Remedy in Development Finance: Progress and Challenges in 2026

Analytical Brief*

Key Messages

- Multilateral and bilateral development finance institutions (DFIs) have mandates to support development and "do no harm." However, despite the application of DFIs' environmental and social (E&S) Safeguard policies, negative E&S impacts may still occur. **DFIs can improve alignment with their mandates by supporting borrowers and clients** (collectively, Clients) **to address and resolve concerns about E&S impacts.**

- **Remedy means addressing concerns and taking action to fix E&S harms. Remedies can take many forms** which are **already reflected in E&S Safeguards**. Different forms of remedy include 1) restoring affected communities or workers to their original position; 2) rehabilitation; 3) apologies or other acknowledgments; 4) commitments to non-repetition, such as through changes to policy or practice; and 5) financial or non-financial compensation. **DFIs and Clients are supporting and providing remedy on a regular basis; however, practice is not consistent.**

- **In the context of DFI-financed operations, remedy processes focus on finding solutions, not fault.** Remedy is about answerability to those adversely impacted and **ensuring that all project costs, including for E&S harms, are internalized in the project budget.** Remedy, in this operational sense, should not be confused or conflated with lawsuits or legal liability.

- **Clients have the primary role to address concerns and remedy harms when they occur.** Nevertheless DFIs, as lenders and/or minority shareholders, play important roles in supervising projects and addressing policy non-compliance and corresponding impacts with Clients, using their contractual, financial, and relationship leverage if a Client is slow or reluctant to act. **Where a DFI itself has contributed to the harm alongside a Client, it should take responsibility for its own actions and contribute appropriately to finding solutions alongside the Client.**

- **DFIs should establish a remedy policy or framework** to clarify roles, responsibilities, principles, and mechanisms through which Clients, supported by DFIs, can deliver on remedy more effectively, efficiently, and consistently.

- **There are some persistent misconceptions about remedy which conflict with experience and evidence.** A principled commitment to remedy is not the equivalent of "writing a blank check," will not lead to bankruptcy, will not increase litigation risk, and will not negatively impact credit ratings. To the contrary, such a commitment, if implemented, can deliver better development results as well as reputational benefits for the DFI and Client.

- **The concept of remedy is gaining traction across the finance sector.** DFIs and commercial are increasingly updating their policies and committing to remedy.

- **Recommendations to DFIs are listed in Section V of this Analytical Brief.**

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Abbreviations and Acronyms

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AfDB	African Development Bank
CAO	Compliance Advisor Ombudsman (of the IFC and MIGA)
DEG	Deutsche Investitions-und Entwicklungsgesellschaft mbH (German Investment and Development Corporation)
DFC	Development Finance Corporation
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
E&S	Environmental and social
ESAP	Environmental and Social Action Plan
ESF	Environmental and Social Framework (of the ADB, AIIB and/or World Bank)
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESPF	Environmental and Social Policy Framework (of the IDB)
FCV	Fragility, Conflict, and Violence
FI	Financial Intermediary
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (Dutch Entrepreneurial Development Bank)
GBV/H	Gender-Based Violence / and Harassment
GCF	Green Climate Fund
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service (of the World Bank)
IAM	Independent Accountability Mechanism (of a development finance institution)
IDA	International Development Association (part of the World Bank Group)
IDB	Inter-American Development Bank
IDB Invest	Inter-American Investment Corporation (part of the IDB Group)
IFC	International Finance Corporation (part of the World Bank Group)
IKI	International Climate Initiative (of the government of Germany)
MAP	Management Action Plan
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MLGM	Management Level Grievance Mechanism
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
OeEB	Oesterreichisch Entwicklungsbank AG
OHCHR	Office of the United Nations High Commissioner for Human Rights
RAF	Remedial Action Framework (IFC/MIGA Interim Approach to Remedial Action)
SEAH	Sexual Exploitation, Abuse, and Harassment
UN	United Nations
UNGPs	UN Guiding Principles on Business and Human Rights

Executive Summary

The question of how to remediate E&S impacts in DFI-financed projects has remained active in 2026, driven by operational policy review processes at the major multilateral development banks (MDBs) and emerging practices at the project level. In 2022 OHCHR published a report on Remedy in Development Finance ("Remedy Report"),[1] which clarified the concept of remedy, surveyed DFI policies and practice, and offered recommendations to DFIs and independent accountability mechanisms (IAMs). This Analytical Brief updates the analysis in the Remedy Report, highlights recent innovations in policy and practice, addresses common misconceptions, and offers additional recommendations aimed at strengthening DFIs' approaches to remedy.

