
**COMPLAINTS-RESOLUTION, EVALUATION AND INTEGRITY UNIT (CEIU)
2021 ANNUAL ACTIVITY REPORT**

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Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BPB	AIIB annual Business Plan and Budget
CEIU	Complaints-resolution, Evaluation and Integrity Unit
CRF	COVID-19 Crisis Recovery Facility
CSO	Civil society organizations (including NGOs)
EBRD	European Bank for Reconstruction and Development
ELA	Early Learning Assessment
ESF	AIIB Environmental and Social Framework
ESP	AIIB Environmental and Social Policy
EvalNet	OECD/DAC Evaluation Network
ExCom	AIIB's Executive Committee
IAM	Independent accountability mechanism
IAMNet	Independent Accountability Mechanism Network
LEF	Learning and Evaluation Framework
LEP	Learning and Evaluation Policy
MDB	Multilateral development bank
MD-CEIU	Managing Director, CEIU
OECD/DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
Policy on the PPM	Refers to AIIB's Policy on the Project-affected People's Mechanism
PPM	Project-affected People's Mechanism
PPP	Policy on Prohibited Practices
Project-affected people	Refers to people who may be beneficially or adversely affected by an AIIB-financed Project
PSC	Policy and Strategy Committee of the Board
UNODC	United Nations Office on Drugs and Crime

Note:

Unless otherwise indicated, all Annual Activity Report images were produced by CEIU staff.

1. Message from the President of AIIB

The Asian Infrastructure Investment Bank (AIIB), as a multilateral development bank (MDB) created in the 21st century, exhibits some prominent features, one of which is the Complaints-resolution, Evaluation and Integrity Unit (CEIU). This is a significant innovation for the purpose of strengthening the governance for an MDB. This unit is an integral component of the Bank's Oversight Mechanism and combines in one unit three functions, namely that for independent accountability, evaluation, and anti-corruption. The three functions are traditionally assigned to three separate departments, and it is somewhat hard to have them work in cohesion. AIIB's organizational arrangement helps it to exploit learning synergies across the three functions and brings more focused accountability for these functions to the Board. This is effective and consistent with the Bank's lean philosophy.

We in the Bank are fully committed to transparency. The public disclosure of CEIU's Annual Activity Report speaks for itself. It is vital for the unit's credibility, as well as its governance function. I hope the public information in this report will help external stakeholders better understand CEIU and the Bank. Trust with stakeholders must be earned. Disclosure of this report is an important step in building this trust.

An important element of CEIU's position is that Managing Director of CEIU (MD-CEIU) is an observer at meetings of the Bank's Management Team as well as the Executive Committee. This is another unique feature of AIIB governance. It ensures that the functional independence of CEIU does not become a barrier to its engagement with the rest of the Bank. Active participation by MD-CEIU in these meetings allows Management an independent voice on key issues while keeping CEIU in the loop on important developments. This unique feature has served the Bank well.

I would like to congratulate CEIU on finalizing the Learning and Evaluation Policy of the Bank that was approved by the Board in May 2021. This policy constitutes a key pillar of the Bank's Corporate Strategy. In particular, it will sharpen the Bank's focus on continuous improvement and the delivery of quality financing, including through learning from the experience and insights of Bank staff, our Board and clients, peer institutions and other stakeholders.

Jin Liqun
President and Chairman of the Board of Directors
Asian Infrastructure Investment Bank

2. Preface from the Managing Director, CEIU

My CEIU colleagues and I are very pleased to share this activity report for 2021. We hope this will give our readers a good overview of the many activities undertaken by CEIU. Across its three functions, CEIU endeavors to support and strengthen AIIB capacity to manage risks; raise staff, management, and Board awareness of emerging challenges; and share experiences and good practices of other international financial institutions. This should help AIIB to support, and its clients to design and implement, better projects.

CEIU's independence is key to its activities. In 2021, CEIU carried out three independent early learning assessments (p. 10-12). CEIU has already carried out its first independent integrity investigation in 2020. This led to the [debarment of six firms and one individual](#). No integrity complaints were filed in 2021.

The Project-affected People's Mechanism (PPM) function of CEIU was set up in April 2019 to handle any requests relating to AIIB's failure to comply with its Environmental and Social Policy. It has yet to receive its first eligible request, although PPM was copied on complaints to Management. Filing of requests from Project-affected people is expected to be related to the quality and size of the portfolio and to the stage of project implementation. AIIB has a relatively small portfolio with a large proportion of cofinanced projects. In most cofinanced projects, complaints regarding noncompliance with a cofinancier's environmental and social policy are handled by the independent accountability of the lead cofinancier (p. 7). Many of these projects are also in relatively early stages of implementation. Given this portfolio structure, the lack of complaints may not be surprising.

However, filing of complaints is also a function of dissemination of information to Project-affected people about their right to access the PPM. CEIU continues to highlight the importance of this to AIIB Management and urges Management to confirm that clients carry out their obligation to disseminate such information. The review of the Environmental and Social Framework (ESF) in 2021 strengthened provisions relating to dissemination of information about the PPM, including through project websites. Such disclosure should go a long way in raising awareness about the PPM. Outreach activities by the PPM are also important in spreading awareness. In 2021, the PPM Secretariat worked with other independent accountability mechanisms to reach out virtually to civil society organizations and Project-affected people to raise awareness about the PPM. These activities will continue to be a high priority in 2022.

