



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

**CEIU Report on
the AIIB Project-affected People's Mechanism (PPM)
Policy Review**

July 2025

**Complaints Resolution
Evaluation and Integrity Unit**



Note:

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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
CR	—	Compliance Review
DR	—	Dispute Resolution
E&S	—	Environmental and Social
EBRD	—	European Bank for Reconstruction and Development
EIB	—	European Investment Bank
ESF	—	Environmental and Social Framework
ESP	—	Environmental and Social Policy
FI	—	Financial Intermediary
GRM	—	Grievance Redress Mechanism
IAM	—	Independent Accountability Mechanism
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
PPM	—	Project-affected People's Mechanism
PSC	—	Policy and Strategy Committee
SBF	—	Sovereign-based Financing
SEP	—	Stakeholder Engagement Plan
WB	—	World Bank

I. Introduction

1.1 Scope

1. This Report describes the process in terms of the objective, methodology and timeline followed for the review of the Policy on the Project-affected People's Mechanism (PPM Policy Review). As the independent accountability mechanism (IAM) of the Asian Infrastructure Investment Bank (AIIB), the PPM was established by the Board of Directors ('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), which reports to the Board, is responsible for the implementation of the PPM Policy.

1.2 Development of the PPM Policy

2. AIIB first adopted its ESP in 2016. Development of AIIB's Policy on the PPM (PPM Policy) started in 2017. Following public consultations, the PPM Policy was approved by the Board on Dec. 7, 2018, and entered into effect on March 31, 2019. The PPM Policy provided that it "shall be reviewed no later than five years from its adoption. The Managing Director, CEIU (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 Members, clients and other stakeholders."¹

1.3 Objective of the PPM Policy Review

3. The objective of the PPM Policy Review is to assess the effectiveness of the PPM and make recommendations to the Board for enhancing AIIB's accountability and the PPM's visibility, accessibility and responsiveness to Project-affected people. The PPM Policy Review offers an opportunity to:
 - i. Reflect on the PPM's five years of experience and learning.
 - ii. Assess the PPM's effectiveness as an IAM for AIIB, its clients and affected communities.
 - iii. Identify any policy or implementation enhancements in light of the PPM's experience and the evolution in the discipline of independent accountability.
 - iv. Recalibrate the PPM Policy in light of the review.

1.4 Guiding Principles of the PPM Policy Review

4. The PPM Policy Review has been guided by the following principles:
 - i. The MD-CEIU will initiate and guide the review.
 - ii. The review will be strictly focused on the PPM Policy.

¹ AIIB. 2019. PPM Policy, Sec. 11.4.

- iii. The review will be transparent, and all relevant documents will be disclosed.
- iv. The review will be inclusive and will have a broad (internal and external) consultative process.
- v. The review will build upon institutional experience and learning.
- vi. 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 to the Board and include in the Board agenda any final recommended revisions of the policy.
- vii. The review will consider potential improvements in the current policy or its implementation based on lessons learned from AIIB's operational experience, the PPM's own experience and the experience of other IAMs.

1.5 Key Features of the PPM Policy

5. The PPM Policy contains the essential elements of a sound IAM. The PPM Policy was approved as a Major Policy under the Articles of Agreement. The PPM Policy was informed by practices and lessons from the policies of the IAMs of peer MDBs, especially the Asian Development Bank Accountability Mechanism (ADB AM), African Development Bank Independent Review Mechanism (AfDB IRM), European Bank for Reconstruction and Development Independent Project Accountability Mechanism (EBRD IPAM), European Investment Bank Complaints Mechanism (EIB CM), Inter-American Development Bank Independent Consultation and Investigation Mechanism (IDB MICI), International Finance Corporation Compliance Advisor Ombudsman (IFC CAO) and World Bank Accountability Mechanism (World Bank AM).
6. The PPM's jurisdiction covers concerns relating to the ESP, which includes disclosure of environmental and social (E&S) information.
7. The PPM has the following three functions:
 - i. **Project Processing Queries (PPQ)**, whose objective is to enable Project-affected people to obtain rapid resolution of their concerns about simple matters that arise during AIIB's E&S due diligence of a project and that do not require dispute resolution.
 - ii. **Dispute Resolution (DR)**, which seeks to facilitate a dialogue between AIIB, Project-affected people and/or clients to agree on actions for mitigating known and quantifiable and potential or actual material adverse environmental or social impacts that arise during AIIB's E&S due diligence of a project or during project implementation.
 - iii. **Compliance Review (CR)**, which is designed to investigate allegations by Project-affected people that AIIB has failed to comply with its obligations under the ESP in its E&S due diligence of the project or its oversight of the Project during implementation, thereby causing or being likely to cause material adverse environmental or social impacts on the Project-affected people and, if the allegations are substantiated, to review any action plan proposed by Management to address these impacts.
8. Key features of the PPM Policy are as follows:

- i. **Who Can File a Submission.** Two or more requestors may file a submission with the PPM.
- ii. **Representation by Civil Society Organizations (CSOs).** The requestors may authorize an in-country representative ('Authorized Representative') to file a submission on their behalf. In exceptional situations, when in-country representation is unavailable, the requestors may designate an individual or organization outside the country as their Authorized Representative to file a submission.
- iii. **Prior Good-Faith Efforts.** The PPM Policy provides that a submission is ineligible to be considered by the PPM if the requestors have not made good-faith efforts to resolve the issues with the Project-level GRM and with AIIB Management or have not indicated to the satisfaction of the PPM why they have been unable to do so.²
- iv. **Role of the Board in Compliance Review.** Authority for approving a CR recommended by the PPM lies with the Board.
- v. **Reliance on IAMs of Lead Co-financiers.** In cases where the Project is cofinanced with another MDB (or bilateral development organization) and AIIB has agreed to apply the E&S policies and procedures of the other institution and to rely on the cofinancier's IAM to handle submissions from Project-affected people under the project, the PPM coordinates closely with the cofinancier's IAM on the handling of the submissions and reports to the Board of Directors on the outcome of the review by the cofinancier's IAM of these submissions.³

At this time, AIIB has institutional arrangements with the World Bank, ADB⁴ and EBRD, allowing AIIB to rely on the MDBs' E&S policies and their IAM to handle submissions from Project-affected people under projects cofinanced with these MDBs. In some cases, Project-specific arrangements have been used as a basis for AIIB's reliance on a cofinancier's IAM.