The concept of "remedy" discussed in this Analytical Brief focuses on finding solutions for harms arising from DFI-financed projects. The quest for remedy is principally a quest for answerability to those impacted by projects and ensuring that all project costs (including for E&S harms) are internalized in the project budget. **Remedy can take many forms depending on project-affected peoples' needs and circumstances.** Existing E&S Safeguard policies already include a range of remedial responses to harms (See Box 1) such as the provision of alternative land and housing through resettlement processes, responding to health or safety incidents, providing appropriate payment of wages, and engaging with communities to find solutions to complaints, implemented by the Client with the DFI's support as needed. Contrary to some common misapprehensions, **this operational, practical conception of remedy has nothing to do with judicial proceedings, fault, or legal liability.**

Even with the best intentions and strong E&S Safeguards, DFI projects may cause E&S harms. As public development institutions, DFIs have dual mandates to promote sustainable development and "do no harm." **Clients bear the primary responsibility for addressing concerns and remediating harms. If Clients are slow or reluctant to act, DFIs should enable remedy by using their contractual, financial, and/or relationship leverage and capacity building support as needed.**

Where, through action or omission, a DFI itself contributes to harm, it should also be prepared to contribute to finding and providing solutions alongside Clients. This does *not* mean that DFIs should step into the Client's shoes and assume the Client's primary responsibilities for remedy: moral hazard issues would arise otherwise. Neither can DFIs be expected to be guarantors of E&S outcomes or insurers of remedial costs on behalf of their Clients. Rather, consistent with international human rights standards[2] and ordinary principles of justice, it is simply a question of ensuring that DFIs accept responsibility for their *own* actions or omissions. Numerous DFI policies are beginning to reflect these principles, but practice is inconsistent.

Remedy is not a new concept for DFIs. The central purpose of E&S Safeguard policies is to mitigate adverse E&S impacts, and DFIs regularly exercise a range of leverage options to prompt Clients to carry out necessary remedial actions. In numerous cases, where a DFI's own conduct has fallen short of policy requirements, DFIs have contributed directly to remedy themselves. Nevertheless, within DFIs, remedy is still often seen as something controversial or exceptional, rather than a core element of the mitigation hierarchy and routine aspect of project supervision.

In order to clarify responsibilities and promote more consistent, efficient practice**, DFIs should establish a remedy policy or framework that sets out principles, outlines approaches and tools,**

and guides decisions and actions. The IFC/MIGA Interim Approach to Remedial Action[3] is the first such framework among DFIs. Other DFIs have taken important steps in this direction, including committing to work with Clients to develop and implement measures to remedy harms, incorporating remedy into risk mitigation hierarchies, requiring Clients to plan and budget for remedy, and committing to contribute to remedy when the DFI contributed to harm (See Annex I).

Grievance mechanisms of different kinds have continued to play important roles in enabling access to remedy (See Annexes II and III). OHCHR's Remedy Report (2022) focused particularly on the roles of IAMs, project-level grievance redress mechanisms (GRMs) operated by Clients, and management-level grievance mechanisms (MLGMs) operated by DFI management. Despite impressive results in particular cases, IAMs typically address complaints in only 1-3% of projects in DFI portfolios. The effectiveness of GRMs and MLGMs is difficult to assess given the lack of adequate published data on remedy outcomes. On the available evidence, there still appears to be a significant gap between E&S harms in projects and steps taken to resolve them ("remedy gap").[4]

