



**ASIAN INFRASTRUCTURE  
INVESTMENT BANK**

**Approach Paper for the AIIB  
Project-Affected People’s Mechanism (PPM) Policy Review**

**February 7, 2024**



**Project-affected People’s  
Mechanism (PPM)**

**Complaints Resolution  
Evaluation and Integrity Unit** 

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## Abbreviations

ADB	—	Asian Development Bank
AfDB	—	African Development Bank
AIIB	—	Asian Infrastructure Investment Bank
CEIU	—	Complaints-resolution, Evaluation and Integrity Unit
CAO	—	Compliance Advisor Ombudsman
CSO	—	Civil society organization
E&S	—	Environmental and Social
EBRD	—	European Bank for Reconstruction and Development
EIB	—	European Investment Bank
ESP	—	Environmental and Social Policy
FI	—	Financial intermediary
GRM	—	Grievance redress mechanisms
IAM	—	Independent accountability mechanism
IBRD	—	International Bank for Reconstruction and Development
IDA	—	International Development Association
IDB	—	Inter-American Development Bank
IFC	—	International Finance Corporation
IPAM	—	Independent Project Accountability Mechanism
IRM	—	Independent Review Mechanism
IsDB	—	Islamic Development Bank
MDB	—	Multilateral development bank
MICI	—	Independent Consultation and Investigation Mechanism
NGO	—	Non-governmental organizations
PPM	—	Project-Affected People's Mechanism
PSC	—	Policy and Strategy Committee
SEP	—	Stakeholder Engagement Plan

# 1. Introduction and Context

**1. Scope of Approach Paper.** This Approach Paper describes the objective, methodology and timeline that will be followed for the policy review of Project-Affected People's Mechanism (PPM), the independent accountability mechanism (IAM) of Asian Infrastructure Investment Bank (AIIB). The PPM was established by the Board of Directors (the Board) of AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy (ESP) when their concerns cannot be addressed satisfactorily through project-level grievance redress mechanisms (GRM) or AIIB Management's processes. The Complaints-resolution, Evaluation and Integrity Unit (CEIU) is responsible for PPM.

**2. Adoption of PPM Policy.** The PPM policy was adopted by the Board on Dec. 7, 2018, and entered into effect on March 31, 2019. The PPM Policy mandates a review no later than five years from its adoption (PPM Policy, Clause 11.4). According to the PPM Policy, the Managing Director, CEIU (MD-CEIU) shall initiate and guide the review, which shall take into account the views gathered through public consultations, including with Project-affected communities, AIIB Members, clients and other stakeholders. Thus, the PPM Policy Review (PPM Review) is due in 2024. The Roadmap initiating the PPM Review process was endorsed by the Policy and Strategy Committee (PSC) of the Board on Dec. 4, 2023. The phases and timeline of the Roadmap are provided in Annex 1.

## 1.1 First Five Years of PPM

**3. Development of a Complaints-handling Mechanism.** The development of a complaints-handling mechanism for AIIB began in early 2017. Public consultations and discussions were held and consequently, AIIB drafted a policy for a complaints-handling mechanism, which it called the AIIB Project-affected People's Mechanism (PPM). After further public consultation and drafting, the Policy on the Project-affected People's Mechanism (PPM Policy) was approved by AIIB's Board of Directors in December 2018. Soon after approval of the PPM Policy, AIIB issued the PPM Directive and PPM Rules of Procedure. In essence, the policy architecture of PPM is fully in place.

## 1.2 Key Features of the PPM Policy

**4. Reliance on IAMs of Lead Co-financiers.** AIIB promotes alignment of its policies with the other MDBs, bilateral development organizations, and development finance institutions with which its co-finances projects to reduce the burden of multiple policy requirements on clients. In this spirit, AIIB's Environmental and Social Policy (ESP) allows AIIB to apply a co-financier's environmental and social (E&S) policies, provided that they are materially consistent with the ESP. Consistent with the ESP, where the AIIB agrees to apply the co-financier's E&S policies, the PPM Policy provides for the option to rely on the co-financier's IAM to handle complaints under a co-financed project with the agreement of the co-financier (PPM Policy, Clause 10). At this stage, AIIB has co-financing framework agreements with the World Bank (specifically, the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)), Asian Development Bank (ADB)<sup>1</sup> and European Bank for

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<sup>1</sup> Co-financing framework agreement with the ADB does not cover non-sovereign operations. In such operations, the applicable IAM is PPM even if the applicable E&S policy is ADB's Safeguards Policy Statement.

Reconstruction and Development (EBRD). In projects co-financed with these MDBs, AIIB not only relies on their E&S policies but also on their IAMs for handling complaints. However, AIIB does not currently have co-financing framework agreement with institutions such as International Finance Corporation (IFC), European Investment Bank (EIB)<sup>2</sup>, African Development Bank (AfDB), Inter-American Development Bank (IDB) and Islamic Development Bank (IsDB). In projects co-financed with such institutions, AIIB may agree to rely on their E&S policies but AIIB's PPM would remain responsible for handling complaints submitted to it by the project-affected people.