For projects cofinanced with other MDBs with which AIIB does not currently have such arrangements, AIIB's PPM remains responsible for handling complaints submitted to it by Project-affected people, even when AIIB relies on the other MDB's E&S policies.

1.6 The PPM Policy Review Approach and Methodology

9. The PPM Policy Review follows a three-phased approach:

- I. **Phase 1: Gathering Inputs**
- II. **Phase 2: Consolidation and Consensus Building**

² Ibid. Sec. 5.1.8.

³ Ibid. Sec. 10.

⁴ The cofinancing framework agreement with the ADB does not cover non-sovereign-backed operations. In such operations, the applicable IAM is the PPM.

III. Phase 3: Finalization

I) Phase 1: Gathering Inputs

10. Phase 1 of the PPM Policy Review began in September 2023 with the Survey on the Visibility and Accessibility of the PPM with CSOs. PPM presented the results of the survey and conducted preliminary consultations with CSOs during the AIIB Annual Meeting in Egypt in September 2023. The PPM hired a former executive secretary of the World Bank Inspection Panel as the lead consultant and a former outreach and communications advisor of the World Bank as the stakeholder engagement consultant to assist in the review process. Phase 1 entailed the following elements:

- i. **The Roadmap of the PPM Policy Review** was endorsed by the Policy and Strategy Committee (PSC) of the Board on Dec. 4, 2023 and subsequently disclosed in the [PPM Policy Review page](#). The Roadmap sets the stage for the PPM Policy Review by introducing the objectives, elements and guiding principles of the Review. It also provides a summary of emerging issues and timelines for processing the review.
- ii. **An Approach Paper for the PPM Policy Review** elaborated on the Roadmap, explaining emerging issues in more detail, providing terms of reference for the external review and detailing the stakeholder engagement plan. The [Approach Paper](#) was discussed by the Board in March 2024 and subsequently disclosed in the PPM Policy Review Page.
- iii. **The External Review of the PPM** was commissioned by the MD-CEIU to serve as an input to the PPM Policy Review. The objective of this external review was to assess the overall experience of the PPM since its establishment. The external review was conducted by a former member of the World Bank's Inspection Panel and was concluded in May 2024. This entailed a review of the PPM's role in AIIB's accountability system as well as its functions, policy, rules of procedure, effectiveness, visibility, accessibility and resources. The [PPM External Review Report](#) and the [Statement of MD-CEIU on the PPM External Review](#) can be found in the PPM Policy Review Page.
- iv. **Stakeholder Consultations** were initiated by CEIU in April 2024 following a detailed mapping of the different stakeholders. Stakeholder consultations were launched in Washington, DC during the 2024 World Bank-IMF Spring Meetings, followed by extensive in-country and virtual consultations with AIIB members, clients, CSOs, Project-affected people, peer IAMs and AIIB Board members, Management and staff:
 - a. In-person consultations were held with AIIB members, clients and CSOs in Brazil, China, India, Indonesia, Pakistan, Türkiye and Uzbekistan.
 - b. In-person consultations with peer IAMs and CSOs were also held in Europe, South Asia and South and North America.

- c. Virtual consultations were held with AIIB clients and CSOs from Central Asia, South Asia, Southeast Asia, Latin America, Middle East and North Africa, and Sub-Saharan Africa.
- d. CEIU regularly engaged with six peer IAMs undergoing IAM policy reviews.
- e. CEIU also held internal consultations with AIIB staff and Management and AIIB's Board.
- f. CEIU received several written inputs from CSOs as well as the Office of the United Nations High Commissioner for Human Rights.
- g. A summary of external stakeholder consultations is provided in Annex 3.
- v. **Communication and Disclosure.** The PPM established a webpage dedicated to the PPM Policy Review to serve as the primary information channel of the Review. All details about the review process and major updates were made available on the webpage in a timely manner, including key documents, information materials and summaries of consultations. The PPM Policy in translated versions was also made available. The official email address (ppmreview@aiib.org) served 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.

II) Phase 2: Consolidation and Consensus Building

11. **First Board Retreat:** This phase focused on the consolidation of inputs, synthesis of emerging issues and consensus building. It started with a Board retreat held in September 2024 in Samarkand, Uzbekistan during the AIIB Annual Meeting. The objective of this Board retreat was to inform the Board of Directors of the key findings and issues of the review.
12. Recognizing the fundamental soundness of the current PPM Policy, CEIU suggested certain calibrations in light of PPM's operational experience. During the September Board retreat, the Board advised CEIU to engage with Management and develop a proposal for possible policy enhancements that could lead to a consensus within the Board.
13. Following the Board retreat and after internal deliberations, CEIU prioritized the following key policy issues:
 - i. Should persons besides Project-affected people be authorized to initiate a CR, and if so, under what circumstances?
 - ii. Should the Policy allow for a single requestor to make a submission, and if so, under what circumstances?
 - iii. Should the eligibility requirement of prior good-faith efforts be looked into?
 - iv. Should the clause on ineligibility of a submission that is also under arbitral or judicial review be eliminated?

- v. Should PPM's mandate be expanded to enable it to monitor and verify the Management Action Plan (MAP), and if so, under what conditions?
- vi. To what extent should the PPM Policy elaborate on accountability and learning on the part of AIIB in the event of a finding by cofinancier's IAM of non-compliance?