In 2021, an important milestone for CEIU was the approval of the Learning and Evaluation Policy by the Board of Directors. This marked the culmination of a three-year process of internal deliberations. The policy is an important step in structuring the independent assessment of the ongoing and completed investment projects supported by AIIB. It commits the Bank to learning through its investments and experiences. This can help the Bank build a vibrant learning culture.

COVID-19 related operations pose integrity challenges from the emergency nature of the procurement and limited number of suppliers. CEIU continued to highlight the challenges involved and ways to minimize integrity risks. There is, however, no “silver bullet” and vigilant monitoring during implementation, with attention to audit trails, will be crucial to maintain the integrity of operations.

Hamid Sharif
Managing Director, CEIU
Asian Infrastructure Investment Bank

3. INTRODUCTION

The Role of CEIU

The Complaints-resolution, Evaluation and Integrity Unit ([CEIU](#)) was established in 2016 as an independent unit within the Asian Infrastructure Investment Bank (AIIB). It forms part of the Bank's [Oversight Mechanism](#) created by its [Board of Directors](#) (Board) under Article 26(iv) of the AIIB [Articles of Agreement](#). CEIU is led by a [Managing Director](#) who reports directly to the [Board](#).

The primary responsibilities of CEIU are described in a Board-approved [Terms of Reference](#), which includes three functions:

Complaints-resolution. The [Project-affected People's Mechanism](#) (PPM) is the complaint-handling mechanism established by AIIB and implemented by CEIU pursuant to the Policy on the Project-affected People's Mechanism to conduct an independent and impartial review of complaints 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).

Learning and Evaluation. CEIU selectively evaluates AIIB's operations in accordance with AIIB's [Learning and Evaluation Policy](#) (LEP) and shares evaluative insights and lessons from peer institutions and project stakeholders. These activities aim to contribute to AIIB's continuous improvement, and to its corporate and learning culture.

Integrity. Under its integrity function, CEIU conducts anti-fraud and anti-corruption work in accordance with AIIB's [Policy on Prohibited Practices](#) (PPP). This includes investigating allegations related to prohibited practices and raising awareness about risks and identification of fraud and corruption.

CEIU can also be invited to provide independent input and insights during the review of policies and strategies by Bank Management. The Managing Director, CEIU is also an observer in Management meetings and meetings of the Executive Committee.

CEIU Annual Reporting on Its Activities

The Board supervises the Bank through Board meetings and activities, including the review and approval of the AIIB annual Business Plan and Budget (BPB). The CEIU Annual Workplan is presented to the Board as a separate appendix to the BPB and CEIU's budget items are separately listed in the BPB.

Management and CEIU each prepare and present quarterly reports to the Board on the status of their workplan implementation. This gives the Board visibility over and ownership of key developments across the Bank.

Three [Board committees](#) assist the Board in its supervision: the Policy and Strategy Committee (PSC), the Budget and Human Resources Committee (BHRC) and the Audit and Risk Committee (ARC). CEIU observes meetings of the Board and its three committees. CEIU

also presents the findings and insights from its three functions to the relevant committees of the Board. Matters relating to CEIU's complaints-resolution and learning and evaluation functions are considered by the PSC. In case of reports on investigations under its integrity function, CEIU reports to the ARC.

CEIU during COVID-19

CEIU Staffing. CEIU's staff continued to work from AIIB headquarters and remotely in 2021. CEIU supplements a lean staff composition with task-specific inputs from consultants managed by CEIU staff members in all three of its functions. Ample funds were budgeted and approved for this purpose in 2021. The core-consultant model has proved appropriate for the size of the Bank's portfolio at this stage and is consistent with the Bank's lean values. It has also functioned well during COVID-19 and is anticipated to continue in 2022.

Workplan Adjustments. CEIU continued to adjust its annual workplan in response to the evolving pandemic. All peer institution meetings and conferences, civil society stakeholder outreach and most Early Learning Assessments (ELA) interviews remained as virtual meetings, and no work-related international travel occurred. CEIU also explored programmatic responses to the ongoing pandemic and ways to reduce its effects on workplan activities, such as:

- Outreach calls with peer institutions and stakeholder groups to understand their pandemic responses and opportunities for collaboration or information sharing.
- Webinars and virtual meetings with peer institutions on lessons for programming and engagement with Project-affected People during the pandemic.
- Exploring opportunities for virtual outreach with civil society organizations (CSOs), including nongovernment organizations (NGOs).
- Exploring opportunities for outreach activities with AIIB staff.
- Increasing integrity vigilance and outreach, including through delivery of updated PPP training, e-learning, a new PPP brochure and advisories to staff.
- Increasing CEIU intranet and public website presence.
- Undertaking an ELA on the China: Emergency Assistance to China Public Health Infrastructure Project, AIIB's first COVID-19-related financing.
- Participating as an institutional member of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) COVID-19 Global Evaluation Alliance to derive insights and lessons.
- Convening a Practitioner Dialogue on COVID-19: Learning from Case Studies of Past Epidemic Response and Recovery.

