quickly, cheaply and justly dealt with at a level closest to the project. These mechanisms last for the duration of the project and any accumulated knowledge often dissipates after project completion. Unfortunately, many project level mechanisms are weak, untrained, under-capacitated, and/or ineffective. More recently, consultant experts have been employed to consolidate learning in this area and to help create and train community members in GRMs.

Along with the growth of project level GRMs, donors have required financial intermediaries to establish their own institutional GRAMs. These financial intermediaries have included Banks, financial institutions, government agencies and regional bodies. Part of this movement is based on the need to institutionalize GRMs and to develop institutional learning which project level GRMs don't typically provide. A helpful list of these agencies that have been launched to date or are in the process of establishing GRAMs was prepared by the United Nations Development Programme's (UNDP's) accountability mechanism, the Social and Environmental Compliance Unit (SECU) and is set out in the **Annex** to this concept note. We can characterize these new GRAMs as the second generation of accountability and grievance redress mechanisms.

### **International Frameworks Triggering GRAMs**

Apart from wanting to institutionalize grievance mechanisms' knowledge and enhance institutional learning, there are several international frameworks that are triggering donor agencies to require the establishment of GRAMs of their financial intermediaries both at the institutional level and project level.

***The Equator Principles:*** Principle 6 of the Equator Principles requires institutions subscribing to the Principles to require their client financial intermediaries (FIs) to establish a GRM for category A and as appropriate for category B projects. The GRM should be "designed to receive and facilitate resolution of concerns and grievances about the Project's environmental and social performance". Furthermore, principle 6 requires the following attributes for the GRM:

"The grievance mechanism is required to be scaled to the risks and impacts of the Project and have Affected Communities as its primary user. It will seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate, readily accessible, at no cost, and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies. The client will inform the Affected Communities about the mechanism in the course of the Stakeholder Engagement process".

***The UN Guiding Principles on Business and Human Rights:*** Three of the guiding principles in particular deal with GRMs of business enterprises. These are principles 29, 30 and 31.

29. To make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.

30. Industry, multi-stakeholder and other collaborative initiatives that are based on respect for human rights-related standards should ensure that effective grievance mechanisms are available.

Effectiveness Criteria for Non-Judicial Grievance Mechanisms.

31. In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be:

(a) legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;

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- (b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
- (c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
- (d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
- (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
- (f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;
- (g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;

Operational-level mechanisms should also be:

- (h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances

***The OECD Guidelines for Multinational Enterprises:*** These principles are aimed at multinational enterprises operating in or from OECD countries. It establishes broad principles, among others, to respect the environment and entrusts National Contact Points (NCPs) to monitor the compliance with the principles. The NCP can entertain complaints regarding non-compliance by a multinational enterprise to the recommendations of the Guidelines. The Guidelines recommend that enterprises have processes in place to enable remediation that may require cooperation with judicial or State-based non-judicial mechanisms, or operational-level grievance mechanisms. Additionally the NCP system provides a potential grievance redress system in this arena.

***Dutch Banking Sector Agreement on international responsible business conduct regarding human rights:*** By signing this agreement, several leading Dutch Banks have committed to follow the UN Guiding principles as well as the OECD guidelines. The UN guiding principles require the establishment of GRMs. The agreement also establishes a complaints mechanisms (committee) to address non-compliance by a Bank with the Agreement. The committee can make recommendations of next steps. And can also issue a binding opinion which is not legally enforceable. In a recent move decisions made under this agreement are moving towards requiring the Banks to establish independent GRMs.

***Accreditation requirements of climate funds:*** The Green Climate Fund (GCF) provides funding for climate projects via entities that are accredited. Similarly, the Adaptation Fund also accredits entities. This is also the case with the Global Environment Facility's Agencies. The accreditation requirements of the GCF provides that accredited entities should have GRMs at the institutional level. More recent accreditation master agreements reflect the basic criteria that these GRMs need to have. The criteria mirror the Ruggie principles set out in the UN guiding principles above and are captured in the GCF's environmental and social management policy.