14. **Second Board Retreat:** Based on the Board's guidance, CEIU held a series of technical discussions with Management between September 2024 and March 2025. CEIU also organized several bilateral meetings with Board members and constituencies. Following constructive engagement with Board and Management, a second Board retreat was held on March 26, 2025, to update the Board on the status of the PPM Policy Review. The objective of this second Board retreat was to present a proposal that CEIU believes will address key issues, facilitate the Board reaching a consensus on possible policy enhancements and seek guidance on proposed next steps. The proposal presented by CEIU (and elaborated in Section III below) primarily focused on three areas:

- i. Selected revisions and clarifications to the PPM Policy aimed at enhancing PPM's accessibility.
- ii. Approach for communication and outreach to enhance PPM's visibility.
- iii. Operational enhancements that Management plans to implement.

III) Phase 3: Finalization

15. This phase commenced with the submission of a revised draft PPM Policy to the Board for discussion in May 2025. During the third quarter of 2025, CEIU's Report on the PPM Policy Review will also be submitted to the Board for information. The PPM Policy Review update will also take place in the third quarter of 2025. The revised draft PPM Policy has already been disclosed for Phase 2 public consultations, which commenced on July 1, 2025, and will close on Sep. 30, 2025. CEIU will collate and assess the feedback and consult the Board as needed. The final draft of the PPM Policy revisions will be submitted, through the President, for the Board's consideration in the fourth quarter of 2025. The phases and timeline of the Review are provided in Annex 1.

II. Context

2.1 AIIB

16. AIIB is a 21st-century bank focused on enabling clients to build infrastructure for tomorrow, with “lean, clean and green” as its core values. It has adopted robust governance standards. AIIB’s client-oriented approach is at the heart of its operations, and it strives to understand and meet the unique needs of each client, with a focus on providing support that is both effective and impactful. AIIB is committed to high standards and to support high-quality projects. AIIB-supported projects are designed to drive economic development, create wealth and improve infrastructure connectivity. E&S sustainability and climate resilience are fundamental aspects of the Bank’s support for infrastructure development and enhanced interconnectivity.

2.2 PPM

17. The PPM Policy was developed with reference to the policies of peer MDBs while reflecting AIIB’s own specificities. An accessible and effective PPM can facilitate problem-solving in relation to the E&S aspects of AIIB-supported projects; build trust with clients, Project-affected communities and CSOs; enhance AIIB’s reputation and credibility as a responsive and responsible Bank; and contribute to development effectiveness.

18. The PPM is premised on a strong and effective project-level GRM, with Management engagement as a second channel to support clients in addressing E&S concerns. However, Project-level GRMs are not uniform in their capacity and implementation. In some cases, GRMs may not be established, are reported to be difficult to access or have inadequate capacity. Concerns are sometimes raised that GRMs may be biased in resolving problems, may offer culturally inappropriate approaches to resolution of concerns or may not be transparent. An effective PPM complements the activities of Project-level GRMs.

2.3 PPM Operations

19. As of end-March 2025, 59 submissions were filed in connection with projects supported by AIIB. Of these, 45 submissions involve cofinanced projects where the cofinancier’s IAM applies. The PPM received 14 of the 59 submissions directly. All of the 14 were declared ineligible, of which:

- i. Six were declared ineligible as they were made by a single requestor.
- ii. Three were declared ineligible as cofinancier IAMs were the applicable IAM, and submissions were outside the mandate of PPM.⁵
- iii. Two were declared ineligible due to a lack of good-faith efforts to resolve issues through the GRM and Management.
- iv. One was declared ineligible as it was anonymous.
- v. One was declared ineligible as it did not relate to AIIB’s ESP.
- vi. One was declared ineligible as the Project was dropped from AIIB’s pipeline.

⁵ Requestors were informed that the cofinancier’s IAM was applicable, as a result of which they submitted their complaints to the applicable IAM.

20. In the majority of these submissions, requestors asked for confidentiality, citing potential retaliation as a reason.
21. 45 submissions involving 10 cofinanced projects were filed with the cofinancier's IAMs. Of 22 submissions (involving eight projects) that were declared eligible by the respective IAMs:
- 14 involved DR.
 - Five involved CR.
 - Two involved both DR and CR.
 - One was closed during the assessment process.
22. In some instances, the PPM was copied on complaints or letters from CSOs sent to Management. While these were not formal submissions to the PPM, the PPM followed up with Management to facilitate the expedited resolution of such matters. In these cases, the PPM facilitated a dialogue between the complainants and Management for early resolution of issues through the Project-level GRM.

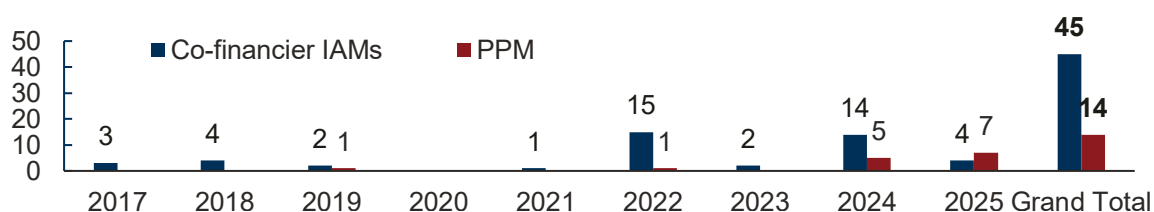


Figure 1: Number of Submissions Received by PPM and Cofinancier IAMs

2.4 Outreach Activities

23. External outreach activities of the PPM are aimed at increasing awareness about the PPM among external stakeholders, especially AIIB members, clients and CSOs. These include activities conducted by the PPM by itself as well as joint outreach events for CSOs with the IAMs of peer MDBs. The PPM has co-organized two to three such events each year over the past few years. The PPM has also organized outreach events for Project-implementing agencies. In addition, the PPM regularly organizes dialogues with CSOs, especially during AIIB Annual Meetings. In 2023, the PPM led the organization of open outreach seminars for the Asia and the Middle East and North Africa regions, which was held with other IAMs. Internal outreach activities of the PPM are aimed at increasing awareness about the 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 organizes a number of learning events for operational staff to learn about current issues, good practices and experiences of other IAMs in handling complaints related to E&S issues under cofinanced projects.