4. ENHANCING THE CEIU POLICY AND INSTITUTIONAL FRAMEWORK

Launching a Learning and Evaluation Framework (LEF)

The basic structure of CEIU's Learning and Evaluation Framework (LEF) was completed in 2021, and the Bank's efforts for continuous improvement enhanced, when the Board approved the [Learning and Evaluation Policy](#) on May 19. Other elements of the LEF included the President-approved Learning and Evaluation [Directive](#) on May 28 and initiation of a series of

Learning and Evaluation [Framework Guides](#) (LEF Guides) on Sep. 15. The first two [LEF Guides](#) over the selection of *Evaluation Criteria* for CEIU learning and evaluation activities and the conduct of *Early Learning Assessments*. Two more LEF Guides were drafted in 2021 and will be finalized after CEIU pilots its first Project Learning Review.¹ Those Guides cover *Preparing an Approach Paper* and *Conducting a Project Learning Review*.

Together, these learning and evaluation documents structure the independent assessment of AIIB's ongoing and completed investment portfolio within the Bank's Oversight Mechanism. They also commit AIIB to learning through and from its investments and experiences.

Access to Independent Accountability Mechanisms (IAMs) under COVID-19 and Cofinanced Projects

Cofinanced projects remain a significant portion of the AIIB portfolio.² Under the [COVID-19 Crisis Recovery Facility](#) (CRF), cofinancing with the Asian Development Bank (ADB) and the World Bank allows AIIB to use special lending instruments for policy- and results-based lending.

The Policy on the PPM allows AIIB to agree with a cofinancier to rely on the cofinancier's independent accountability mechanism (IAM) when the cofinancier's environmental and social policies apply to the project.³ Being able to rely on a single IAM in cofinanced operations is a novel and innovative feature of the Bank and for IAMs in general. Both clients and Project-affected people benefit from having to deal with only one financier's environmental and social policies and procedures and only one IAM instead of interacting with each cofinancier's IAM. Having only one IAM responsible for dealing with a request or complaint accords with the spirit of aid harmonization and a lean AIIB. It also means that the IAM of the cofinancier whose environmental and social policies apply to the project handles all project-related environmental and social complaints, as it is best placed to handle complaints relating to its own institution's policies. This arrangement allows for a simpler and more informed complaints-handling process, and also removes the risk of divergent findings by different IAMs. Where there is no agreement to use the cofinancier's IAM, the PPM continues to apply, even if AIIB chooses to apply the environmental and social policy of the cofinancier.

Coordinating Approaches. When complaints are handled by a cofinancier, the PPM cooperates closely with the other IAM. These arrangements are financier-specific and revised

¹ AIIB's Oversight Mechanism includes a post-completion evaluation process. The LEP has termed this a Project Learning Review (PLR). CEIU will undertake PLRs in accordance with the LEP after a standalone financing is completed.

² As of December 31, 2021, 82 (USD16,298.91 million) out of a total of 160 (USD32,003.3 million) projects approved since Bank inception are cofinanced.

³ Policy on the PPM, Section 5.1: "5.1. A submission shall be ineligible to be considered by the PPM, if: ...5.1.6. The Project is co-financed with another multilateral development bank (MDB) or bilateral development organization and AIIB has agreed to the application of the environmental and social policies and procedures and to rely on the Independent Accountability Mechanism (IAM) of such institution;"

accordingly.⁴ The PPM Secretariat actively engaged with the IAMs of cofinanciers handling complaints alleging non-compliance with the applicable environmental and social policies. The PPM Secretariat worked with the IAM concerned to confirm that complaints are both handled efficiently and consistently, while guaranteeing recourse for Project-affected people to the IAM that is in the best position to handle the complaint. The PPM also organized periodic calls with relevant IAMs that handled cases on co-financed projects with a view to discussing lessons learned.

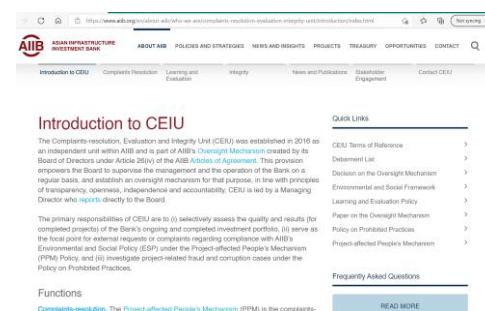
Appointment of a new Sanctions Officer

Sanctions Process. Under the PPP, CEIU established a two-tier [sanctions process](#) consisting of a Sanctions Officer and a Sanctions Panel with two female and one male panel members (Photo at right shows the panel with CEIU staff working on PPP). Sir Danny Alexander stepped down as Sanctions Officer in August 2021, following his appointment as Vice President, Policy and Strategy. The President appointed AIIB's Corporate Secretary, Ludger Schuknecht, as the Bank's Sanctions Officer.



