

Holding the EIB and EBRD accountable

Are their grievance mechanisms effective?

The **European Investment Bank (EIB)** and the **European Bank for Reconstruction and Development (EBRD)** finance projects that aim to contribute to economic development in alignment with the Sustainable Development Goals adopted by the United Nations (UN). Both banks support various economic undertakings which, despite their positive aims, may either cause harm to people and the environment or fail to achieve their intended outcomes.

To address these challenges, accountability systems exist to ensure that these institutions operate within the framework of their policy objectives. Access to independent, effective, and safe accountability mechanisms should be a fundamental feature of public development finance. The **EBRD Independent Project Accountability Mechanism (IPAM)** and the **EIB Group Complaints Mechanism (EIB-CM)** were set up to review requests and complaints from project-impacted people, civil society organisations and other stakeholders. They assess the banks' compliance with their own policies and standards, assist in problem-solving, and serve as a continuous source of learning to prevent future grievances.

CEE Bankwatch Network has conducted research investigating the alignment of both mechanisms with the universal, widely accepted, and comprehensive effectiveness criteria for designing and assessing non-judicial grievance mechanisms outlined in the UN Guiding Principles on Business and Human Rights (UNGPs).

Both mechanisms recognise the **risks of retaliation**, recognising that fear of reprisal can discourage and prevent people from raising their concerns with the banks and their complaints mechanisms. Their policies also explicitly adopt a zero-tolerance approach to retaliation against complainants. However, despite these commitments, their procedures for assessing these risks and implementing mitigation and remedial measures remain overly general and lacking in detail.

EBRD Independent Project Accountability Mechanism

Established in 2019, **IPAM** was widely welcomed by civil society as a significant step forward in enhancing the accountability of the EBRD. Its legitimacy, fairness, predictability, transparency and compatibility with human rights standards rest on what appear to be solid foundations, as outlined in the EBRD Project Accountability

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Policy. Overall, IPAM demonstrates a high level of independence from the EBRD’s Executive Committee and services, promoting a sense of fairness and objectivity that encourages rights holders to bring forward their concerns.

However, access to IPAM is limited to project-affected people, which can pose a considerable barrier for non-governmental organisations working on environmental issues at local and national levels. Additionally, the mechanism’s requirement for complainants to first engage with EBRD management or the client can limit the choice of strategy available to impacted people and cause delays that hinder their pursuit of meaningful accountability. Users of the mechanism are also limited to choosing between IPAM’s compliance review and problem-solving functions, with restrictions on the sequence in which they can be selected. Finally, IPAM’s role in addressing power imbalances between parties, which reduces the capacity of rights holders to effectively participate in the problem-solving process, remains unclear.

EIB Group Complaints Mechanism

The **EIB-CM** is the internal complaint mechanism of the EIB Group. While the EIB Group Complaints Mechanism Policy asserts the operational independence of the mechanism from EIB Group services, this claim is undermined by the provisions in place. For instance, the existing case-handling procedure and reporting line compromise the EIB-CM’s autonomy by failing to ensure that EIB management is fully accountable for implementing the recommendations of the mechanism. Furthermore, the EIB-CM does not report individual cases to the Board of Directors, which has no specific role in ensuring the implementation of its recommendations. The EIB-CM Policy and accompanying Procedures lack sufficient procedural detail on the case-handling process, leaving complainants uncertain about what to expect. Neither of the documents sufficiently clarifies the role of the complainant in determining the most suitable function for handling the complaint. Nor do they guarantee that the complainant will be regularly informed about proceedings or invited to comment on proposed steps and draft reports. There is also a lack of transparency on the types of remedial measures available to complainants and whether and how these measures are enforced. Finally, there is no evidence to suggest that the EIB-CM adequately monitors the implementation of recommendations and corrective actions or provides regular reports to complainants and the EIB Board of Directors during the monitoring process.