**5. Project Processing Queries.** In addition to dispute resolution and compliance review (the functions that most IAMs have), the PPM Policy also introduced another function namely Project Processing Queries. The objective of the Project Processing Queries is to enable Project-affected people to obtain rapid resolution of their concerns over simple matters which arise during AIIB's E&S due diligence of a project, and which do not require dispute resolution; these 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.

**6. Emphasis on Resolution of Issues through project-level GRM and Management.** The PPM Policy provides that if the requestors have not made good faith efforts to resolve their issues with the project-level grievance redress mechanism (GRM) and with AIIB Management or have not indicated to the satisfaction of the PPM why they have been unable to do so, the submission to PPM shall be ineligible.

**7. Filing Complaints After Project Closure.** The PPM Policy provides for the possibility of submitting complaints 24 months after the closing date of the project under circumstances stated in the PPM Policy.

**8. Effect of Filing a Complaint and Interim Measures.** The PPM Policy also introduces clauses related to the effect of a submission on the project. These clauses empower the MD-CEIU to escalate certain matters (establishment of GRM, information disclosure about GRM, continued project preparation or implementation that may potentially result in irreversible material adverse impacts that have not been adequately addressed in accordance with the ESP) to the Management, the President and even the Board on a confidential basis if such matters are not addressed.

## 2. PPM Operations, Outreach and Partnerships

### 2.1 PPM Operations

**9. As of end-2023, PPM has received only two [submissions](#), both of which were declared ineligible for further processing (see Annex 2).**

- a) The submission related to "India: Mumbai Metro Line 4 (Wadala–Kasarvadavali) Project" was declared ineligible as the project was not approved for consideration for AIIB financing and no project summary information was issued. Furthermore, the submission was made by fewer than two individuals.

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<sup>2</sup> There is a project-level co-lenders' agreement with EIB on Bangalore Metrorail Project, India, under which EIB's Complaints Mechanism is responsible for handling all complaints under the project.

- b) The submission related to “Bangladesh: Bhola IPP Project” was declared ineligible as the Requestors had not made good faith efforts to resolve the issues with the AIIB Management and did not indicate to the satisfaction of the PPM why they were unable to do so. For this submission, the PPM conducted a site visit, met with the requestors, the civil society organizations (CSOs) representing the requestors and the client. After the declaration of ineligibility, PPM prepared a Lessons Learned report which was shared with the Board. It also organized a session with operational staff to disseminate these lessons learned.

**10. In some instances, the PPM has been copied on complaints or letters from CSOs sent to the Management and PPM has followed up with the Management for expedited resolution of such matters.** These are not formal complaints to PPM but instances in which PPM facilitated a dialogue between the complainants and Management for early resolution of issues through the project-level GRM.

**11. In September 2023, the PPM conducted a “Survey on the Visibility and Accessibility of PPM”.** Some of the key reasons behind the low number of complaints received by the PPM include, but are not limited to, the following:

- a) AIIB relies on the IAM of the lead co-financiers for complaints handling in most of its co-financed projects. Therefore, complainants bring their complaints to the IAM of the lead co-financier.
- b) AIIB is a young MDB and relatively less known compared to its peers. As a result, the PPM is also not very well known as an IAM.
- c) AIIB’s portfolio is still small and growing, compared to its peer MDBs.
- d) During the COVID-19 pandemic, most IAMs observed a low intake of complaints resulting from the slowdown in the implementation of projects.
- e) Some CSOs perceive the PPM Policy as somewhat restrictive, with a relatively high bar for eligibility of complaints compared to the IAMs of other MDBs.

**12. To-date, the PPM has not directly received any complaints on any co-financed projects.** However, there are at least 21 complaints related to 7 AIIB co-financed projects<sup>3</sup> received by the IAMs of co-financier IFIs (see Annex 2 for details). The PPM routinely follows up with the respective IAMs to get updates on these cases. For the closed cases related to two co-financed projects, PPM also organized sessions for AIIB operational staff focused on the overall experience of case handling and lessons learned together with the responsible IAM. The PPM provides quarterly updates to the Board on its activities.

## **2.2 Outreach and Inreach activities**

**13. Outreach activities of the PPM aim at increasing awareness about the PPM among external stakeholders.** These include standalone and joint outreach events for CSOs with the IAMs of fellow MDBs. The PPM has co-organized two-three such events every year over the past years. Most outreach events during and post-COVID19 were virtual; after the pandemic, events can now be held either in-person or virtual. The PPM has also organized

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<sup>3</sup> Five of these complaints relate to the proposed Georgia: Nenskra Hydropower Project, which has not been approved by AIIB for financing; the Concept Review was in 2017 and no further Management review has been held. In six out of these seven projects, IAMs of the relevant lead co-financiers are responsible for handling all complaints as per agreed arrangements between AIIB and the lead co-financier.

outreach events for project implementing agencies. In addition, the PPM regularly organizes dialogues with CSOs, especially during AIIB Annual Meetings. In 2023, PPM led the organization of open outreach seminars for the Asian and the Middle East and North Africa regions, together with other IAMs.

**14. Inreach activities of the PPM aim at increasing awareness about PPM among AIIB project teams.** For this purpose, the PPM has developed an e-learning course that is mandatory for all new operational staff. The PPM also offers regular training sessions under the Operational Training Program organized by the Human Resources Department. In addition, the PPM also organizes a number of learning events for operational staff to learn about current issues, good practices and experiences of other IAMs for handling complaints related to E&S issues under co-financed projects.