Increasing CEIU's Online Presence

Public Websites. CEIU maintained and updated information about its operations in a dedicated window on the [AIIB public website](#). This provides a digital overview of CEIU and its structure, related policy documents, milestones and updates. Quick links help users send [requests to the PPM](#) or [report integrity matters](#) covered by AIIB's PPP. A [PPM Submissions Registry](#) was also added to the PPM external website.



AIIB intranet. CEIU also added information to its new tab on Connectivity, the AIIB intranet for Bank staff. This included updated debarment lists, new Practitioner Dialogue materials and completed ELA reports.



⁴ Policy on the PPM, Section 10.1: “In cases where the Project is co-financed with another MDB or bilateral development organization and AIIB has agreed to apply the environmental and social policies and procedures of such institution and to rely on the co-financier’s IAM to handle submissions from Project-affected people under the Project, the PPM shall coordinate closely with the co-financier’s IAM on the handling of the submissions and report to the Board of Directors on the outcome of the review by the co-financier’s IAM of these submissions.”

5. HELPING BUILD BANK CAPACITY

CEIU helped strengthen staff capacity and promote a culture of integrity and learning in 2021.

Training and Learning Resources



Staff Training. CEIU presented on its role and functions during the Bank’s semiannual, two week-long induction sessions for new staff. All participants received copies of the PPM and the PPP policies, together with CEIU-developed manuals introducing the PPM and PPP. The Managing Director of CEIU also delivered a presentation on the role and functions of CEIU to AIIB’s Legal Department.

In response to some of the findings from an integrity investigation conducted by CEIU in 2020, CEIU, jointly with the Ethics Office, provided targeted training to Information Technology Department staff in March. CEIU also provided advice to Bank staff on such matters as PPM and PPP provisions in loan documents, applicability of the PPP in contracts that had already been awarded, and the application of sanctions to affiliates.

e-Learning. The CEIU PPM e-learning course for AIIB staff was revised in 2021 and will be launched in early 2022. CEIU also worked with the Human Resources Department to upload the revised PPP e-Learning course to a new Learning Development Platform as a mandatory course for existing and new staff.

Training for CEIU staff. CEIU also received training provided by other AIIB units in 2021, including on AIIB environmental and social planning, implementation and management; the Global Infrastructure Fund; business continuity; economic sanctions; and using reputational risk databases.

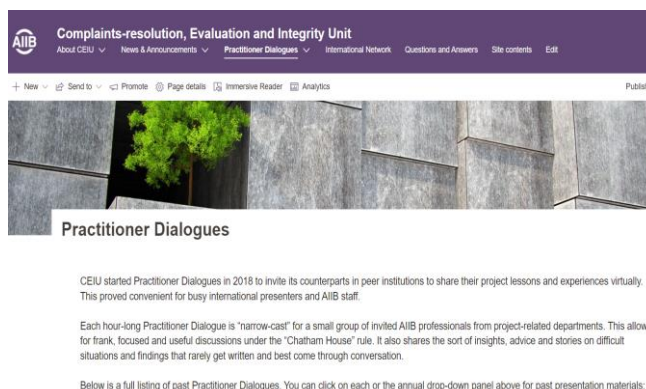
In addition, CEIU staff also joined numerous virtual events, webinars and discussions for individual self-learning, including information sessions on the ADB experience in undertaking proactive integrity reviews; an International Anti-Corruption Academy and Wildlife Justice Commission co-hosted webinar on “Understanding the nexus between Environmental Crime and Corruption”; and an OECD/DAC series on blended finance.

Sharing Experience and Lessons: Practitioner Dialogues

CEIU has convened Practitioner Dialogues since 2018, inviting specialists from CEIU peer departments within multilateral development banks (MDBs) to discuss timely topics with selected Bank staff. These hour-long, virtual sessions have proved convenient both for international speakers and busy Bank staff. Moreover, the “narrow-cast” format helps to stimulate frank, useful and focused exchanges on difficult challenges.

CEIU convened six Practitioner Dialogues in 2021 on a variety of topics:

1. **GRM Lessons Learned from the Ulaanbaatar Urban Services and Ger Areas Development Investment Program** (Feb. 9). An objective of AIIB's environmental and social oversight of AIIB-financed projects is to monitor and assess whether and how the Project's Grievance Redress Mechanisms (GRM) are functioning. CEIU