2.5 Partnerships with Peer IAMs

24. The PPM is a member of the Independent Accountability Mechanism Network (IAMnet⁶) and regularly attends IAMnet Annual Meetings and participates in relevant working groups. The PPM organizes periodic dialogues with IAMs of lead cofinanciers on updates on the cases they are handling.

⁶ The association of IAMs, the IAM Network or IAMnet, has increased from 10 members in 2012 to 24 members in 2023.

III. Status of PPM Policy Review

25. In order to facilitate a consensus at the Board on enhancements to the PPM Policy, CEIU has identified key issues and proposed policy changes informed by the PPM's operational experience, stakeholder consultations and the evolution of practice of IAMs, while recognizing AIIB's unique context and the need to balance the diverse interests of its members. CEIU also agreed with Management on enhancements in AIIB's operational processes designed to address the identified issues.

26. This section elaborates on:

- i. Possible policy revisions that CEIU would propose for Board discussion, together with the reasons for the revisions (these would be complemented by corresponding revisions by CEIU to the PPM Rules of Procedure).
- ii. PPM's planned efforts to enhance its visibility.
- iii. Enhancements that Management plans to implement that do not require PPM Policy revisions.

3.1 Policy Revisions or Clarifications Proposed for Consideration by the Board

27. **Who May File a Submission.** The PPM Policy requires at least two Project-affected people to file a submission.⁷ A revision to the PPM Policy is proposed to allow for a single requestor to file a submission with the PPM in cases involving allegations of gender-based violence, sexual harassment or sexual exploitation and abuse. The rationale for this revision is that these allegations are often related to single individuals rather than communities. Therefore, for all other submissions, PPM will continue to require at least two requestors to file submissions.

28. **Prior Good-Faith Efforts.** Under the PPM Policy, a submission is not eligible to be considered by the PPM if the Project-affected people 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.⁸

29. Updates to the PPM Policy are proposed to clarify the broad discretion afforded by the Policy to enable requestors to approach the PPM in cases where they have failed to resolve their issues with the Project-level GRM and Management. The proposed approach maintains the PPM Policy's fundamental premise of the importance of working through GRMs and Management while emphasizing the inherent discretion afforded to the PPM by the policy in the exercise of its judgement about the requestors' inability to make good-faith efforts. It clarifies circumstances in which requestors can approach the PPM when their good-faith efforts to resolve issues have failed, such as: (a) the non-existence or non-functioning of the Project-level GRM; (b) a failure on the part of Management to engage meaningfully with the requestors within a reasonable period of time following notice to Management to engage with the requestors; or (c) a risk of retaliation.

⁷ PPM Policy Sec. 3.1

⁸ Ibid. Sec. 5.1.8.

30. **Matters under Judicial Review.** Under the PPM Policy, a request for CR is ineligible to be considered by the PPM if it relates to matters concurrently under arbitral or judicial review, unless the Board authorizes the PPM to process such request.⁹ A revision to the PPM Policy is proposed to eliminate the clause on ineligibility of a submission that is also under arbitral or judicial review. Elimination of this clause from the ineligibility criteria is proposed for several reasons. The first is to avoid any confusion regarding the very distinct role of the PPM from that of domestic arbitration or judicial proceedings. The PPM's CR is limited to whether AIIB has complied with its ESP in connection with the matter under review, whereas arbitral and judicial reviews focus on the application of relevant domestic laws to the matters under review. In addition, the elimination of this ineligibility criteria would enhance the PPM's accessibility as it would allow requestors to approach the PPM even if the issue is also under arbitral or judicial review.
31. **Quantifiable Harm.** Under the PPM Policy, the DR function's description refers to facilitating dialogue with a view to agreeing on actions to mitigate "known and quantifiable," potential or actual material adverse environmental or social impacts.¹⁰ A revision to the PPM Policy is proposed to eliminate the requirement of "quantifiable" harm from the description of the DR function. This proposal acknowledges that quantifying harm at the DR stage may be difficult.
32. **Confidentiality of Requestors.** It is proposed to strengthen the PPM Policy regarding granting confidentiality to requestors¹¹ by elevating the text in the PPM Rules of Procedure to the Policy. This would help address the increasing fears expressed by Project-affected people regarding retaliation.
33. **Timeline for Submission of CR Following Failed DR under a Project supported by SBF.** In the case of a project supported by a SBF, the PPM Policy provides that Project-affected people may submit a request for CR after an unsuccessful DR, provided the submission meets the eligibility requirement for a CR. This includes the timeframe within which the submission must be made, which, in the case of a loan, is normally prior to the closing date referred to in the loan agreement (or in the case of a guarantee the date of completion of the Project).¹²
34. A revision to the PPM Policy is proposed to clarify that filing a CR request following failure to reach agreement under a DR involving a SBF would be considered an "exceptional circumstance", allowing the PPM to consider the request for CR if it is submitted during the 24-month period following the closing date or completion. This would facilitate a smooth transition from a DR to a CR where needed.
35. **Lessons Learned from Reliance on Cofinancier IAMs.** The ESP allows for the use of an IAM of another MDB in case of cofinancing when the E&S policies of the cofinancing institution are applied instead of the AIIB ESP and an agreement exists with the cofinancier on the application of the latter's IAM.¹³ Under the PPM Policy, a submission is ineligible to be considered by the PPM if the Project is cofinanced with another MDB or bilateral development organization and AIIB has agreed to the

⁹ Ibid. Sec. 5.2.4.

¹⁰ Ibid. Sec. 2.1.2.

¹¹ Ibid. Sec. 9.1

¹² Ibid Sec. 6.7.8; 4.2.1.

¹³ ESP, Sec. 75.

application of the cofinancier's E&S policies and procedures and to rely on the IAM of such institution. These provisions are an important feature of AIIB's policy framework that enhance efficiency in the handling of complaints under cofinanced Projects, reduce the burden of multiple policy requirements on clients and promote the spirit of mutual recognition of policies among MDBs. They also limit the potential for inconsistent findings among IAMs.