### **The Need for Leadership and a Forum for the Growing Community of Practice**

The first generation of IAMs, at the end of a decade of existence, realized the need to have a network where information and experiences could be exchanged, and learning could happen across mechanisms. This need led to the formation of IAMnet. There is now a growing need to provide a similar platform for learning and exchange of knowledge, information and experiences across the second generation of GRAMs. IAMnet is constituted of accountability mechanisms of multilateral and bilateral public financial institutions. Whereas the second generation of GRAMs come from a much wider variety of institutions ranging from public international financial institutions to private corporations. IAMnet is likely to begin engaging GRAMs over the next year and to decide later on whether and how best to incorporate them into the network.

In the meantime, GRAMs are going through teething challenges like the first generation IAMs have done. They are also faced with their own set of unique challenges. Surveys conducted by the Independent Redress Mechanism (IRM) of the GCF show that many institutions accredited to the GCF are expected to have a functioning GRAM compliant with the Ruggie principles. However, the same survey also shows that many accredited entities may have a GRAM in name but in reality, their GRAMs are lacking in capacity, accessibility, and/or experience. Other accredited entities are in the process of setting them up. What is clear is that GRAMs need timely help to grow and serve the purpose for which they have been established – namely, to address complaints and grievances from people affected adversely by projects of the parent entity and to ensure that the entity’s activities do no harm. There is a growing demand for support from nascent and recently established GRAMs as they confront real grievances and find themselves inadequately equipped to deal with them. The need is urgent.

Additionally, CSOs are gaining considerable experience assisting communities and individuals to gain access to IAMs and GRAMs. They serve as both connectors as well as watch dogs. In this role, they have a significant place within a vibrant grievance redress and accountability community of practice. They have much knowledge and experience to share. This is also true for academics specializing and studying IAMs and GRAMs. While the focus of the partnership will be on GRAMs and supporting their development and growth, the platform being created could also serve as one that serves the growth of a community of practice around grievance redress and accountability.

In the absence of a learning platform, there is a crying need for leadership in this area. This leadership gap has been discussed by several first generation IAMs including the UNDP’s SECU, the Internal Audit of Black Sea Trade and Development Bank and the GCF’s IRM who have in principle agreed to launch a partnership to provide immediate leadership to the second generation GRAMs. The partnership is open to other IAMs, academic institutions and civil society organizations who are interested in providing such leadership and developing initiatives to do so.

### **IRM-GCF Mandate requires capacity development of GRAMs**

The Board approved mandate of the IRM-GCF requires the IRM-GCF to develop the capacity of GRAMs of Direct Access Entities. Subsequent GCF Board decisions approving the work plans of the IRM-GCF have made it clear that the IRM-GCF should share these lessons with accountability mechanism of all Accredited Entities. Accredited Entities include MDBs as well as other international organizations.

Given these mandates, the IRM-GCF is well placed to facilitate the creation of a platform for GRAM learning activities.

### **Flagship projects of the GRAM Partnership**

Initially, the partnership will take two immediate steps to create a platform for second generation GRAMs. These steps are:

1. **Hold an annual 3 day conference beginning 2020** to bring together GRAMs, IAMs, CSOs, academics and other grievance redress and accountability practitioners to share experiences and knowledge and to learn from each other. The conference will have three levels of parallel sessions. There would be basic GRAM related sessions (100 level) on how to establish and operate a GRAM and on challenges in accessing them. Sessions to exchange knowledge and information around established but young GRAMs would be pitched at an intermediate level (200 level). Advanced topics (300 level) delving deeper into more sophisticated issues concerning GRAMs and IAMs and CSOs will also be made available. This mix of sessions will allow participants to choose the most useful ones to attend that would help enhance their learning and knowledge.
2. The conference will be open to GRMs of GCF accredited entities as well as to other GRAMs and IAMs that have an interest in participating. The conference will be timed to ensure a satisfactory timing gap between IAMnet annual meetings. It will also have sessions designated for civil society organizations and academics who will serve as resource persons as well as participants. There will be a few plenaries dealing with broad issues such as (a) the business case for GRAMs, (b) basic attributes of a GRAM and (c) key lessons learned from IAMs. Two to three other sessions will be run in parallel through the rest of the day. There will also be “problem solving” sessions pitched at 100, 200, and 300-levels where participants can come together in mixed groups and separate GRAM, IAM, CSO or academic groupings to raise problems faced by them and get advice and feedback from peers on how to solve them. The entire conference will have a hands-on approach, with fewer lecture type presentations and many more small panels and hands on work. An online community for disseminating good practice notes and other GRAM news may have its genesis at the conference, partly based on the learning platform that the GCF/IRM is launching.
3. **Issue good practice notes.** The Good Practice Working Group of IAMnet has issued two publicly available good practice notes. As more such notes become available, the partnership will disseminate them to GRAMs. For this purpose, an open subscription via a website will facilitate the distribution of these notes. Additionally, the GCF/IRM is constituting a list of GRAM contacts for accredited entities. The notes will be disseminated to these as well. In addition to IAMnet good practice notes, the partnership will develop and issue good practice notes on other issues that speak more directly to GRAM needs, such as “the building blocks of a good GRAM” and “Scaling a GRAM to fit the capacity of the institution”.

### **Organisation of and Decision-making in the GRAM partnership**

The GRAM Partnership is informal and initially consists of the Audit office of BSTDB, SECU of UNDP and IRM of GCF, and is open to participation from other interested IAMs, academic institutions and civil society. Since then, OHCHR, Accountability Counsel, and Amfori have joined the partnership. The GCF IRM will provide secretariat services to the GRAM Partnership, given that capacity development of GRAMs of direct access entities is within the mandate of the IRM. For the first conference, the GCF-IRM will include budgetary provisions to cover food and venue costs for a conference in Songdo, Republic of Korea. Given the IRM mandate, the IRM will also provide funds to cover the cost of a limited number of GCF direct access entity GRAMS (perhaps 30 in number). Additional funding will be provided in the GCF-IRM budget for scholarships to the first conference for other accredited entities of the GCF. Additional support for travel and accommodation may be provided by the other partners. Apart from these, travel and accommodation will have to be borne by the GRAM's own institution.

The partners of the GRAM Partnership will make decisions by consensus and where consensus fails through majority voting. Regarding the disbursement of funds from any one of the partner institutions, the final decision will rest with the partner of that institution, while taking careful account of advice from the other partners. In the spirit of partnership, if such a unilateral decision is necessitated, the partner taking that decision will provide an explanation to the other partners as to the reasons for the decision and will address why it disagrees with the advice of the other two partners. All partners will act in utmost good faith and with maximum transparency to each other regarding partnership decision-making. The partnership will be as participatory as possible. Partners will collectively make policy decisions and decisions establishing rules for the conduct of partnership business. While these agreements are not legally binding or enforceable, the partners recognize that the success of this venture is based on trust and agree to work towards building and maintaining that trust. Partnership proceedings will be conducted in a fair and transparent manner with adequate notice to partners of issues to be decided on.

## Annex

### GCF Accredited Entity Directory

#### INTERNATIONAL

Asian Development Bank (ADB)  
CGIAR System Organization (CGIAR)  
Food and Agriculture Organization of the United Nations (FAO)  
International Finance Corporation (IFC)  
International Fund for Agricultural Development (IFAD)  
International Union for Conservation of Nature (IUCN)  
Japan International Cooperation Agency (JICA)  
United Nations Development Programme (UNDP)  
United Nations Environment Programme (UNEP)  
World Food Programme (WFP)  
World Meteorological Organization (WMO)  
World Bank (IBRD/IDA)

#### REGIONAL

African Development Bank (AfDB)  
Banque Ouest Africaine de Développement (BOAD)  
Caribbean Community Climate Change Centre (CCCCC)  
Caribbean Development Bank (CDB)  
Central American Bank for Economic Integration (CABEI)  
Corporación Andina de Fomento (CAF)  
Development Bank of Southern Africa (DBSA)  
European Bank for Reconstruction and Development (EBRD)  
European Investment Bank (EIB)  
Inter-American Development Bank (IDB)  
Inter-American Investment Corporation (IDB Invest)  
Micronesia Conservation Trust (MCT)  
Nordic Environment Finance Corporation (NEFCO)  
Sahara and Sahel Observatory (OSS)  
Secretariat of the Pacific Regional Environment Programme (SPREP)