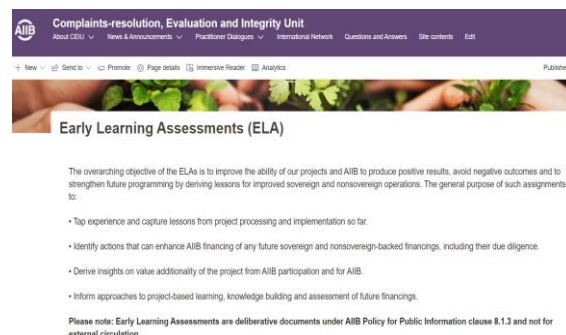
- invited the Head of ADB's Office of the Special Project Facilitator (OSPF) to discuss how the GRM for the Ulaanbaatar Urban Services and Ger Areas Development Investment Program handled complaints from Project-affected persons, including lessons on GRM strengths, limitations and challenges experienced.
2. **The Asian Development Bank's Sector-wide Evaluation of the ADB Energy Policy and Program (2009-2019)** (Feb. 25). AIIB's Corporate Strategy supports green financing and Member transition toward a low-carbon energy mix. CEIU invited the Director General of ADB's Independent Evaluation Department (IED) and the IED team to share evaluation findings and lessons from an IED report published in Aug. 2020.
3. **COVID-19: Learning from Case Studies of Past Epidemic Response and Recovery** (Mar. 30). As part of understanding lessons relevant to COVID-19, CEIU invited staff from the World Bank Global Delivery Initiative (GDI) Case Study Program to introduce lessons from four recent GDI case studies of past or current epidemic responses and recovery in Liberia, West Africa, Nigeria and the Republic of Korea.
4. **ADB Support for Public-Private Partnerships (PPP) 2009-2019** (July 7). AIIB's 2020 Corporate Strategy has private capital mobilization as one of the thematic priorities. CEIU invited the Director General of ADB's IED and the IED team to discuss their October 2020 review of ADB's support to PPP.
5. **EBRD Evaluation of Infrastructure Projects for Regional Connectivity** (Aug. 24). AIIB's 2020 Corporate Strategy has connectivity and regional cooperation as one of the thematic priorities. CEIU invited the Chief Evaluator and senior staff from the European Bank for Reconstruction and Development (EBRD) Evaluation Department to discuss insights and lessons from a Cluster Evaluation of Regional Connectivity (Regional Integration) undertaken in 2019-2020.
6. **How the World Bank Applies the MDB Harmonized Principles on Treatment of Corporate Groups** (Sep. 2). CEIU invited the Chief Suspension and Debarment Officer of the World Bank Group to speak on the application of the General Principles and Guidelines for Sanctions in the SNC-Lavalin matter.⁵ The speaker also touched more generally on the MDB Harmonized Principles on Treatment of Corporate Groups,

⁵ AIIB recognizes the sanctions of other international organizations such as the World Bank Group under the Agreement for Mutual Enforcement of Debarment Decisions (AMEDD).

and how the World Bank deals with other members of corporate groups when one of the members has engaged in misconduct.

Sharing Experience and Lessons: Early Learning Assessments (ELA)

ELAs consider selected AIIB financings during implementation to quickly identify and document high-quality, evidence-based and useful findings and lessons for current and future projects. As such, ELAs are not evaluations, but “snapshots” of financings in implementation.⁶ The process for selecting and conducting an ELA is outlined in this [LEF Guide](#). CEIU coordinated closely with AIIB project team members and completed CEIU ELA reports on three AIIB stand-alone financings in 2021. Each focused on a different type of investment need to derive insights of wider benefit for Bank consideration: (a) large infrastructure; (b) financial intermediation; and (c) health emergency response.



1. Financing part of a larger, multi-faceted and long-term infrastructure development for economic diversification:

- Economic diversification is a complex process and there are risks from both action and inaction. Moreover, large and multifaceted infrastructure investments can take many years to become effective. Specialist market analysis, updated risk assessments and strong scenario planning are important in tracking progress and post-construction scenarios. Tracking civil society organization (CSO) databases and websites can also provide information on concerns regarding labor conditions and contracting.
- It is important for AIIB to assist clients to review the market assumptions and risks entailed in such projects, to consider indicators on how progress in transition will be tracked and to articulate how the financing will support shared developmental objectives, including any expectations for private capital mobilization.
- An experienced supervision consultant, familiar with other developments in the infrastructure complex and the requirements and standards of international financial institutions, can help maintain oversight. Creation and effective operation of two loan-covenanted review and steering committees further contributed to oversight. AIIB also undertook gap-filling on social dimensions, public consultation and information provision aspects of this financing.

2. Financing financial intermediation through a banking institution:

- Careful selection of an experienced and capable financial intermediation partner is important for AIIB at an early stage in its support for financial intermediation. Going forward, AIIB may consider whether to maintain a narrower focus on selecting existing sound performers as intermediary partners or developing its in-house staff and technical assistance capacities to strengthen potential intermediaries.

⁶ CEIU will conduct independent post-evaluations of completed stand-alone financings under its Project Learning Review (PLR) function.

- AIIB could consider whether improvements in the quality and overall size of the target portfolio of the financial intermediary should be added as a relevant objective of the AIIB loan.
- It will be important for Bank staff to proactively raise client awareness of AIIB's requirement, clarified under the amended ESF (2021), regarding the use by the client of its project-related website to inform Project-affected people about the availability of AIIB's PPM.
- AIIB has gained sufficient experience with on-lending operations and expects to steadily grow its financial intermediation loans portfolio. It is timely to consider whether a more structured approach or a framework for financial intermediary operations is needed before the proportion of on-lending operations, and any inherent pitfalls, increases. Such a framework could provide clear objectives and guidelines for on-lending facilities.