### **2.3 Partnerships with Other IAMs**

**15. The PPM is a member of the Independent Accountability Mechanism Network (IAMnet).** PPM regularly attends IAMnet Annual Meetings and participates in relevant working groups. PPM organizes periodic dialogue with IAMs of lead co-financiers to get updates on the cases they are handling.

## **3. PPM Review**

### **3.1 Objective**

**16. The objective of the PPM Review is to assess the effectiveness of the PPM and make recommendations to the Board** for enhancing the PPM's visibility, accessibility, and responsiveness to Project-affected People, and AIIB's accountability.

### **3.2 Guiding Principles**

17. The PPM Review will be guided by the following principles:

- The MD-CEIU will initiate and guide the review.
- The review will be strictly focused on the PPM Policy.
- The review will be transparent, and all relevant documents will be disclosed.
- The review will be inclusive and will have a broad (internal and external) consultative process.
- The review will build upon institutional experience and learning.
- There will be a clear distinction between the findings of the review and potential policy revisions. As per the Rules of Procedure of the Board of Directors, the President, based on the MD-CEIU's proposal, will submit, and include in the Board agenda any final recommended revisions of the policy to the Board.
- The review will consider potential improvements in the current policy or its implementation based on lessons learned from PPM's own experience as well as of other IAMs.

### **3.3 Elements of the Review**

18. The components of the review are the following:

**A. PPM Review Approach Paper:** This Approach Paper will be discussed by the Board in March 2024 and thereafter made publicly available.

**B. PSC and Board Guidance.** The MD-CEIU will seek guidance from the PSC and the Board throughout the review process. As noted above, the Board discussion of this Approach Paper is planned in March 2024. MD-CEIU will update the Board on the review (findings, identification of key issues and proposed recommendations/revisions) during the Board Retreat in September 2024. Key proposed revisions will be discussed by the Board in December 2024. The revised PPM Policy will be considered by the Board for approval in June 2025.

**C. Consultation with AIIB Management.** The MD-CEIU will regularly engage with the Management throughout the review process by conducting:

- Focus groups with project teams and staff from other departments involved in Bank financings, including the Legal Department and the Policy and Strategy Vice Presidency.
- A seminar with Management on the outcome of the external review.

**D. PPM External Review.** The objective of the external review is to assess the overall experience of the PPM as an IAM since its establishment. This would entail review of the PPM's role in AIIB's accountability, structure, functions, policy, rules of procedure, effectiveness, visibility, accessibility and resources. Findings of the external review will inform the MD-CEIU in guiding the PPM Policy Review. MD-CEIU has engaged an international expert with an excellent reputation and credibility in the field of independent accountability. The ToR of the external review is attached as Annex 3.

**E. Survey on the Visibility and Accessibility of the PPM.** The PPM conducted a survey in September 2023 to understand how to improve its visibility and accessibility to CSOs as well as communities affected by AIIB-financed projects. Preliminary survey findings were shared with the CSOs during the AIIB Annual Meetings in Egypt on Sep. 26, 2023. As a result of this survey and recommendations made during the PPM Workshop on "Nuts and Bolts of PPM" that was held during 2023 AIIB Annual Meeting in Egypt, key actions were identified to improve the PPM's visibility and accessibility (see Annex 4).

**F. Stakeholder Consultations.** Consultations aim to solicit candid feedback in a safe environment from all key stakeholders, including AIIB Members, clients (sovereign and nonsovereign), civil society, project-affected communities and AIIB staff. Consultations will be inclusive and broad-based and conducted in a transparent and meaningful manner. The MD-CEIU will engage an experienced stakeholder engagement consultant to assist during the consultation process. Both in-person and virtual consultations will be conducted out for regional and non-regional members. A separate website and dedicated email address has been created to solicit feedback and written comments. Key documents will be translated into various languages. A summary report on stakeholder consultations will be issued. A detailed Stakeholder Engagement Plan (SEP) is provided in Annex 5.

**G. Interactions with Peer IAMs.** In addition to the PPM, there are four IAMs that are undergoing policy reviews. These are the accountability mechanisms of the ADB, EIB, EBRD and the World Bank. The MD-CEIU will reach out to these organizations during the PPM Policy review process to informally exchange information on the review process and emerging best practices among peer MDBs.

**H. Legal Input from the General Counsel.** Legal input from the AIIB General Counsel will be sought during the review process.

### 3.4 Emerging Issues

19. Some of the emerging issues and topics pointed out by relevant stakeholders during outreach and case handling over the past years, without making any judgment on them, are listed below. It should be noted that some issues listed under accessibility and effectiveness emanate from PPM features that were deliberately designed based on careful consideration of AIIB's needs and experience of its peers and after a lengthy deliberative process during the formulation of PPM Policy in 2017-2018. The PPM Policy greatly benefited from policies of IAMs of peer MDBs, especially the ADB Accountability Mechanism (ADB AM), AfDB Independent Review Mechanism (AfDB IRM), EBRD Independent Project Accountability Mechanism (EBRD IPAM), EIB Complaints Mechanism (EIB CM), IDB Independent Consultation and Investigation Mechanism (IDB MICI), IFC Compliance Advisor Ombudsman (IFC CAO) and World Bank Accountability Mechanism (World Bank AM). The review provides an opportunity to take another look at the features of AIIB's PPM Policy as well as of its implementation in light of the additional experience gathered during past five years of PPM Policy implementation and the evolution in the discipline of independent accountability. The review will not be limited to these issues and will include others, as necessary.