36. The PPM Policy also provides that, in cases where the cofinancier's IAM is relied upon to handle submissions from Project-affected people under the cofinanced project, the PPM shall coordinate closely with the cofinancier's IAM on the handling of the submissions and report to the Board on the outcome of the review by the cofinancier's IAM of these submissions. It is proposed to complete this provision by adding text to the PPM Policy providing that, in cases where AIIB relies on a cofinancier's IAM and that IAM makes a finding of non-compliance, Management would report to the Board on the implications for AIIB and the opportunities for institutional learning resulting from the IAM's findings. This would enhance the link between reliance on other IAMs and AIIB's own accountability and learning.
37. **Verification of Management Action Plan (MAP) Implementation.** The PPM Policy provides that, if the PPM determines, as part of a CR, that there has been noncompliance with the ESP, Management prepares a proposed MAP and monitors and submits monitoring reports to the Board of Directors on the implementation of the MAP in accordance with timelines specified in the MAP. The PPM Policy further provides that the PPM reviews Management's monitoring reports and prepares a status report on MAP implementation at least annually.¹⁴
38. A revision to the PPM Policy is proposed to provide for independent verification by the PPM under exceptional circumstances and, subject to Board approval, of specific measures included in the MAP. This would address the concerns raised regarding the potential inadequacy of self-monitoring.
39. **Renaming Project Processing Query.** It is proposed to rename the PPM's Project Processing Query function to "Early Problem Solving." This will clarify the function since most stakeholders do not fully gain an understanding of the function by its present name.

3.2 PPM's Planned Efforts to Enhance its Visibility

40. In addition to changes in the PPM Policy, CEIU plans to implement measures to enhance the visibility of the PPM. These would include the preparation of a comprehensive communication and outreach approach to improve internal and external awareness about the PPM. Specific measures will include: (a) organizing outreach events with clients, implementing agencies, CSOs, Project-affected communities and other relevant stakeholders in AIIB members; (b) organizing PPM trainings (including e-learning courses) for AIIB staff and clients; (c) using social media for outreach activities, especially with Project-affected communities; and (d) enhancing cooperation with peer IAMs on communication and outreach to optimize use of resources.

¹⁴ Ibid. Sec. 6.8.11.

3.3 Enhancements that Management Plans to Implement that do not Require PPM Policy Revisions

41. **Operational Enhancements.** Management supports the objective of enhancing the visibility, accessibility and effectiveness of the PPM. To this end, and through engagement between Management and CEIU, Management has committed to introduce several operational enhancements that do not require any changes in the PPM Policy. These operational enhancements aim to broadly disseminate information on the PPM (or other applicable IAM) and Project-level GRMs. More specifically, these operational enhancements include:

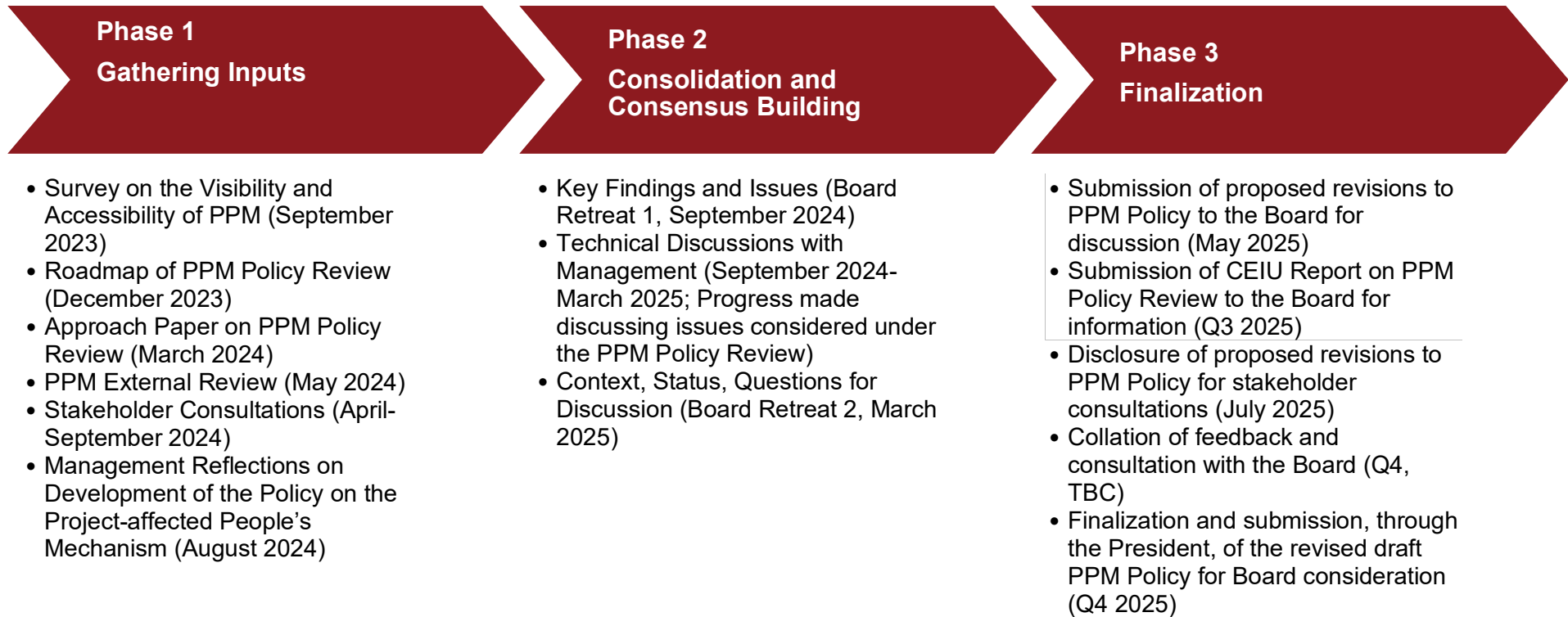
- i. Enhanced guidance and training on matters such as retaliation, confidentiality, effective GRMs.
- ii. Improved project documentation.
- iii. Improved dissemination of information to Project-affected people on the PPM or other applicable IAMs, GRMs, etc.
- iv. Improved dissemination and sharing of other PPM-related information—internally and externally with the general public and development partners.
- v. Enhancement of AIIB's framework for handling Project complaints received by AIIB Management, including provision for specialized staff.