3. Rapid responsiveness in a health emergency

- Aligning with a strong national response plan is crucial. Working through existing institutions able to coordinate timely cross-agency information exchange and approvals can help a project adjust to changing needs as the emergency evolves.
- Early and continued involvement of experienced health sector expertise is also critical for rapid situation assessment and ongoing reflection to enhance project design, implementation monitoring, adaptive management and to mentor staff, where needed.
- Following review of several similar Bank financings, AIIB could consider whether to prepare consolidated guidance for the design of streamlined emergency response projects and the identification of in-Bank and external expertise to provide strategic and implementation support to project teams.

Some overall observations from 2021 ELA of stand-alone financings

- There is scope for AIIB to further strengthen project results and monitoring frameworks for standalone projects, particularly by clearly specifying risks, assumptions, anticipated beneficiaries, the project's rationale for change, associated project indicators, data sources and processes for monitoring and use of findings in decision-making.
- In projects with an explicit learning expectation, it is useful to identify the specific learning to be acquired and create processes for its acquisition, documentation and sharing to benefit Bank practices and future projects. This is best done early.

ELA Disclosure. AIIB's Board has determined that ELAs are deliberative documents of the Bank under AIIB's Policy on Public Information [exemptions](#) and, accordingly, these documents are not publicly disclosed. This is to allow for frank and efficient exchanges between staff, encouragement of pro-active learning and identification of relevant improvements in practice. Completed ELA are uploaded to the AIIB intranet for staff use and to the AIIB Board portal for Member reference.

Anti-corruption Day. [International Anti-corruption Day](#) is observed every Dec. 9 to raise public awareness of corruption issues, following the passage of the [United Nations Convention Against Corruption](#) in 2003. To mark the 2021 International Anti-Corruption Day, CEIU organized a presentation by Gerard Ryle, Director of the [International Consortium of](#)

[Investigative Journalists](#) (ICIJ), who spoke to Bank staff on the [Pandora Papers](#) that ICIJ published beginning in October 2021. President Jin delivered the opening remarks.



Integrity Advisories. “Integrity Matters” e-bulletins were sent to AIIB staff throughout the year to raise awareness of integrity issues relevant to COVID-19 CRF projects and offer suggestions on ways to promote integrity in those projects.

6. AN “INDEPENDENT BUT ENGAGED” CEIU

CEIU contributes an independent perspective to the review of draft AIIB documents relating to its three functions. This reflects its mandate to provide input on the review and formulation of policies and strategies, and its responsibility to remain engaged with, and contributing to, the rest of AIIB.

Providing Input to the Environmental and Social Framework (ESF) Review

CEIU continued to work with the Management’s ESF Review team, providing independent insights and inputs to the update of the ESF, in accordance with the CEIU [Terms of Reference](#). CEIU provided inputs in the following ways:

- Collation and consideration of findings from independent evaluations undertaken by peer international financial institutions of their environmental and social instruments.
- Sharing relevant findings and lessons from past ELAs.
- Provision of inputs to and comments on successive drafts of the ESF and participation in related meetings and discussions.

CEIU’s input into the ESF Review can be divided into three broad categories.

The first category of comments focused on strengthening the ESF’s coverage of the PPM, Project-level grievance redress mechanisms (GRMs) and timely disclosure of environmental and social information.

A second category of comments addressed a range of issues emanating from other MDBs’ environmental and social policy evaluations and reviews or other developments since the adoption of the original ESF in 2016, including COVID-19. CEIU also proposed strengthening

provisions on gender-based violence (GBV) and risk of retaliation. In addition, CEIU made recommendations on financial intermediary (FI) operations and on capital market operations adopting environmental, social and governance (ESG) approaches under the ESF so that Project-affected people would not be left without a venue for raising environmental and social concerns in connection with such projects.

The last category of comments highlighted the importance of strengthening the capacity of Bank and client staff commensurate with increasing “backloaded” environmental and social due diligence in Bank-approved projects.

Reviewing and Reporting on Other Documents

Document review. CEIU regularly reviews and provides suggestions on draft Bank documents as part of its responsibility to keep abreast and informed of developments within a one-Bank approach. CEIU commented on numerous strategy papers, departmental directives, administrative guidance, annual and monitoring reports (including the Policy on Public Information, Directive on Counterparty Credit Risk, Revised Corporate Procurement Directive and Institutional Carbon Emission Plan).

CEIU also provided regular reporting for the Bank’s 2021 Business Plan and Budget (BPB), associated milestones, and CEIU 2021 Workplan and discussed and prepared inputs to the draft 2022 BPB, particularly in relation to high quality projects, institutional capacity and multilateral governance.

Other Interdepartmental Support

CEIU provided support to other units of AIIB, taking part in the development of staff guidance, and providing information on CEIU functions as part of Bank accreditation and other processes.

Bank Committees. CEIU staff were invited to participate as focal points or observers in various departmental committees and working groups, including those for Health Care, Stakeholder Consultation, Review of the Accountability Framework, Stakeholder Consultation, and Internal Control over Financial Reporting.