Despite incremental progress on remedy in recent years, several misconceptions persist. This Analytical Brief analyzes a number of these in light of evidence and observed experience and counters that a more transparent, consistent, and robust approach to remedy:

- **Is not the equivalent of "writing a blank check," will not lead to bankruptcy, and will not negatively impact credit ratings**;
- **Would not undermine DFIs' commercial practice or competitiveness**; several commercial banks and investors have made policy commitments to remedy and have established grievance mechanisms that enable remedy, as have a growing number of DFIs (See Annex III), and some have contributed actively to remedy in practice;
- **Would further reduce the (very limited) litigation risks faced by DFIs** by addressing concerns early and quickly before grievances escalate and harms are compounded;
- **Would not create an unacceptable moral hazard** in the sense that Clients would be disincentivized from fulfilling their responsibilities. Any such effects can be managed through contractual requirements and other incentives and/or disincentives, and the clarification of DFI and Client roles and the circumstances in which a DFI's contribution to remedy is warranted. While DFIs should take responsibility for their *own* actions, they should not be expected to guarantee E&S outcomes, assume their Client's responsibility for remedy, or insure remedial costs; and
- **Enables thoughtful risk-taking** required to achieve responsible portfolio growth targets, including in fragile, conflict, and violence (FCV)-affected contexts.

Remedy is not a zero-sum proposition. When done right, it improves outcomes for all parties. For project-affected people, access to effective remedy allows grievances to be raised early, when harms are more likely to be remediable and solutions feasible, with potentially positive impacts on development outcomes. For DFIs, a transparent, consistent, and robust approach to remedy may bring developmental and reputational benefits, as quickly remedied grievances are far less likely to result in public relations problems. For Clients, responding quickly and effectively to address harms builds local buy-in, reduces project delays, provides reputational benefits, and helps Clients meet sustainability expectations.

I. Why is remedy important to DFIs?

A. Remedy supports DFIs' mandates

MDBs and bilateral DFIs have clear mandates to support development and "do no harm." An example of the latter commitment can be found in IFC's Sustainability Policy which notes "[c]*entral to IFC's development mission are its efforts to carry out investment and advisory activities with the intent to 'do no harm' to people and the environment, to enhance the sustainability of private sector operations and the markets they work in, and to achieve positive development outcomes*."[5] IDB's Environmental and Social Policy Framework (ESPF) establishes the institution's commitment to the principle of "*do good beyond do no harm,*" which requires its Borrowers not only to report on how harms will be avoided, but also to consider and report on how project design will enhance both social and environmental good.[6] Other MDBs have expressed similar commitments in their E&S policies for the DFI and E&S requirements for Clients (E&S Safeguards).[7] This dual mandate means that DFIs are expected to work with Clients to manage risks and prevent adverse impacts as well as proactively contribute to positive development outcomes.

Box 1: Explanation and types of remedy

The right to an effective remedy for violations of human rights is a basic principle of international human rights law. The remedy principle is now also an integral part of the responsibility of businesses to respect human rights under the UN Guiding Principles for Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD MNE Guidelines). The E&S Safeguard policies of DFIs increasingly reflect a commitment to respect human rights, and some consciously strive for alignment with the standards of the UNGPs and OECD MNE Guidelines.[8]

Just as harms can take many forms, remedial actions to address harms may need to take different forms. Often a combination of measures will be required to be adequate and effective. The UN principles on remedy[9] refer to the different forms of remedy below. These types of remedy are already reflected in many E&S Safeguards and in recent practices of DFIs in delivering on remedy:

- **Restitution** (restoring affected stakeholders to their original position to the greatest extent possible): for example, restoring Indigenous Peoples to their lands after they have been temporarily displaced.
- **Compensation** (financial or non-financial): for example, for housing or other assets acquired through involuntary resettlement.
- **Rehabilitation** (steps needed to restore someone's health or dignity): for example, by providing counselling and health services to women who have experienced gender-based violence.
- **Satisfaction** (includes cessation of a continuing abuse; an apology; declarations restoring the dignity, reputation and rights of affected stakeholders; symbolic remedies, such as commemorations): for example, culturally appropriate ceremonies to acknowledge and dignify the movement of a sacred site.
- **Commitments to non-repetition** (both immediate and in the future): for example, actions to immediately cease harmful operations, changes to policies and procedures, etc. to ensure that people are not repeatedly subjected to the same harm.