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### **NATIONAL**

Agence Française de Développement (AFD)

Agency for Agricultural Development of Morocco (ADA)

Austrian Development Agency (ADA Austria)

Caixa Economica Federal (CEF)

Centre de Suivi Ecologique (CSE), Senegal

China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center)

Compañía Española de Financiación del Desarrollo (COFIDES)

Department of Environment of Antigua and Barbuda (DOE)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (GIZ)

Environmental Investment Fund (EIF), Namibia

Fiji Development Bank (FDB)

Financiera del Desarrollo (Findeter)

Fondo para la Acción Ambiental y la Niñez (Fondo Accion)

Foreign Economic Cooperation Office (FECO)

Fundo Brasileiro para a Biodiversidade (Funbio)

Korea Development Bank (KDB)

Kreditanstalt für Wiederaufbau (KfW)

Landbank of the Philippines (Landbank)

Ministry of Environment, Rwanda

Ministry of Finance and Economic Cooperation, Ethiopia (MOFEC)

Ministry of Finance and Economic Management of the Cook Islands (MFEM Cook Islands)

National Bank for Agriculture and Rural Development (NABARD)

National Environment Management Authority of Kenya (NEMA)

National Rural Support Programme (NRSP)

Peruvian Trust Fund for National Parks and Protected Areas (Profonanpe)

Protected Areas Conservation Trust (PACT), Belize

PT Sarana Multi Infrastruktur (PT SMI), Indonesia

Small Industries Development Bank of India (SIDBI)

Société de Promotion et de Participation pour la Coopération (PROPARCO)

South African National Biodiversity Institute (SANBI)

Unidad Para el Cambio Rural (Unit for Rural Change) of Argentina (UCAR)

### **PRIVATE**

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Acumen Fund, Inc. (Acumen)

Africa Finance Corporation (AFC)

BNP Paribas S.A. (BNP)

CDG Capital S.A. (CDG Capital)

Conservation International Foundation (CI)

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)

Deutsche Bank AktienGesellschaft (Deutsche Bank AG)

Fundación Avina (Fundación Avina)

HSBC Holdings plc and its subsidiaries (HSBC)

Infrastructure Development Company Limited (IDCOL), Bangladesh

Infrastructure Development Finance Company (IDFC), India

MUFG Bank, Ltd (formerly, Bank of Tokyo-Mitsubishi UFJ, Ltd.) (MUFG Bank (formerly, BTMU))

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Palli Karma-Sahayak Foundation (PKSF)

Pegasus Capital Advisors (PCA)

World Wildlife Fund, Inc. (WWF)

XacBank LLC (XacBank)

### Adaptation Fund Implementing Agencies

#### INTERNATIONAL

Asian Development Bank (ADB)	Philippines	<a href="http://www.adb.org">www.adb.org</a>
European Bank for Reconstruction and Development (EBRD)	United Kingdom	<a href="http://www.ebrd.com">www.ebrd.com</a>
Inter-American Development Bank (IDB)	United States	<a href="http://www.iadb.org">www.iadb.org</a>
International Fund for Agricultural Development (IFAD) Italy		<a href="http://www.ifad.org">www.ifad.org</a>
UN-Habitat	Kenya	<a href="http://unhabitat.org">unhabitat.org</a>
United Nations Development Programme (UNDP)	United States	<a href="http://www.undp.org">www.undp.org</a>
United Nations Educational, Scientific, and Cultural Organization (UNESCO)	France	<a href="http://www.unesco.org">www.unesco.org</a>
United Nations Environment Programme (UNEP)	Kenya	<a href="http://www.unep.org">www.unep.org</a>
United Nations World Food Programme (WFP)	Italy	<a href="http://www.wfp.org">www.wfp.org</a>
World Bank	United States	<a href="http://www.worldbank.org">www.worldbank.org</a>