Board Engagement

CEIU staff responded to pre-Board questions, attended pre-Board and Board meetings and joined Board committees as observers throughout the year. CEIU provided quarterly written and verbal updates to the Board on its 2021 Workplan and submitted a Learning and Evaluation Framework for Board approval. CEIU also made Board committee presentations on completed ELAs throughout the year. In October, the Managing Director of CEIU took part in the first Director’s Forum.⁷

⁷ AIIB’s [Oversight Mechanism](#) provides for a Director’s Forum that allows Board Directors to meet without Management present. The Managing Director of CEIU (MD-CEIU) can also convene a Director’s Forum or be invited to it by the Dean of the Board who chairs the Director’s Forum. MD-CEIU was invited to a meeting of the Director’s Forum in 2021.

7. STAKEHOLDER ENGAGEMENT

Engaging with Peer Multilateral Development Banks

CEIU continued to build its international presence and reach out to peer institutions through routine update calls, information exchange, participation in network activities and invitations to Practitioner Dialogue sessions. Specific technical agreements also played an important role in further consolidating arrangements on project collaboration and financing. Key international engagements in 2021 include:

IAMnet. CEIU participated in the 18th Annual Meeting of the Accountability Mechanisms Network (IAMnet) from Sep. 27-30, 2021, hosted by the European Investment Bank Complaints Mechanism. This meeting was held virtually for the second year running with about 120 staff from some 20 IAMs of international financial institutions taking part. The agenda included a discussion of IAM Work During COVID-19; retaliation; access to remedy in an IAM process; management-led grievance redress and implications for IAMs; and gender and/or vulnerable groups. MD-CEIU moderated a breakout session during the meeting on Management-led Grievance Redress and Implications for IAMs.

In addition, on Sep. 29, an IAMs–CSO Accountability Roundtable was held with over 80 representatives from some 50 CSOs to discuss Reflections on Conducting Accountability Processes during the COVID-19 Crisis. Discussions considered the challenges posed by COVID-19, restriction of civic space, and gender inequality, and also examples of good practice.

EvalNet. CEIU participated in the 26th OECD Development Assistance Committee (OECD/DAC) Network on Development Evaluation (EvalNet) *Annual Meeting on Learning, Adapting and Working in the Context of COVID-19*. This was convened virtually on Mar. 31 and Apr. 7, 2021, and included sessions on (a) evaluation systems, policies and criteria; (b) real-time evaluation and rapid synthesis of evaluations during COVID-19; (c) the Global Evaluation Coalition; (d) evaluating blended finance and value additionality; and (e) gender-sensitive evaluation plans.

COVID-19 Global Evaluation Coalition. This group of independent evaluation units from the United Nations, multilateral development banks and national institutions is coordinated by a Secretariat within OECD/DAC EvalNet. It aims to (1) provide credible evidence to inform international cooperation for non-clinical responses to the COVID-19 pandemic in developing countries; and (2) maximize synergies and learning and reduce duplication of effort in evaluating different elements of the COVID-19 pandemic response. AIIB is a [Coalition member](#) and CEIU took part in a series of virtual update briefings and meetings to understand emerging lessons and arrangements in peer institutions for evaluating COVID-19 pandemic responses.

Conference of International Investigators (CII). In May, CEIU participated in the 21st Conference, which was held virtually for the first time. The CII promotes collegiality and close cooperation among investigative offices of like-minded MDBs and other international organizations and facilitates the exchange of ideas and information. Sessions were held on (a) Remote Forensics: New Tools in Remote Digital Data Collection; (b) COVID-related investigations; (c) Introducing Machine Learning in Investigations; (d) Looking beyond KPIs:

Keys to Showing the Value and Impact of an Investigation Office; and (e) Guidance and Standards (Information Sharing). There was also a Plenary on proposed General Principles for Six Core Investigative Activities and the CII Information Sharing Framework.

Asian Evaluation Week. CEIU joined the 6th annual Asian Evaluation Week (Sep. 6-10), hosted virtually by ADB and Asia-Pacific Finance and Development Institute. CEIU's Managing Director was a panelist in a session on [Quality Infrastructure Outcomes in Public-Private Partnerships](#), together with co-panelists from ADB.



Source: Independent Evaluation at the Asian Development Bank.

Agreements. CEIU signed a Memorandum of Understanding with the African Development Bank (AfDB), and a Working Arrangement Agreement with EBRD, to facilitate the exchange of information on measures undertaken by the Parties to prevent, detect and address cases of prohibited practices.

In October, CEIU also formally opted in the CII Information Sharing Framework, approved at the most recent CII Meeting, which provides the possibility to share information with any other organization that similarly opts-in under the auspices of the framework.

Cofinanced Agreements. CEIU's PPM function worked closely with the Strategy, Policy and Budget Department and Legal Department on all matters relating to handling of environmental and social complaints in negotiations of cofinancing framework agreements. The objective was to enable the conclusion of agreements that meet the requirements of the Policy on the PPM and providing Project-affected people with recourse to an IAM under all operations cofinanced with the cofinancier concerned. CEIU continued to advise on complaints-handling related aspects under a Cofinancing Framework Agreement with EBRD. CEIU also held discussions with the World Bank on environmental and social complaints handling and integrity aspects of AIIB-WB Cofinancing Framework Agreement.