The processes used to discuss and agree on remediation steps are also critical. Good processes that involve those harmed in reaching solutions can themselves have reparative effects. Good processes also help to illuminate the most appropriate remedial responses, avoid pitfalls, and establish a foundation of trust between DFIs, Clients, and project-affected people. **Engaging those harmed in meaningful discussions on remedial actions is a critical dimension of delivering remedy.**

Clients have the primary responsibility for managing E&S risks and impacts, and for implementing and funding remedial action to address those impacts. DFIs play an essential role in using their leverage to prompt Clients to take action and, as necessary, provide expertise and support to help Clients and those harmed identify solutions and work towards improved outcomes. **In situations in which a DFI's own actions or omissions have contributed to an E&S harm, the DFI should also play a role in contributing to solutions alongside Clients.** This approach follows basic principles of fairness and justice, as well as the international normative standards incorporated into various E&S Safeguard policies.[10]

This does not make DFIs guarantors of E&S outcomes or insurers of remedial costs on behalf of Clients. In these cases, the DFI does *not* assume the Client's responsibility for remedy, but rather the DFI takes responsibility for its *own* actions, following its *own rules,* and contributing to remediation in proportion to *its own* involvement in E&S harms. Any additional contributions by the DFI to remedy under its development mandate should be built upon this baseline expectation. Other circumstances where DFIs could consider playing a more active role in remediation include fragile, conflict, and violence (FCV)-affected settings, where DFIs are increasingly active, and/or when projects have very complex investment structures.[11]

E&S harms should not be externalized onto those who had no role in creating them, particularly the most vulnerable. Too often, remedy seems to be presented as a contest between local communities or workers versus Clients and DFIs, as if providing remedy to a community or workers by definition means that the Client or DFI lose something. **Fixing or remedying harms should not be seen as a zero-sum proposition.** Rather, the operationalization of the remedy concept helps communities, workers, and Clients identify solutions to address harms, rebuild trust, and in doing so, find new ways of working together to achieve the desired development outcomes.

The concept of remedy has both reparative and forward-looking dimensions. It is concerned with fixing harms that have occurred and not *only* focusing on avoiding recurrence, as important as that dimension is. The focus should be on making sure that corrective actions actually respond to identified harms to people, alongside needed technical fixes or institutional or policy changes. As noted in a recent review of harms to cultural heritage, *"[r]emedy is not a meeting. It is not a disclosure document. It is not a safeguard matrix updated after the fact*."[12]

The "do no harm" dimension of DFI mandates should be seen as the floor, not a ceiling, for an effective policy approach to remedy. Beyond avoiding harm, DFIs have clear mandates and opportunities to creatively use their initiative, innovation, technical assistance, and convening power to work with Clients not only to repair harms, but also to improve outcomes and maximize development impact.[13] Informed by recent experience (Boxes 7 and 9), and by analogy with resettlement policy and practice, DFIs should be encouraged to view unmet remedy needs as a "development opportunity," bringing potential for improved development outcomes and transformation of affected communities.[14]

B. Remedy is important because harms are not consistently being addressed

Despite best efforts, even projects designed in accordance with DFI Safeguard policy requirements may have unintended negative effects and result in environmental degradation, social harms, or other poverty-generating factors. Actual or potential adverse impacts may come to light through many sources including the project's community liaison, grievance mechanisms, Client and/or DFI reporting, CSOs, media reports,[15] social media, and human rights mechanisms at global, regional, and national levels.