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World Meteorological Organization (WMO) Switzerland [www.wmo.int](http://www.wmo.int)

### REGIONAL

Caribbean Development Bank (CDB) Barbados [www.caribank.org](http://www.caribank.org)

Central American Bank for Economic Integration (CABEI) Honduras [www.bcie.org](http://www.bcie.org)

Corporación Andina de Fomento (CAF) Venezuela [www.caf.com](http://www.caf.com)

Observatoire du Sahara et du Sahel (OSS) Tunisia [www.oss-online.org](http://www.oss-online.org)

Secretariat of the Pacific Regional Environment Programme (SPREP)

Samoa [www.sprep.org](http://www.sprep.org)

West African Development Bank (BOAD) Togo [www.boad.org](http://www.boad.org)

### NATIONAL

Agence pour le Développement Agricole (ADA) Morocco [www.ada.gov.ma](http://www.ada.gov.ma)

Agencia de Cooperación Internacional de Chile (AGCI) Chile [www.agci.gob.cl](http://www.agci.gob.cl)

Agencia Nacional de Investigación e Innovación (ANII) Uruguay [www.anii.org.uy](http://www.anii.org.uy)

Banque Agricole du Niger (BAGRI) Niger [www.bagriniger.ne](http://www.bagriniger.ne)

Centre de Suivi Ecologique (CSE) Senegal [www.cse.sn](http://www.cse.sn)

Department of Environment (DoE) Antigua and Barbuda [www.environmentdivision.info](http://www.environmentdivision.info)

Desert Research Foundation of Namibia (DRFN) Namibia [drfn.org.na](http://drfn.org.na)

Dominican Institute of Integral Development (IDDI) Dominican Republic [www.iddi.org](http://www.iddi.org)

Environmental Project Implementation Unit (EPIU) Armenia [www.epiu.am](http://www.epiu.am)

Fundación Natura Panama [www.naturapanama.org](http://www.naturapanama.org)

Fundecooperacion Para el Desarrollo Sostenible Costa Rica [fundecooperacion.org](http://fundecooperacion.org)

Mexican Institute of Water Technology (IMTA) Mexico [www.imta.mx/english](http://www.imta.mx/english)

Ministry of Finance and Economic Cooperation (MOFEC) Ethiopia [www.mofed.gov.et](http://www.mofed.gov.et)

Ministry of Finance and Economic Management (MFEM) Cook Islands [www.mfem.gov.ck](http://www.mfem.gov.ck)

Ministry of Natural Resources (MINIRENA) Rwanda [www.minirena.gov.rw](http://www.minirena.gov.rw)

Ministry of Planning and International Cooperation (MOPIC) Jordan [www.mop.gov.jo](http://www.mop.gov.jo)

National Bank for Agriculture and Rural Development (NABARD) India [www.nabard.org](http://www.nabard.org)

National Environment and Climate Fund Benin [fnec-benin.org](http://fnec-benin.org)

National Environment Management Authority (NEMA) Kenya [www.nema.go.ke](http://www.nema.go.ke)

National Environment Management Council (NEMC) Tanzania [www.nemc.or.tz](http://www.nemc.or.tz)

Partnership for Governance Reform in Indonesia (Kemitraan)

Indonesia [www.kemitraan.or.id](http://www.kemitraan.or.id)

Planning Institute of Jamaica Jamaica [www.pioj.gov.jm](http://www.pioj.gov.jm)

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Protected Areas Conservation Trust (PACT) Belize [www.pactbelize.org](http://www.pactbelize.org)

South African National Biodiversity Institute (SANBI) South Africa [www.sanbi.org](http://www.sanbi.org)

Unidad para el Cambio Rural (UCAR) Argentina [www.ucar.gov.ar](http://www.ucar.gov.ar)

### **PRIVATE**

Bhutan Trust Fund for Environment Conservation (BT FEC) Bhutan [www.bhutantrustfund.bt](http://www.bhutantrustfund.bt)

Micronesia Conservation Trust (MCT) Micronesia [www.ourmicronesia.org](http://www.ourmicronesia.org)

Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)

Peru [www.profo](http://www.profo)