42. **Protocol for Responsible Exit.** Outside of the scope of the PPM Policy Review, Management plans to develop a protocol for responsible exit by AIIB of its financings, which would address implications in cases when Management is considering early termination of its financing of a Project, or the client unilaterally terminates its involvement with AIIB. On the basis of this protocol, the PPM would develop procedures for PPM case handling upon AIIB's exit, as needed.

IV. Conclusion

43. This PPM Policy Review benefited from a variety of inputs, extensive in-country and virtual stakeholder consultations, numerous document reviews, the external review of the PPM and constructive engagement with AIIB Management, staff and Board members. The MD-CEIU and the PPM team would like to thank everyone who participated in this process and provided their valuable inputs.
44. The main conclusion of the Review is that, although the PPM Policy includes the essential elements of a sound IAM, the Policy can benefit from some revisions and clarifications to improve the PPM's accessibility and effectiveness. The Review identifies accessibility as the priority area for this review of PPM Policy and highlights the importance of the PPM's visibility to Project-affected people. The PPM Policy Review also identifies enhancements that Management plans to implement that do not require PPM Policy revisions.

Annex 1: Phases and Timeline of PPM Policy Review



Annex 2: Submissions Received by the AIIB PPM and Cofinancier IAMs on AIIB-Financed Projects (End-March 2025)

Table 1. Submissions received by the AIIB PPM (End-March 2025)

No.	Year	Member	Project Name	Function	Requestors and Issues of Submission	Status	Remarks
14	2025	Uzbekistan	Surkhandarya 1,560MW CCGT Power Plant	-	Requestor raised issues related to workplace harassment, inappropriate behavior and abuse of authority at workplace.	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through Project-level GRM and AIIB Management.**
13	2025	India	Chennai Peripheral Ring Road (Sections 2 and 3)	-	Requestor raised issues on the loss of electricity resulting from land acquisition.	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through Project-level GRM and AIIB Management.**
12	2025	India	Chennai Peripheral Ring Road (Sections 2 and 3)	-	Requestor raised issues related to inadequate land compensation.	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through Project-level GRM and AIIB Management.**
11	2025	India	Chennai Peripheral Ring Road (Sections 2 and 3)	-	Requestor raised issues related to inadequate land compensation.	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through Project-level GRM and AIIB Management. **
10	2025	India	Chennai Peripheral Ring Road (Sections 2 and 3)	-	Requestor raised issues related to excessive delays in payment for the acquired land, loss of electricity connection resulting from land	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through

No.	Year	Member	Project Name	Function	Requestors and Issues of Submission	Status	Remarks
					acquisition, and dust pollution resulting from road construction.		Project-level GRM and AIIB Management.** In response to PPM's follow-up, the requestor confirmed that their issues have been partially resolved.
9	2025	Pakistan	KPK Cities Improvement Project	-	Requestor raised issues related to feasibility study, impact assessment, adequacy of technical expertise, and water security for local population.	Ineligible	Submission is anonymous. The requestor also did not revert to PPM's acknowledgement despite assurances to protect confidentiality. Also, ADB is the lead cofinancier, and ADB AM is the responsible IAM. Submission is outside the mandate of the PPM.
8	2025	Georgia	Tbilisi Metro Modernization Project	-	Requestor raised issues related to procurement irregularities and procedural violations in procurement processes.	Ineligible	Submission related to AIIB Procurement Policy (outside the mandate of PPM) and was internally transferred to the Integrity Function of CEIU.
7	2024	Bangladesh	Mymensingh Kewatkhali Bridge Project	-	Requestors raised issues related to bridge design.	Ineligible	Requestors did not make good-faith efforts to resolve issues through Project-level GRM and AIIB Management. Note: Requestor referred to the AIIB Project Team to make good-faith efforts to resolve issues. In response to PPM's follow-up, requestors

No.	Year	Member	Project Name	Function	Requestors and Issues of Submission	Status	Remarks
							confirmed that their issues have been resolved.
6	2024	Bangladesh	Mymensingh Kewatkhali Bridge Project	-	Requestor raised issues related to bridge design.	Ineligible	Submission made by a single requestor. Requestor also did not make good-faith efforts to resolve issues through GRM and Management.**
5	2024	Pakistan	KPK Cities Improvement Project	-	The complainants asserted that the project, especially its construction activities like road drilling, disrupts their daily lives. In addition, they raised concerns about the quality of the construction materials and alleged unauthorized construction on land allocated for sub-projects.	Ineligible	ADB is the lead cofinancier, and ADB AM is the responsible IAM. Submission is outside the mandate of the PPM.
4	2024	Kazakhstan	Shokpar 100MW Wind Power Project	Compliance Review	The requesters alleged inappropriate assignment of E&S categorization of the project. Potential impact on environment and biodiversity, especially on transboundary migratory bird species.	Ineligible	EBRD is the lead cofinancier, and EBRD IPAM is the responsible IAM. Submission is outside the mandate of the PPM.
3	2024	India	Delhi-Meerut Regional Rapid Transit System (RRTS) Project	Dispute Resolution	The requesters alleged lack of disclosure of information and documents, lack of transparency and rationale about selection of track alignment, harmful impacts on the mental health of residents and disruption of utility services.	Ineligible	ADB is the lead cofinancier, and ADB AM is the responsible IAM. Submission is outside the mandate of the PPM.
2	2022	Bangladesh	Bhola IPP Project	Dispute Resolution	The requesters alleged lack of consultation with the communities, inadequate land compensation and environmental damage to the adjacent water channel.	Ineligible	Requestors did not make good-faith efforts to resolve issues through Management.