Notwithstanding the range of information sources potentially available, **data adequacy and transparency remain serious challenges.** For example, harms in DFI funded projects do not frequently come to light through DFI IAMs. Only 1-3% of projects in DFI portfolios are subject to a complaint to an IAM, and far fewer

make it through the entire IAM process.[16] DFIs typically do not report on grievances handled by Client-level grievance redress mechanisms (GRMs) and report at only a very high level (if at all) on the results of their Management-Level Grievance Mechanism (MLGM) processes. Hence, it is challenging to understand what is or is not happening at these levels. Nevertheless, while the precise scope of the remedy gap is difficult to determine, **the available evidence indicates that negative impacts have occurred and continue to occur despite the application of DFI Safeguard policies.**[17]

Box 2: Types of harms

IAM complaints provide one of the few sets of systematically collected data about project grievances. An analysis of those complaints across MDB IAMs shows that the most commonly raised issues over the last ten years were:

- A lack of appropriate access to information, lack of proactive information disclosure, and lack of appropriate engagement - a significant number of complaints originate in information gaps or communication failures
- Adverse impacts associated with physical and economic displacement
- Inadequate due diligence that fails to identify harms
- Adverse environmental impacts
- Adverse impacts on community health and safety
- Adverse impacts on livelihoods[18]
- Barriers to access to remedy, including a lack of sufficient information about IAMs and their ability to produce remedies

C. Remedy is already part of DFI policies and practices

Remedy is not new for DFIs; it is an existing commitment, and DFIs have many policies and practices in place to strengthen their approach to remedy. E&S Safeguards, existing tools, and emerging practices provide solid foundations that can be built upon for more consistent and effective remedial responses.

1. E&S Safeguard policies already include important dimensions of remedy

Existing E&S Safeguards already require DFIs and their Clients to take a range of actions to identify and address adverse E&S impacts, and include several types of remedial responses (See Box 1). There are numerous differences among DFIs, but generally E&S Safeguards:

- Set out differentiated requirements for DFIs and their Clients to carry out due diligence to identify and manage adverse E&S impacts.
- State that the adverse impacts of projects should not fall disproportionately on the disadvantaged or vulnerable.
- Contractually require Clients to comply with E&S requirements.
- Require many kinds of E&S issues to be addressed routinely during project implementation, with the supervision and, as necessary, technical support of the DFI.
- Apply a standard mitigation hierarchy that usually provides for one form of remedy (compensation) where adverse impacts cannot be prevented or mitigated. Newer safeguards in some DFIs specifically include remedy within their mitigation hierarchies, where prevention and mitigation are not possible.
- Include various forms of remedial responses, including compensation and restitution.
- Require Clients that are not in compliance to take corrective action to address harms, which may include specific remedies for specific people, and bring the project back into E&S Safeguard policy compliance.

- Require Clients to establish a GRM at the project level which is intended to function as the first line of action on remedy. Clients may also be required to make information on the DFI's own grievance mechanism – its IAM – known to project-affected people and other relevant stakeholders.[19]

2. DFIs have numerous leverage tools to prompt Clients to provide remedy

Research and anecdotal evidence indicate that too often, in practice, DFIs have not built or exercised available leverage to address E&S issues, and consequently opportunities for early resolution of E&S complaints have been missed. **DFIs have a range of leverage tools to prompt Clients to respond where they may be reluctant to do so.** [20] **Forms of leverage include:**

- **contractual leverage**, as detailed in the OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (See Box 3):[21]
  - cancelling, suspending, delaying or conditioning funding and linking it to certain E&S milestones;
  - requiring prepayment or acceleration of borrowers' payment obligations;
  - "no objection" approvals for changes in project budgets;
  - responsible exit frameworks that address E&S concerns before exit;
  - governance positions within a client's board;
- **commercial leverage**, through joint leverage with other financing partners; positions in syndications:
  - the formal or informal ability to mobilize financing or additional investors;
  - conditioning repeat financing on past experiences with addressing E&S harms;
  - disbarring from consideration;
- **capacity building**:
  - at the Client and/or the systemic level;
- **relationship leverage** with relevant public sector actors or influential third parties:
  - regulatory influence;
  - collaborative approaches to address issues; and
  - via individual or collective DFI shareholder actions vis-à-vis a country.[22]

The use of positive or incentive-based leverage that actively rewards or recognizes Clients for achieving high standards of E&S performance is an underexplored dimension of leverage. Examples include preferential financing terms for strong performers, access to technical assistance, and preferred eligibility for future investment opportunities. Public acknowledgement of exemplary E&S practices can enhance the reputation of private sector clients and signal lower long-term risk to other investors.

