

Bankwatch's comments on the EBRD Project Accountability Policy and Independent Project Accountability Mechanism

This year, the European Bank for Reconstruction and Development (EBRD)'s Independent Project Accountability Mechanism (IPAM) marks six years operating under the 2019 Project Accountability Policy. A formal review of the Policy began in 2023, followed by publication of the 2024 External Assessment Report and a survey of civil society organisations and other interested stakeholders to gather lessons from IPAM's initial years. The draft of the revised Project Accountability Policy has yet to be published, with public consultations expected to commence shortly.

The rollout of IPAM was widely welcomed for its strengthening of independence, the appointment of senior-level leadership, and the establishment of a direct reporting line to the EBRD Board of Directors. The Project Accountability Policy introduced some innovative provisions, such as a zero-tolerance position on retaliation against complainants and the option to report implementation issues or cases of unresolved non-compliance to the Board.¹

However, practice shows that IPAM's effectiveness leaves much to be desired, with many complaints remaining unresolved for years. For example, only 9 of the 21 cases registered between 2020 and 2023 had been closed. Two cases transferred to IPAM from its predecessor, the Project Complaints Mechanism, also remain pending, including a complaint submitted in relation to the MHP biogas plant in Ukraine, for which the compliance review began in October 2022 and was originally scheduled to conclude in May 2023.

We urge the Board to review the situation and address the slow pace of complaint handling and remedy delivery. This could be achieved through a combination of amendments to the implementation of management action plans and improvements to the Project Accountability Policy.

To this end, we propose to immediate strengthening of monitoring and implementation of management action plans. The 2024 External Assessment Report revealed that management action plans often fail to provide effective remedies for complainants and are implemented at a slow pace. Plans should therefore be designed to fully address IPAM recommendations,

¹ Anna Roggenbuck, [Holding the EIB and EBRD accountable: Are their grievance mechanisms effective?](#), CEE Bankwatch Network, November 2024.

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particularly those related to remedying harm and non-compliance. IPAM should also enhance verification of implementation with complainants and, where security or access constraints exist, facilitate trusted third-party monitoring through local non-governmental organisations or independent experts.

IPAM should publish regular progress updates on each management action plan, disaggregated by action item and implementation status. It should also create a public management action plan dashboard, similar to the existing case tracker, enabling affected communities and civil society organisations to monitor progress in real time. In addition, IPAM should report annually on the effectiveness of management action plan implementation, including delays and implementation gaps, and ensure that this information is reflected in the EBRD's Sustainability Report and impact reporting.

Management should be incentivised to implement management action plans in a timely manner. This could include incorporating relevant key performance indicators into project team performance assessments and ensuring that findings of non-compliance, as well as implementation delays or gaps, inform client due diligence processes and the Board's investment decisions.

Should a decision be taken to amend the Project Accountability Policy, we offer the following suggestions:

1. Focus mandate on remedy

The Project Accountability Policy should clearly articulate that IPAM's mandate includes facilitating access to remedy for negative environmental and social impacts arising from EBRD projects. This would align IPAM with established good practice in accountability policies, as well as with the UN Guiding Principles on Business and Human Rights.

We find it inconsistent that, despite being tasked with identifying direct, indirect and material harm, IPAM is not explicitly mandated to facilitate rights-compatible remedies for affected people. Moreover, IPAM is currently prohibited from 'recommend[ing] the award of compensation to the Requesters beyond that which may be expressly provided for in the Environmental and Social Policy'.² This provision significantly limits the access of affected communities to effective and appropriate remedial measures.

A remedy-focused mandate should also enable accountability for harm resulting from the Bank's own omissions or from activities not tied to an active investment project, including situations where the Bank has exited a project, the client has withdrawn its loan application, or the loan has already been repaid.

2. Streamline and clarify the IPAM assessment process

In practice, the IPAM assessment process is often protracted due to unnecessary duplication of between the assessment and compliance assessment stages. For example, in the Indorama case, a full year elapsed between registration of the complaint and completion of the compliance assessment. This critical delay represented a missed opportunity to address instances of non-compliance while the project was still active and the EBRD retained leverage over the client. The compliance review process should therefore eliminate this overlap by combining the two stages, while preserving the essential functions of each.

² European Bank for Reconstruction and Development, [Project Accountability Policy](#), 17, April 2019.

Introducing a single compliance assessment earlier in the request-handling process could also strengthen the problem-solving stage by clearly defining the scope of concerns and potential pathways for resolution. This would provide greater clarity for all parties and create stronger incentives for the client to engage in good faith.

As part of this streamlined process, IPAM should hold meetings with complainants to explain the options available to them, conduct site visits to better understand the scope and context of the issues raised, and provide complainants with an opportunity to comment on draft compliance assessment reports. To accelerate the overall process, EBRD Management should be required to provide its response to complaints at the earliest possible stage, ideally as soon as a complaint is registered. This would enable IPAM to access the necessary information much sooner, reducing the time it spends gathering information through meetings and interviews.

The Policy should address the problem of protracted compliance reviews. During this process, EBRD Management are asked to prepare a management action plan, which can take up to six months or even a year to complete. In such cases, the compliance review report cannot be shared with the Board or the public until the management action plan has been finalised and reviewed. This process could be streamlined through the following actions:

- **Disclose the compliance review report to the Board immediately upon finalisation**, even while the management action plan is still under development. This would give the Board sufficient time to review the findings and later assess the plan against the identified instances of non-compliance more effectively.
- **Publish the compliance review report with a clear indication that the management action plan is forthcoming.** This approach would maintain transparency and prevent unnecessary delays. Timely disclosure could also support institutional learning within the EBRD and better inform the client's due diligence processes.
- **Limit extensions to the commenting period to clearly defined criteria**, with a firm maximum cap of one additional month per party and no more than three months in total. All extension requests should be justified and subject to IPAM approval.

3. Ensure safe access to IPAM

The Project Accountability Policy rightly states that IPAM does not tolerate retaliation against complainants or individuals involved in the IPAM process or outreach activities. However, the EBRD's institutional response to acts of retaliation could still be improved. Our experience shows that complainants can face retaliation for turning to IPAM, including threats from local authorities or the client.

One important way to reduce retaliation risks would be to remove unnecessary barriers to accessing IPAM before a project is approved by the Board. Engaging with IPAM at an early stage can help to identify and address potential impacts before implementation begins, thereby reducing the risks of social tension, retaliation and conflict escalation.

IPAM should also be empowered to proceed with, or initiate, a compliance review even in cases where complainants withdraw due to fear of retaliation, or where there is credible evidence of systematic retaliation against affected communities that prevents them from submitting a complaint.

Finally, the Project Accountability Policy should clearly outline an escalation procedure as part of its broader anti-retaliation measures. To ensure effectiveness, the Policy should define specific steps, timelines and expected outcomes, such as:

- **Notify the Board and Senior Management of acts of retaliation**, requesting that they use their leverage with the client or relevant country stakeholders to ensure an immediate cessation of reprisals.
- **Request a public statement from EBRD Senior Management condemning retaliation** in appropriate cases, publicly reaffirming the Bank's zero-tolerance stance, while clearly linking continued access to EBRD financing as being contingent on respecting civic space and human rights.
- **Recommend the suspension of loan disbursements where necessary**, at least during the compliance review or problem-solving stage, until adequate safeguards for affected people are established.
- **Consider, as a last resort, a responsible exit from the project or blacklisting the client where acts of retaliation persist.**

Clearly articulating such measures in the Policy would help institutionalise the EBRD's commitment to protecting human rights defenders, promoting civic space, and ensuring safe grievance processes.