No.	Year	Member	Project Name	Function	Requestors and Issues of Submission	Status	Remarks
1	2019	India	Mumbai Metro Line 4 (Line 4 (Wadala-Kasarvadavali) Project	-	The requester alleged lack of consultation with the communities on the project, threat to residential buildings in the vicinity of the track and cutting of trees in the project area.	Ineligible	The project was dropped from AIIB's pipeline of proposed projects.

**Requestor referred to the AIIB Project Team to make good-faith efforts to resolve issues.

Table 2. Submissions received by Cofinancier IAMs on Projects either Proposed or Approved for AIIB Financing (End-March 2025)

No.	Financing Approval Year	Member	Project Name	ADB OSPF	ADB OCRP	EBRD IPAM	EIB CM	IFC CAO	WB Inspection Panel	Total
1.	2017	Egypt	Round II Solar PV Feed-in Tariffs Program					7		7
2.	2018	Egypt	Sustainable Rural Sanitation Services Program, Phase-2						1	1
3.	2017	Georgia	Batumi Bypass Road	4						4
4.	2017 (concept review)	Georgia	280 MW Nenskra Hydropower Plant (Proposed)		1	1	3			5
5.	2017	India	Bangalore Metro Rail Project - Line R6				3			3
6.	2020	India	Delhi-Meerut Regional Rapid Transit System	3						3
7.	2023	Kazakhstan	Shokpar 100MW Wind Power Project			1				1
8.	2021	Pakistan	Balakot Hydropower Development Project	3	1					4
9.	2019	Pakistan	Karachi Bus Rapid Transit Red Line Project	5	1					6
10.	2021	Pakistan	Khyber Pakhtunkhwa Cities Improvement Project	9	2					11
Total				24	5	2	6	7	1	45

Notes:

ADB OSPF: ADB's Office of Special Project Facilitator; ADB OCRP: ADB's Office of Compliance Review Panel; 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: Summary of Stakeholder Consultations

This Annex provides a summary of stakeholder consultations that have been conducted to date for the PPM Policy Review. Stakeholder consultations were aimed at soliciting feedback from a wide range of stakeholders interested in the PPM Policy and adhered 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 non-sovereign), CSOs, Project-affected communities and AIIB operational staff.

Following the above principles, stakeholder consultations were launched in Washington, DC, during the 2024 World Bank-IMF Spring Meetings. Consultations involved more than 100 meetings with over 1,000 participants from 30 countries, including in-person sessions in 10 countries and over 20 virtual regional/global meetings. Stakeholders included AIIB clients (government agencies and private companies), IAMs, accountability experts, CSOs, communities, AIIB Board members and Management. Feedback was anonymized under the Chatham House Rule to encourage frankness and protect participants from reprisals.

- In-person consultations were held with AIIB members, clients and CSOs in Brazil, China, India, Indonesia, Pakistan, Türkiye and Uzbekistan.
- In-person consultations with peer IAMs and CSOs were also held in Europe, South Asia and South and North America.
- Virtual consultations were held with AIIB clients and CSOs from Central Asia, South Asia, Southeast Asia, Latin America, Middle East and North Africa, and Sub-Saharan Africa.
- CEIU regularly engaged with six peer IAMs undergoing periodic policy reviews.
- CEIU also held consultations with AIIB Staff, Management and the Board.

Finally, CEIU also received several written inputs from CSOs as well as the United Nations Office of the High Commissioner for Human Rights.

Key Feedback Themes

1. Accessibility

1.1. Requirement of Two Requesters

Some stakeholders consider that requiring two complainants acts as a safeguard against frivolous or malicious claims that may otherwise distract the PPM from focusing on serious complaints. This requirement balances accessibility with operational efficiency, particularly given limited resources.

Others consider that the rule creates unnecessary barriers, especially for vulnerable groups like victims of gender-based violence or communities facing retaliation. Peer IAMs report that single-complainant

systems have not led to misuse, and the current requirement may lead requesters to recruit symbolic co-complainants (close relatives, neighbors), undermining its purpose. There is also concern that the rule contradicts local grievance mechanisms, which typically accept individual complaints.

1.2. Requirement of Prior Good-Faith Efforts

Some stakeholders emphasize that requiring prior engagement with Project-level GRMs and Management facilitates resolution of issues at the Project level, encouraging accountability at this level and supporting the use of established redress channels. Exceptions provided in the PPM Rules of Procedure for non-functional GRMs or retaliation risks are seen as affording PPM sufficient flexibility and discretion.

Others consider the two-tier requirement to be overly restrictive, particularly for communities distrustful of local GRMs or facing imminent harm. Delays in GRM processes can prolong suffering, and fear of retaliation may deter complaints altogether. Some peer IAMs have addressed similar concerns by setting clear timelines for Management responses.

1.3. Initiation of Compliance Reviews

Some stakeholders support PPM self-initiated CRs as a means of addressing severe or urgent harms, such as environmental damage or violence, where affected communities may be unable or afraid to file complaints. Some peer IAMs cite cases where self-initiated reviews uncovered systemic issues or prevented reputational crises.

Other parties prescribe caution that self-initiation could politicize the PPM, exposing it to pressure from various stakeholder groups. They highlight the importance of the prohibition on political interference as set out in the Articles of Agreement of AIIB.

1.4. Confidentiality and Reprisals

Stakeholders emphasize that automatic confidentiality protections are essential to safeguard complainants, particularly in high-risk contexts, such as those involving gender-based violence. Peer IAMs report that fears of retaliation are a major deterrent to filing complaints, and robust confidentiality protocols enhance trust in the process. Therefore, if complainants feel the need for confidentiality due to threats of retaliation, it should be granted automatically.

Other stakeholders acknowledge the challenges of guaranteeing confidentiality while maintaining transparency in DR. Some suggest that the PPM could adopt tiered confidentiality measures tailored to the level of risk and provide secure communication channels to protect vulnerable requesters.