Leverage options may vary across different DFIs and financing instruments, and **the distinct dynamics in sovereign lending may provide greater leverage compared to private sector operations.** Engagement with a government typically involves long-term institutional partnerships. Ongoing country-level programming incentives can enable significant influence over corrective and remedial measures when harm has occurred. Similarly, the consequences of project exits vary between sovereign and private sector operations. In contrast to relationships with private clients, relationships with governments do not end once a particular project closes or an exit occurs, save for very exceptional circumstances. Generally, unaddressed E&S harms from one project can be addressed under subsequent projects with sovereign borrowers.

Innovation is central to the DFI value proposition. Examples include the development of new financial instruments and investment products, such as sustainability bonds, and impact investment. Similar innovation is needed to help Clients develop appropriate financial instruments to cover needed remedial action. There are a range of financial instruments that can be used, depending on the circumstances, including third party liability insurance, guarantees, letters of credit, ring-fenced assets including escrow accounts, and trust funds.[23]

Innovation has also been apparent in the legal field, including the introduction of baseline E&S contractual provisions that can be tailored to project specific circumstances as appropriate. **DFIs are invited to consider the proposed clauses in the OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (Box 3)**, in this regard. One potentially impactful innovation might be to consider alternative avenues to dispute resolution, such as arbitration, as discussed in the Guide.

Box 3: OHCHR Guide to Contractual Provisions for Remedy in DFI Financing

As part of OHCHR's series of publications on remedy responsibilities in DFI financing, the *Guide to Contractual Provisions for Remedy in DFI Financing* offers practical pointers on remedy provisions in DFI loan agreements and equity investment agreements.[24] The Guide includes both drafting considerations and suggested contractual provisions to help the DFI and the project to fully and accurately assess all costs and benefits of the project and its impacts, and in turn benefit project-affected people through avoidance, minimization, and remedy of adverse project impacts. It also includes an annex that provides a summarized analysis of financial mechanisms used by DFIs in private lending to set aside funding, such as third-party liability insurance, guarantees, letters of credit, ring-fenced assets including escrow accounts, and trust funds. The intended audience includes DFI legal and operational staff, management and Executive Board members of DFIs concerned with drafting and reviewing contractual provisions in DFI financing, as well as law firms and civil society.

D. Remedy can improve DFI efficiency and cost-effectiveness and benefit Clients

Providing access to remedy can make fulfilling DFI missions more cost-effective and efficient. In addition to helping to avoid situations where an investment inadvertently contributes to E&S harms, access to remedy can provide cost savings and efficiency gains for DFIs and their Clients. A recent study using data from a range of DFI projects supports the proposition that prevention is more cost-effective than cure. The study found that "the financial damage caused by social risks…can…be *up to four times higher* than the cost of risk mitigation…"[25] Another study exploring costs of conflicts with local communities emphasized that it only gets more expensive to try to "buy support" later in the project lifecycle.[26]

In cases in which remedy is not made available and conflicts emerge, the institutional costs (such as staff and management time and resources) incurred by DFIs attempting to resolve the conflicts are likely to far exceed the costs of remedy. Assuring local communities, workers, and stakeholders that the DFI and its client provide access to grievance mechanisms that can help provide remedy will contribute to building support for projects, and enable projects to move through approval and implementation without getting mired in costly conflicts. **By being solutions-oriented, DFIs and their Clients can prevent harms from compounding and grievances from escalating. The result is less harm to people and the environment, fewer project disruptions for Clients, and increased support for future DFI projects, resulting in operational efficiency.** For the DFI, early action on remedy also avoids tensions and reputational risks related to unfulfilled management action plan (MAP) commitments following an IAM compliance review.[27]