**A. PPM Visibility.** A citizen driven accountability mechanism, such as the PPM, is not effective if project-affected people do not know about its existence. The responsibility for making IAMs well known is shared between the relevant IFI's management and the IAM. Consequently, considerable steps might be needed to make affected people aware of the existence of the IAMs.

- **Information about the PPM in Project Documents.** An important element of an IAM's visibility is to include information about its existence and availability in the main project documents. According to the AIIB Environmental and Social Framework, AIIB "requires all Clients to inform project-affected people about the availability of the PPM. Information on the availability of the PPM is provided in an accessible and understandable manner in locally appropriate language(s), including on the Client's (or beneficiary's) Project-related website" (ESF para. 73). The review of actual implementation of this requirement and other possible measures to improve PPM's visibility in project documents will be useful.
- **Disclosure of Information to Project-affected Communities.** It is also important to consider the disclosure of information about AIIB as a financier and the PPM as an IAM for project-affected people. This could be seen in the context of AIIB's financial intermediary (FI) lending where AIIB does not normally have a direct contractual relationship with the beneficiary of its financing. The review may look into identifying and addressing any potential barriers and suggesting a practical approach to achieve satisfactory PPM visibility.
- **PPM outreach with CSOs.** As noted above, PPM organizes and participates in standalone and joint outreach events for CSOs with other IAMs. It will be useful to review their effectiveness and possible measures to improve PPM's outreach at the grass-roots level.

**B. PPM Accessibility.** Accessibility is an important principle for all IAMs. Making the PPM accessible to project-affected people and making the process as simple and user-friendly as possible are important elements of an IAM's accessibility. The review will consider the following issues regarding the PPM's accessibility in light of AIIB's specificities.

- **Who can File a Submission.** the PPM Policy requires at least two project-affected people to file a complaint to be eligible (PPM Policy 3.1). This eligibility requirement is same for the ADB AM, IDB MICI and the World Bank AM. In the case of several other IAMs (such as the EBRD IPAM, EIB CM, and IFC CAO), one individual can submit a complaint. Additionally, other IAMs allow the possibility of triggering the accountability mechanism through individuals other than the project-affected people, such as the Board, the IFI President and the head of the IAM. For some mechanisms (e.g., the EIB CM), any person can submit a complaint.
- **Stage of Financing.** According to the PPM Policy, a submission can be made under the project-processing queries and dispute resolution functions after disclosure of project summary information. However, a request for Compliance Review is not eligible if it was submitted before AIIB's funding approval. This requirement is the same for the EBRD IPAM, IDB MICI and IFC CAO. Other IAMs such as the ADB AM and the World Bank AM can receive a complaint for investigation during the preparation of a project before the financing is approved. Some have argued that such early complaints provide better opportunities for corrective measures. It may be useful for the review to explore how this alternative approach compares with the approach adopted by AIIB's PPM Policy. It would also be useful to determine whether a differentiated approach between public sector and private sector operations is warranted.
- **Reliance on IAMs of Lead Co-financiers.** The PPM Policy, as well as the ESP, allow the use of an IAM of another MDB in case of co-financing, when the E&S policies of the co-financing institution are applied instead of the AIIB ESP and an agreement exists with the cofinancier on the application of the latter's IAM. The PPM Policy states that a submission shall be ineligible if "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" (PPM Policy 5.1.6). AIIB considers this particular provision as an important feature that brings efficiency in handling of complaints on co-financed projects, reduces the burden of multiple policy requirements on clients and promotes the spirit of mutual recognition of policies among MDBs. It also limits the potential for inconsistent findings among IAMs. While AIIB clients appreciate these provisions, in the view of some CSOs, the complainants should have the choice to submit their complaints to the IAM of any project co-financier. It should be noted that in AIIB co-financed projects, the project-affected people have a means to seek recourse and an avenue to file a complaint.
- **Prior contact with GRM and/or Management.** The PPM Policy states that a submission is considered ineligible if "requestors have not made good faith efforts to resolve the issues with the Project-level GRM and with Management or have not indicated to the satisfaction of the PPM why they have been unable to do so" (PPM Policy 5.1.8). Policies of most IAMs (ADB AM, AfDB IRM, IDB MICI, IFC CAO and World Bank AM) also provide for the requestors to resolve issues through

project-level GRM and/or Management but do not make it an explicit eligibility requirement. Other IAMs include provisions which take prior contact of requestors with project-level GRM into consideration before a request is registered (e.g., EBRD IPAM) or may temporarily suspend the complaint to allow the project-level GRM and Management to resolve the issue (e.g., AfDB IRM). Some other IAMs do not require the requestors to resolve their issues with the project-level GRM or with Management. The rationale for encouraging this multi-step process is to afford an opportunity to for direct engagement among the project-affected people, the client and the financier and early resolution of issues. At the same time, this multi-step process has been criticized by some CSOs over the years as an important barrier for project-affected people to address their complaints directly to the PPM.