Detailed recommendations

EIB Group Complaints Mechanism	EBRD Independent Project Accountability Mechanism
<ol style="list-style-type: none"> 1. Publish the report of the panel of experts before revising the EIB-CM Policy. 2. Assign the responsibility for reviewing the EIB-CM Policy and Procedures to the EIB-CM. 3. Ensure the EIB-CM budget is approved by the Board of Directors based on a proposal from the EIB-CM that reflects the needs of the mechanism. 	<ol style="list-style-type: none"> 1. Develop an outreach strategy that informs rights holders and local communities about IPAM and its functions. 2. Amend the Project Accountability Policy to align with the Aarhus Convention’s definition of the ‘public concerned’ by considering eligible requests from non-governmental organisations active locally or

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| <ol style="list-style-type: none"> 4. Strengthen the independence of the Head of the EIB-CM by enhancing the transparency of the hiring process, engaging external stakeholders such as Members of the European Parliament or representatives of the European Ombudsman, and introducing a cooling-off period to prevent the EIB-CM from hiring former EIB personnel or moving the Head to EIB services. 5. Require the EIB-CM to report to the EIB Board of Directors on each case or selected cases, such as those concerning environmental and social impacts or transparency, ensuring the Board holds the EIB Group accountable for implementing all recommendations and corrective actions. 6. Leverage the advisory function of the EIB-CM when reporting to the Board of Directors, ensuring the Board approves the recommendations of the mechanism and holds the EIB Group accountable for their implementation. 7. Mandate that project promoters and borrowers are contractually obliged to respect the findings and recommendations of the EIB-CM and implement corrective actions to ensure project compliance with environmental and social standards. 8. Accept complaints for at least two years from when the complainant becomes aware of the adverse impacts of the project or after financing concludes, whichever is later. 9. Simplify the internal consultation process detailed in the Policy and Procedures by establishing and respecting relevant timeframes, limiting them to draft EIB-CM reports during the investigation, dispute resolution, and monitoring stages, along with proposed corrective action plans and remedial measures. 10. Specify the EIB-CM's role in levelling imbalances in the mediation and dispute-resolution processes by assisting | <p>nationally on environmental matters, without requiring them to engage with project-affected people, even if such people reside in the project area.</p> <ol style="list-style-type: none"> 3. Ensure the Project Accountability Policy accepts all requests concerning access to project-related environmental information in line with the Aarhus Convention and European international law, which grant any person the right to request and receive such information. 4. Allow complaints to be submitted before project approval and up to at least two years after the complainant becomes aware of the adverse impacts or after financing concludes, whichever is later. 5. Remove the requirement for complainants to first engage with EBRD management or the client, while ensuring multiple avenues for effective resolution are made available, including engagement with management or clients. 6. Permit complainants to choose the sequence of available functions and pursue both functions simultaneously if desired. 7. Clarify IPAM's role in addressing power imbalances between parties under the problem-solving function by assisting requestors in understanding the EBRD's standards and their rights as rights holders, as well as strengthening their capacity to effectively participate in the problem-solving process. 8. Seek complainants' comments on draft reports, including Assessment and Compliance Assessment reports, when proposing case closure at an early stage before engaging in a substantial compliance review. 9. Report on IPAM activities conducted under its institutional learning function. 10. Acknowledge the EBRD's shared responsibility for harm and negative |
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<p>complainants in understanding the EIB Group’s standards and their rights as rights holders.</p> <ol style="list-style-type: none"> 11. Make sure the Policy and Procedures enable simultaneous consultations of EIB-CM findings and recommendations with all stakeholders, both internal and external. 12. Oblige the EIB Management Committee to prepare a corrective action plan with a time frame for addressing EIB-CM findings and recommendations, ensuring project compliance with EIB policies, standards, and applicable laws, remedying harm or potential harm, and consulting with complainants on proposed corrective actions before approval. 13. Allow the EIB-CM to conduct problem-solving procedures after compliance investigations, and vice versa, or simultaneously. 14. Empower the EIB-CM to monitor the implementation of recommendations and corrective actions, providing regular reports to complainants and the EIB Board of Directors during monitoring. 15. Prepare closure monitoring reports for all cases to assess the effectiveness of the corrective actions implemented, the agreements reached in dispute resolution, or both. 	<p>impacts, contribute to remedial actions, and develop a policy framework to operationalise this principle.</p>
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