For Clients, E&S requirements often involve tangible and visible front-loaded costs and operational changes, while the benefits of avoided impacts, at least in the short term, may be less visible and quantifiable. DFIs have a role to play in articulating the benefits of a proactive and robust remedy framework for Clients, highlighting that **the routine costs of basic preventive steps are on average far lower than the costs and management time required to respond to serious unaddressed grievances.** For sovereign borrowers, providing remedy can help them meet their obligations under international law. In times of budgetary stress, combining operational efficiencies with stakeholder satisfaction makes sense. For private sector operations, successful operations with effective conflict reduction and grievance redress mechanisms can improve a client's reputation, reduce operational and reputational risk, improve community relations, enhance long-term sustainability and associated sustainability ratings, and increase access to capital.

E. Specific remedy policies or frameworks can help DFIs reap the benefits of remedy

Given their mandates, DFIs have natural leadership roles to play in supporting and implementing remedial actions. **Specific remedy policies or frameworks that provide structure and predictability can help DFIs achieve their missions more effectively.** Clear, practice-informed, principled guidance can help a DFI take a consistent, effective approach to issues of remedy, increasing operational efficiency by streamlining analysis and decision-making.

Such a framework can set out the principles and procedures expected of both the DFI and Clients, outlining approaches and tools to be used. Any such framework should include commitments to: (i) repair or restore harm (reflecting DFIs' "do no harm" mandates); and (ii) improving development outcomes where possible (reflecting DFIs' development mandates). Preventive measures are already embedded in E&S Safeguards as part of standard due diligence and supervision. **A standalone remedy framework can add value in outlining: (i) preventive measures that are not already covered by the E&S Safeguards, (ii) institutional approaches to situations in which harm occurs despite existing preventive tools, and (iii) expected responses of the DFI and Clients.**

Critically, any **such DFI remedy framework should detail specific remedy approaches tailored to the full range of the DFI's financial instruments**, including debt, equity, capital market operations, trade finance, and financial intermediaries (i.e., commercial banks, investment funds, funds of funds). DFIs could demonstrate leadership by developing and implementing robust remedy frameworks that could be adopted by other DFIs and commercial financial institutions.

II. Updates on remedy policies and frameworks

OHCHR's 2022 Remedy Report[28] contained a detailed analysis of policies and practices on remedy by DFIs, IAMs, and select commercial banks. **Since 2022 there have been several additional explicit policy commitments on remedy among DFIs and commercial banks and investors**. The specific wording of the changes are set out in the Annexes to this Brief, and illustrative highlights are discussed below.

A. DFI policies incorporating remedy

The most significant changes in DFI E&S Safeguard policies[29] from a remedy perspective include:

Specific remedy policy frameworks

- IFC/MIGA's Interim Approach to Remedial Action is the first dedicated remedy policy or framework to be produced by an MDB or bilateral DFI. This framework includes recognition of the DFI's responsibility to contribute to remedial action when it has contributed to harms.[30]

MDB E&S sustainability policies (governing due diligence responsibilities of MDBs)

- Commitments to work with Clients to develop and implement measures to remedy harms (EBRD).

MDB E&S requirements for Clients

- Revised mitigation hierarchies that include specific commitments to remedy when avoidance or mitigation is not possible, and avoiding "off-setting" for social impacts (AfDB).
- Environmental and Social Management System/Plan (ESMS/ESMP) requirements that provide for planning for remediation (ADB, AfDB, EBRD), and which are predicated upon whether the client caused, contributed to, or was directly linked to impacts (EBRD).
- Specific requirements to include costs, including remedial costs, to implement the ESMP as part of the total project costs (AfDB).
- Remedy for specific labor harms (ADB, AfDB, EBRD).

Bilateral DFI policies

- Specific commitments to remedy, including recognition of the DFI's own responsibility to contribute to remedy when it has contributed to harm (BIO, IKI, OeEB, Swedfund).
- Revision of mitigation hierarchies to require remediation where prevention or mitigation is not possible (IKI).
- Provisions to debar a person or entity from procurement opportunities for refusing to engage in efforts to remediate identified environmental, social, and human rights harm stemming from their activities, including harm that may be identified through an IAM complaints process (DFC).