- **Arbitral or Judicial Proceedings.** According to the PPM Policy, a request for Compliance Review would be ineligible if “it relates to matters concurrently under arbitral or judicial review, save when the Board of Directors authorizes the PPM to process such request” (PPM Policy 5.2.4). The policy also states that “if at any point during the Compliance Review the PPM learns of arbitral or judicial proceedings involving substantive issues raised in the submission, the PPM shall assess the implications of such parallel processes and submit a recommendation to the Board of Directors on whether to continue with the Compliance Review. As an interim measure, the PPM may suspend the Compliance Review until the Board of Directors decides on the matter” (PPM Policy 6.8.5). The rationale for such a provision is in part to avoid the risk of the PPM making a finding that would contradict a domestic judicial ruling on the same matter. No other IAM, except EIB CM, has a similar exclusion provision – though many IAMs take arbitral and judicial proceedings into consideration during their assessments and processing of complaints. In 2021, a similar provision in IDB’s MICI Policy was removed.
- **Representation by CSOs.** Project-affected people often seek support and advice from CSOs, which can provide expertise in drafting complaints and navigating the IAM processes. The PPM Policy allows the designation of an authorized representative outside the country of requestors only in exceptional situations, when in-country representation is unavailable (PPM Policy 3.1). A similar provision is also found in the ADB AM. In-country representatives often speak the local language, have better understanding of requestors’ context, are more aware of local laws and regulations and are in better position to provide necessary support to the requestors. However, some international CSOs with expertise in independent accountability see this as a limitation on the rights of project-affected people and think that they should be free to choose their own representatives and access the PPM.

**C. PPM Effectiveness.** The PPM serves two broad objectives, namely providing redress for the complainants bringing their concerns to the PPM and providing institutional corrections and lessons for the AIIB. For the PPM to fulfill these objectives, there is a need for the review to consider its functions, including the following:

- **Ability to Make Recommendations for Remedial Actions.** In case of noncompliance with AIIB’s ESP, the Management prepares the Management Action Plan (MAP), and PPM provides comments on the MAP. The rationale for this provision of PPM Policy is to avoid blurring the lines of accountability between Management and the PPM. This allows the Management to prepare the corrective

measures, in collaboration with the client, given their deeper knowledge and better understanding of the implementability and the resource implications of actions to address the IAM's findings. The same approach is adopted by the ADB AM and World Bank Inspection Panel. However, several IAMs (such as the EBRD IPAM, EIB CM, IDB MICI and IFC CAO) can provide recommendations to address non-compliance findings as part of the compliance review report. These IAMs consider that these recommendations inform the relevant IFI to develop better action plans in redressing the harm.

- **Monitoring of Remedial Actions.** Post-investigation monitoring of some sort is part of the process for almost all IAMs, with exception of the AIIB PPM. The rationale for this provision of PPM Policy is to avoid blurring the lines of accountability between Management and the PPM and is also in line with AIIB's lean business model. IAMs and accountability experts consider that a monitoring role provides important safeguards for project-affected people, as a way of confirming that the redress measures approved by the IFI are actually implemented. PPM does not have a post-investigation monitoring role as opposed to other IAMs – the PPM can only review Management's monitoring reports.
- **Other Issues.** The PPM Review may also explore additional issues such as responsible exit.

## Annex 1: Roadmap of the Project-Affected People’s Mechanism Policy Review: Phases and Timeline of the Review

Phases	Activities	Key Stakeholders	Timeline
<b>1. Preparatory Work</b>	<ul style="list-style-type: none"> <li>-Survey of the visibility and accessibility of the PPM</li> <li>-Preliminary consultations with CSOs before and during AIIB Annual Meeting</li> <li>-PSC endorsement of the PPM Review Roadmap</li> <li>-Board’s discussion on the Approach Paper on the PPM Review</li> <li>-External review</li> </ul>	PSC, AIIB Management, CSOs	Q3, 2023 to Q1, 2024
<b>2. Stakeholder Consultations Phase 1</b>	<ul style="list-style-type: none"> <li>-In-person and virtual consultations               <ul style="list-style-type: none"> <li>-General</li> <li>-Thematic</li> <li>-Focus groups</li> <li>-Public consultation</li> </ul> </li> <li>-Summary report on stakeholder consultations</li> </ul>	Board of Directors, AIIB Management, AIIB Members, Clients (sovereign and nonsovereign), Implementing Agencies, IAMS, CSOs, Project-affected communities, etc.	Q2, 2024 to Q3, 2024
<b>3. Review Findings and Identification of Key Issues</b>	Discussion of the review (identification of key issues and proposed recommendations / revisions) with the Board	Board of Directors, AIIB Management	Q3, 2024
<b>4a. Drafting of Revisions</b>	-Drafting of PPM Policy revisions (as needed).	CEIU	Q4, 2024
<b>4b. Phase 2 Consultations</b>	-Consultations on the draft PPM Policy revisions	Board of Directors, AIIB Management, AIIB Members, Clients (sovereign and nonsovereign), Implementing Agencies, IAMS, CSOs, Project-affected communities, etc.	Q4, 2024 to Q1, 2025
<b>5. Board Submission</b>	Consideration of the final draft policy revisions by the Board for approval	Board of Directors	Q2, 2025