Under the integrity function, CEIU held discussions with (a) AfDB and EBRD to finalize a Memorandum of Understanding between CEIU and the AfDB's Office of Integrity and Anti-Corruption and with EBRD's Office of the Chief Compliance Officer; (b) with the World Bank on outsourcing of investigations and terms of reference for investigation firms; (c) with ADB's Office of Integrity and Anticorruption on possible areas of cooperation, particularly in cofinanced projects; and (d) with the United Nations Office on Drugs and Crime (UNODC) Division for Treaty Affairs on possible areas of cooperation.

Cross-Debarment. CEIU unilaterally recognizes the sanctions imposed by international organizations that are signatories to the Agreement for the Mutual Enforcement of Debarment

Decisions (AMEDD).⁸ CEIU updated the AIIB [debarment list](#) quarterly in 2021.

CEIU also attended the Meeting of the MDB+ Group, hosted by the World Bank Group and International Fund for Agricultural Development (IFAD). The MDB+ Group consists of the five organizations (World Bank, EBRD, ADB, Inter-American Development Bank and AfDB) that are part of AMEDD, plus other multilateral organizations that attend the yearly Conference of International Investigators. This provided an opportunity to learn from and exchange best practices with investigators from like-minded MDBs. The meeting consisted of a Roundtable Update by participating MDBs, followed by a presentation and discussion on three experience sharing topics.

Public and Private Sector Outreach

CEIU presented at, participated as panelists in, and joined numerous integrity-related symposiums and webinars. These included recording a [podcast](#) as part of a series bringing together MDBs and international financial institutions to discuss the global fight against corruption; and being a panel member discussing “Nurturing a Business Environment with Integrity: the Role of Different Stakeholders”, as part of a two-day event hosted by UNODC, and a panel member at the Expert Group Meeting on Corruption and International Investments hosted by UNODC. The panel was on “The role of relevant stakeholders in the international investment regime”.

Civil Society Outreach

Conduct of Outreach Activities. CEIU continued to conduct civil society outreach activities as virtual events during the COVID-19 pandemic. A virtual meeting was held with international advocacy NGOs in April and with regional CSOs in June. CEIU then explored the possibility of PPM outreach events, priority areas and topics with CSO representatives in Cambodia, Viet Nam, Nepal, Pakistan, Central Asian and Latin American countries. This led to virtual outreach events being convened with representatives of civil society in Viet Nam, Cambodia, Uzbekistan and Turkey, along with IAMs of peer MDBs.

The aim of these events was to raise awareness about the PPM and discuss specific COVID-19 challenges, including heightened risk of retaliation and access to the PPM. A [PPM e-brochure](#) was also designed and uploaded to the PPM website to support virtual PPM outreach activities. The PPM also reached out to the IAMs of other MDBs to share PPM outreach experience, to learn from their experiences and to explore joint outreach opportunities. This included working with peer MDB IAMs to prepare a reprisal risk screening note for use in outreach events. The draft note was presented and discussed by IAMnet. PPM staff joined regular discussions with peer MDBs on opportunities and arrangements for outreach activities.

Annual CEIU-CSO Forum. CEIU has convened a CEIU-CSO discussion forum at AIIB’s [Annual Meeting](#) since 2017. Held on Oct. 27, the [Forum](#) was the second conducted virtually

⁸ Para. 12.1 of the PPP states that under certain conditions entities debarred under the Agreement for the Mutual Enforcement of Debarment Decisions between some Multilateral Development Banks shall be unilaterally debarred by AIIB.

and involved all three CEIU functions in 2021. It was followed by a requested virtual meeting with a smaller group of CSOs on Oct. 29. CSOs from different parts of the world raised questions about CEIU's role in the ESF review, Project-level GRMs, handling of complaints in cofinanced projects, potential access barriers to the PPM and broader functions of CEIU. CEIU also observed the AIIB Annual Meeting [Management-CSO Dialogue](#) on Oct. 28.

Responding to CSO Queries. CEIU continued to respond to occasional queries raised by CSOs about PPM Policy. CEIU provided written comments as well as organized calls to clarify PPM policy provisions with CSOs.

8. MANAGING CASES AND CONCERNS

Policy on Prohibited Practices

CEIU ramped up its integrity efforts in 2021 to enhance the impact and effectiveness of AIIB's CRF financing response to the COVID-19 pandemic. For example, CEIU sought to raise awareness of heightened integrity risks through "Integrity Matters" alerts. CEIU also reviewed all CRF loan agreements to ensure adequate PPP provisions.

In 2021, CEIU continued to screen allegations and red flags of prohibited practices. CEIU also continued to provide advice to staff on integrity issues, including on dealing with entities temporarily suspended by other MDBs, and questions relating to AIIB's debarment list.

Project-affected People's Mechanism

The PPM did not receive any eligible submissions during the year. However, the PPM Secretariat was copied on complaints addressed to Management and liaised with Management toward grievance resolution at the level of the project grievance redress mechanism (GRM). A [PPM Submissions Registry](#) was added to the PPM public website in 2021.