1.5. Role and Status of GRMs

GRMs are widely recognized by stakeholders as the first line of redress, and strengthening their capacity is seen as key to resolving grievances locally.

Some consider that requiring GRM engagement before PPM access facilitates resolution of problems at the source, reducing the need for escalation.

However, other stakeholders highlight frequent gaps in GRM visibility, independence and effectiveness, especially in high-risk projects. They proposed removing GRM prerequisites for PPM access or allowing the PPM to directly assist in GRM improvements.

A middle-ground suggestion from some stakeholders is to enable the PPM to assess GRM functionality case by case.

1.6. Representation by CSOs

Some stakeholders consider the “exceptional situations” requirement for international CSOs to represent complainants to be unnecessary given their ability to normally provide critical expertise, especially where local representation is weak or compromised. They noted that CSOs often enable marginalized voices to be heard.

Other stakeholders caution that over-reliance on international CSOs could undermine local ownership of complaints. Involvement of international CSOs also has the potential of politicization of domestic issues.

However, some peer IAMs observe that communities retain agency over their cases, and CSO involvement (regardless of whether local or international) can increase the likelihood of successful resolution of complaints.

1.7. Complaints under Judicial Review

Some stakeholders support the PPM Policy provision on the exclusion of complaints under judicial review (unless Board-authorized) as a useful way to avoid potentially conflicting findings of PPM with domestic legal systems.

Some stakeholders express concern that overlapping proceedings could delay resolution of complaints and that the policy’s exclusion unfairly blocks access to the PPM. They note that project implementers might exploit this requirement to stall PPM actions via frivolous lawsuits.

Some stakeholders note that most peer IAMs do not provide for such exclusions.

1.8. Board Approval of Compliance Review

Some stakeholders consider that requiring Board approval of CRs is useful as it preserves the PPM’s role as a fact-finding body accountable to the Board. They caution that removing this requirement could invite external pressure on the PPM. Board approval also provides credibility to the process and facilitates the PPM’s conduct of the CR.

Other stakeholders consider that Board involvement may introduce political delays and undermine the PPM's technical independence, noting that the application by the PPM of clear technical criteria for initiating a CR would obviate the need for Board involvement.

Several peer IAMs note that they function effectively without the need for Board approval, relying on clear eligibility criteria to initiate such reviews.

1.9. Cofinanced Projects

Reliance on lead cofinanciers' IAMs is aligned with AIIB's lean business model, reducing duplication and fostering partnership synergies. Coordination between IAMs is seen as sufficient to provide for accountability.

Some stakeholders consider that this approach could dilute AIIB's responsibility and accountability, as cofinancier IAMs may not fully address AIIB-specific non-compliance. They consider that it would be useful for AIIB to independently assess complaints, allow requester-led choice of the IAM and systematically learn from cofinanced cases to improve future projects.

Other stakeholders consider that, while the reliance on a lead cofinancier's IAM is consistent with current trends of mutual reliance among MDBs, further clarification in the policy regarding AIIB's accountability and learning of lessons when relying on another cofinancier's IAM would be useful.

2. Mandate and Effectiveness

2.1. Scope of PPM

Some stakeholders consider that limiting the scope of PPM Review to the Environmental and Social Framework (ESF) is justified by the predominance of complaints involving ES concerns, ESF's coverage of gender and information disclosure matters, and the existence of other channels for resolving issues arising under other operational policies. Expanding the scope of the PPM's review could overburden the PPM and create jurisdictional overlaps with these other channels.

Other stakeholders consider that harm often stems from intersecting policy failures (e.g., lack of disclosure exacerbating E&S risks).

Peer IAMs with broader mandates report greater flexibility in addressing root causes of complaints submitted to them. Other stakeholders consider that accountability should not be limited to E&S matters, and should be expanded to enable PPM to better address matters such as gender issues and lack of disclosure.

2.2. Remedy

Absence from the PPM Policy of detailed provisions on remedy is considered by some stakeholders as appropriate given PPM's mandate, as a fact-finding agent of the Board, to assess compliance by AIIB

with the ESF. The introduction of remedy into the policy could change that mandate and draw AIIB into complex debates over causation of E&S harm and allocation of responsibility for the harm.

Other stakeholders consider that remedy is the ultimate goal of accountability, whether through non-monetary redress (e.g., community projects) or otherwise.

Peer IAMs note that remedies can be tailored to avoid financial liability for MDBs while addressing harm.

2.3. Independent Verification of MAPs

Some stakeholders consider that monitoring of MAPs by PPM would blur the lines between the PPM's fact-finding role and Management's responsibility for Project implementation oversight. Management is normally best positioned to work with the client in the implementation of corrective actions, with the Board exercising oversight of Management's MAP monitoring. Other stakeholders consider that independent verification strengthens trust in MAP implementation, particularly in high-risk projects.

Peer IAMs report that monitoring or independent verification by the IAM improves compliance and outcomes, while acknowledging that monitoring or independent verification requires additional resources. A case-by-case approach could balance rigor with feasibility.

2.4. Recommendations for Remedial Actions

Some stakeholders consider that the PPM should avoid making recommendations for remedial actions to preserve Management's operational discretion and avoid potential adversarial dynamics between the PPM and Management. They consider that the PPM's role should be limited to fact-finding, leaving corrective actions and monitoring to Management, with Board approval.

Other stakeholders believe the PPM's expertise positions it to propose context-specific remedies so as to accelerate resolution of complaints, and IAM recommendations may bridge gaps between communities and Management, fostering collaborative solutions.

3. Engagement and Visibility of PPM

The PPM's low visibility is frequently highlighted by some stakeholders as a concern, with recommendations for use of local language materials, community outreach and social media alongside better disclosure of GRM and PPM information to the affected communities.

Some stakeholders encourage the PPM to conduct country-specific workshops with key stakeholder groups to enhance awareness about the PPM. They also suggest that the PPM should work closely with peer IAMs on expanding outreach efforts and that adequate resources be allocated for PPM outreach, especially with affected communities.