Phases	Activities	Key Stakeholders	Timeline
<b>6. Implementation</b>	<ul style="list-style-type: none"> <li>-Adjustments in PPM-related documents, website, templates, etc.</li> <li>-Outreach activities</li> </ul>	AIIB Management, AIIB Members, Clients (sovereign and nonsovereign), Implementing Agencies, CSOs, Project-affected communities, etc.	Q3, 2025 Onwards

## Annex 2: Submissions Received by the AIIB Project-Affected People’s Mechanism and Independent Accountability Mechanisms of Co-financiers on AIIB Financed Projects

Table 1. Submissions received by the AIIB PPM

No.	Project Name	Requestors, Issues of Submission and PPM Function	Status	Remarks
1	India: Mumbai Metro Line 4 (Line 4 (Wadala – Kasarvadavali) Project	<p><b>Requestors:</b> One requestor who asked for confidentiality</p> <p><b>Issues Raised:</b> Alleged lack of consultation with the communities on the project; threat to residential buildings in the vicinity of the track; cutting of trees in the project area.</p> <p><b>PPM Function:</b> N/A</p>	Ineligible	<p><b>Date received:</b> June 19, 2019</p> <p><b>Determination of eligibility:</b> June 20, 2019</p> <p><b>Eligibility Assessment:</b> Ineligible. The project was dropped from AIIB’s pipeline of proposed projects and never submitted for approval no project summary information was issued; the submission was made by fewer than two individuals.</p>
2	Bangladesh: Bhola IPP Project	<p><b>Requestors:</b> Six requestors who asked for confidentiality</p> <p><b>Issues raised:</b> Alleged lack of consultation with the communities; inadequate land compensation; environmental damage to the adjacent water channel.</p> <p><b>PPM Function:</b> Dispute Resolution</p>	Ineligible	<p><b>Date received:</b> April 8, 2022</p> <p><b>Date acknowledged:</b> April 14, 2022.</p> <p><b>Determination of eligibility:</b> Feb. 28, 2023</p> <p><b>Eligibility Assessment:</b> Ineligible. The Requestors have not made good faith efforts to resolve the issues with the AIIB Management and have not indicated to the satisfaction of the PPM why they have been unable to do so.</p>

**Table 2. Submissions received by IAMs of Co-financiers on Projects either Proposed or Approved for AIIB Financing**

No.	Project Name	Cases with ADB AM	Cases with EBRD IPAM	Cases with EIB CM	Cases with IFC CAO	Cases with World Bank AM
1	India: Bangalore Metro Rail Project – Line R6			3		
2	India: Delhi-Meerut Regional Rapid Transit System	2				
3	Pakistan: Khyber Pakhtunkhwa Cities Improvement Project	2				
4	Georgia: Batumi Bypass Project	1				
5	Georgia: Nenskra HPP (proposed)	1	1	3		
6	Egypt: Egypt Round II Solar PV Feed-in Tariffs Program				7	
7	Egypt: Sustainable Rural Sanitation Services Program, Phase-2					1
	<b>Sub-Total</b>	<b>6</b>	<b>1</b>	<b>6</b>	<b>7</b>	<b>1</b>
	<b>Grand Total</b>	<b>21</b>				

Notes:

- ADB AM: ADB's Accountability Mechanism
- EBRD IPAM: EBRD's Independent Project Accountability Mechanism
- EIB CM: EIB's Complaints Mechanism
- IFC CAO: IFC's Compliance Advisor Ombudsman
- World Bank AM: World Bank's Accountability Mechanism

## Annex 3: Terms of Reference of the External Review

### Complaints-resolution, Evaluation and Integrity Unit (CEIU) Project-affected People's Mechanism (PPM) Consultant for External Review of PPM Policy

#### Background:

- i. The [Project-affected People's Mechanism \(PPM\)](#) is the independent accountability mechanism of the Asian Infrastructure Investment Bank (AIIB). The PPM was established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its [Environmental and Social Policy \(ESP\)](#) when their concerns cannot be addressed satisfactorily through Project-level grievance redress mechanisms or AIIB Management's processes. The PPM entered into effect on March 31, 2019. The PPM is guided by the Policy on the PPM (PPM Policy) and Rules of Procedure of the PPM (PPM Rules of Procedure).
- ii. As per the PPM Policy, "the Policy shall be reviewed no later than five years from its adoption. The MD-CEIU shall initiate and guide the review. The review shall take into account the views gathered through public consultations, including with Project-affected communities, AIIB's Members, clients and other stakeholders" (PPM Policy, Clause 11.4).
- iii. The Managing Director of the Complaints-resolution, Evaluation and Integrity (MD-CEIU) will initiate the PPM Policy Review in Q1-2024. The objective of the review will be to assess the effectiveness of PPM Policy and provide recommendations to the Board for enhancing PPM's visibility, accessibility, responsiveness to project-affected people and AIIB's accountability. One of the elements of the PPM Policy Review is "external review of PPM".
- iv. CEIU requires the services of a suitably qualified, individual consultant to conduct the external review of PPM.

#### Objective of the External Review:

- v. The objective of the external review is to assess overall experience of PPM as independent accountability mechanism of AIIB since its establishment. This would entail a review of PPM's role in AIIB's accountability, structure, functions, policy, rules of procedure, effectiveness, visibility, accessibility and resources. Findings of the external review will inform the MD-CEIU in guiding the PPM Policy Review.
- vi. The MD-CEIU will engage an international expert with excellent reputation and credibility in the field of independent accountability. The consultant will assess PPM's ability to perform its mandate which is to "provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management processes".
  - More specifically, the consultant will conduct an analysis of PPM operations (handling of submissions by PPM, outreach activities, in-reach activities, etc.) and draw lessons learned thus far.

- The consultant will analyze the endogenous and exogenous factors for the project-affected people's access to PPM.
  - The consultant will review PPM's outreach activities and provide recommendations on how to improve PPM's visibility to the project-affected communities.
  - The consultant will also assess how PPM compares with other independent accountability mechanisms (IAMs) and highlight areas for improvement based on best practices.
- vii. Given PPM's short existence and its limited experience of PPM in handling submissions, this is a relatively rapid external review. For this purpose, the consultant will conduct a comprehensive desk review. The consultant will interview former and current MD-CEIU and PPM staff, Board Members, Management, General Counsel and relevant operational staff in AIIB. The consultant will also solicit views from external stakeholders, including the project-affected communities, civil society organizations, AIIB members and clients and IAMs.

**Output:**

- viii. The Consultant will prepare a report comprising a set of issues, topics and recommendations and/or potential options for consideration and submit to the MD-CEIU keeping in view the following timeline:
- Draft report by end-January 2024.
  - Final report by end-March 2024.

**Work Location:**

- ix. The Consultant will carry out the review primarily through remote working with travel to AIIB HQ when needed.

**Contracting Period:**

- x. Initial contract period for this assignment is six months, covering a total of 45 days. Contract extension will be granted subject to the length of the specific engagement when necessary.

**Support from CEIU:**

- xi. CEIU will provide all necessary support that is required to accomplish the objectives of this assignment.

**Qualifications:**

- xii. The international expert for this assignment will have the following qualifications:
- Excellent reputation and credibility in the field of independent accountability.
  - 15-20 years of solid track record of working with development institutions, with proven expertise in environmental and social issues and independent accountability.
  - Minimum 10 years of work experience with the independent accountability mechanisms of development institutions with demonstrated involvement in their policy review process.
  - Proven track record of working with IAMs cases (compliance review or dispute resolution).

## Annex 4: CEIU Action Plan for Improving PPM Visibility and Accessibility

Area	Key Actions
Improve periodic interaction with civil society.	<ul style="list-style-type: none"> <li>-Organize quarterly meetings with CSOs on PPM related matters.</li> <li>-Continue with the CEIU Forum with CSOs during the AIIB Annual Meeting.</li> </ul>
Improve PPM's visibility to CSOs and local communities.	<ul style="list-style-type: none"> <li>-Expand PPM's Outreach</li> <li>-Regularly organize regional / country-focused outreach sessions with CSOs and AIIB clients, preferably in local languages.</li> <li>-Engage local CSOs and communities in outreach sessions at the grass-roots level.</li> <li>-Organize regular PPM trainings for CSOs.</li> <li>-Prepare an e-learning course on PPM for CSOs.</li> </ul>
Improve PPM's accessibility for CSOs and local communities.	<ul style="list-style-type: none"> <li>-Prepare a 'PPM Online Submission Form' for people to file complaints using their cell phones.</li> <li>-Prepare QR Codes for filing complaints to PPM and accessing PPM information. Make these QR codes available at project sites.</li> <li>-Translate PPM Policy in multiple languages and make it available on the AIIB website.</li> <li>-Help improve access of people to PPM and project information through workshops with clients and local communities.</li> </ul>

## **Annex 5: Stakeholder Engagement Plan**

### **Objective and Principles**

AIIB has 109 approved Members worldwide. As of mid-January 2024, AIIB has approved 253 projects amounting to USD50.67 billion in 36 Members. These investments are in a wide range of sectors including energy, transport, water, urban, digital infrastructure, education infrastructure, rural infrastructure and agriculture development, economic resilience, public health and finance/liquidity. Of these financings, 60% are sovereign and 40% are nonsovereign. Given AIIB's young but rapidly growing portfolio across several members, regions and sectors, AIIB recognizes the wide range of stakeholders interested in the Project-affected People's Mechanism (PPM) Review and update.

Stakeholder consultations will help AIIB cater to the wide range of concerns and needs of its diverse stakeholders with interest in AIIB-financed operations; generate insights that will contribute to shaping an improved mechanism that enhances independent accountability on AIIB-financed projects; identify potential risks and challenges; build understanding and trust among various constituencies with which AIIB must interact; and align with international norms regarding consultation on MDB policies.

The key objective of the Stakeholder Engagement Plan (SEP) is to spell out the stakeholder consultation process, approach, and timeline during the PPM Review. The SEP will adhere to the following principles:

- Consultations will be inclusive and broad-based.
- Consultations will be conducted in a transparent and meaningful manner.
- Consultations will aim to solicit candid feedback in a safe environment from all key stakeholders, including AIIB Members, clients (sovereign and nonsovereign), civil society, project-affected communities and AIIB operational staff.

PPM commits to conducting a meaningful PPM Review consultation process, including sharing information in a timely and transparent manner, and seeking open inputs and feedback from stakeholders throughout the entirety of the review process. This includes seeking inputs from stakeholders from different perspectives and various backgrounds. The review entails a series of internal and external consultations, which will continue until the PPM review is finalized. The process builds on the survey and preliminary consultations conducted in September 2023 during the AIIB Annual Meetings in Egypt.

The SEP will adopt an inclusive and transparent consultation process to solicit feedback from AIIB members, AIIB clients, private sector, CSOs, project affected communities, internal stakeholders, IAMS and other stakeholders that may be identified during the review.

### **Stakeholders Map**

Stakeholders are persons, groups, communities, organizations or institutions with a vested interest, or stake, in AIIB, the PPM, and/or client activities. They may be affected by AIIB-financed projects or decisions or have direct or indirect influence on its projects and activities. PPM recognizes the wide range of stakeholders interested in the PPM review and update. Stakeholders may be internal or external. For the purpose of PPM Review, AIIB Stakeholders are categorized into following groups:

- i. AIIB Members
  - a. Regional Members
  - b. Non-regional Members
- ii. AIIB Clients
  - a. Sovereign Clients
  - b. Nonsovereign Clients
- iii. Civil Society Organizations or Non-Governmental Organizations (NGOs)
  - a. International CSOs
  - b. Local CSOs
- iv. Project-affected Communities
- v. Independent Accountability Mechanisms (IAMs)
- vi. Internal Stakeholders
  - a. Board of Directors
  - b. Management
  - c. Project Teams
  - d. Operational and non-operational departments

### Phases and Timeline of Consultations

Consultations will be conducted in two phases:

**Phase 1a – Call for Comments on the Existing PPM Policy (January – July 2024).** During this phase, the PPM will invite written comments on the existing PPM Policy.

**Phase 1b – In-person and Virtual Consultations (April – September 2024).** During this phase, the PPM will conduct in-person and virtual consultations with stakeholders. The following consultations are envisaged:

- **General consultations** focused on the review process and high-level issues [virtual and in-person (2-3)].
- **Thematic consultations** focused on specific issues that may arise during the general consultations (e.g., visibility, accessibility, effectiveness, etc.) [virtual and in-person (2-3)].
- **Focus group discussions** with interest groups in specific areas highlighted during thematic consultations [virtual (2-3)].

Since in-person consultations cannot be conducted in all AIIB Members, the PPM is planning to conduct in-person consultations in the following members, subject to confirmation with the relevant Member:

- China
- India
- Pakistan/Bangladesh
- Indonesia/ Türkiye
- Uzbekistan
- Brazil

These Members were selected based on the size of the AIIB portfolio and regional diversity. This does not limit possible virtual consultations with other AIIB Members. For in-person consultations, PPM will engage with relevant authorities in identified Members and agree on a feasible timeline, keeping in view the travel logistics, venue preparation, etc. PPM will keep an element of flexibility in the list of countries and timeline for in-person consultations to cater for unforeseen circumstances.

**Phase 2 – Consultations on the Revised Draft Policy (December 2024 – March 2025).** A draft of the revised policy will be disclosed on the PPM Review webpage for a period of two months for stakeholder feedback. Revisions to the draft policy based on inputs from the consultations will be posted on the webpage. The final revised PPM Policy which reflects inputs and feedback will be disclosed on the webpage upon approval by the Board.

### **Organization of Consultation Activities**

The PPM has established a webpage dedicated for the [PPM Review](#). This webpage serves as the primary information channel of the PPM Review. All details about the review process and major updates will be available on the webpage in a timely manner, including key documents, information materials and summaries of consultations. Key materials in translated versions will be made available as well. The official email address [ppmreview@aiib.org](mailto:ppmreview@aiib.org) serves as another distribution channel for major updates and announcements to stakeholders, while also functioning as a receiving channel for feedback on the PPM Review process. Stakeholders will be able to send their written comments to the PPM by email, filling an online form or by sending physical mail to AIIB HQ address.

The schedule of all engagement activities will be advertised On the PPM Review webpage. English as the AIIB’s working language will be used in consultations for the PPM review, but real-time interpreters can be made available to increase access and maximum participation of all interested stakeholders. Some consultation materials will also be translated into other languages as needed. A summary report on stakeholder consultations will be issued on the PPM Review webpage.

**Table. Indicative Consultations Schedule**

<b>Consultation Phase</b>	<b>Activities</b>	<b>Indicative Schedule</b>
<b>Phase 1a: Public Consultations</b>	Public consultation through the PPM review webpage and other social media platforms	January - July 2024
<b>Phase 1b: In-Person and Virtual Consultations</b>	<p>-General consultations focused on the review process and high-level issues [virtual and in-person (2-3)].</p> <p>-Thematic consultations focused on specific issues that may arise during the general consultations (e.g., visibility, accessibility, effectiveness, etc.) [virtual and in-person (2-3)].</p> <p>-Focus group discussions with interest groups in specific areas highlighted during thematic consultations [virtual (2-3)].</p>	April - September 2024
<b>Phase 2: Consultations on the Revised Draft Policy</b>	Written feedback from the stakeholders on the revised draft policy before its finalization and submission to the Board for approval.	December 2024 - March 2025