Commercial bank policies

For comparative purposes, it is relevant to look at the remedy policies and standards of several commercial banks. Several of those included are active in project finance, and/or may co-finance alongside DFIs, and some require their clients to use the IFC Performance Standards.[31] (See Annex III on commercial bank policy updates). **Positive examples from commercial banks are especially noteworthy given their lack of sovereign immunities and development mandates.** Examples include:

- The Equator Principles, which are based on the IFC Performance Standards, were updated in 2020 to include a reference to remedy,[32] followed by guidance on remedial action in 2022.[33]
- An increasing number of commercial banks (and to a somewhat lesser extent investors) across the globe are adopting policy commitments to human rights, some specifically aligned with or referencing the UNGPs, some specifically referencing responsibilities for remedy, and some with established grievance mechanisms aligned with UNGP concepts. See Annex III for the list of banks, benchmarks covering financial institutions, and investor initiatives.

B. The IFC/MIGA Interim Approach to Remedial Action (2025)

IFC and MIGA have taken the clearest steps towards a coherent and robust approach to remedy, through the adoption of an Interim Approach to Remedial Action (RAF) in April 2025.[34] The RAF is an interim policy being tested over a three-year period, which will inform the forthcoming update of the IFC/MIGA Sustainability Framework.[35] It represents a significant step forward and provides an important foundation on which other DFIs can build and improve.

The RAF provides a structured approach to addressing harm arising from E&S impacts of IFC and MIGA financed projects. It outlines a number of roles for IFC and MIGA in enabling remedy, while recognizing that clients have the primary responsibility for managing E&S risks and impacts and for implementing and funding remedial action. The approach consists of the following elements:

- **Prevention** – strengthening due diligence and regularly developing new tools to strengthen E&S risk management during project appraisal and supervision, including contextual risk screening, to prevent harm before it occurs.
- **Client Preparedness**, which is to be achieved through strengthening the assessment of client preparedness and capacity (both financial and technical) and assessing the potential sources and extent of leverage that IFC/MIGA may have with a client or relevant third parties. This includes stronger contractual provisions and capacity building for low-capacity clients.
- **Access to remedy** through a three-tiered approach of: (i) client operational grievance mechanisms, (ii) IFC and MIGA internal grievance response mechanisms, and (iii) the CAO, which is the IAM for IFC/MIGA.
- **IFC/MIGA contribution to remedial action through** (i) using available financial, contractual, and/or relationship influence and leverage to encourage clients and other responsible parties to take remedial action to address harm; and (ii) providing support for enabling activities including fact-finding, technical assistance, capacity-building, and/or community development activities.

The interim RAF did not include certain other useful proposals that were included in IFC/MIGA's earlier draft RAF,[36] notably important preventative measures to ensure that Environmental and Social Action Plans (ESAPs)[37] are adequately funded and contingency funding arrangements are in place for riskier projects. In OHCHR's view, these measures should become routine, even if not explicitly included in the RAF. The RAF also does not include a reference to IFC's Approach on Responsible Exit.[38] While the RAF refers to the need to consider the views of those harmed when deciding what action to take in community development projects, it does not do so when it comes to deciding on enabling activities.[39]

Importantly, the RAF includes scope for IFC/MIGA to contribute financially to remedy, albeit in attenuated terms.[40] In OHCHR's view, there is still a need to distill guiding principles from the recent practice of IFC in contributing to remedy, as well as from relevant policies and practices of other DFIs, in order to clarify expectations on the scope of DFI contributions, raise comfort levels, and contribute to more consistent and effective outcomes.

IFC has committed to define and track key performance indicators related to the interim RAF's efficiency and effectiveness, which will be used to monitor implementation, in consultation with CAO and other stakeholders.[41] **Establishing clear metrics that track what is important in delivering remedy, including an explicit focus on *outcomes* (not only preparatory steps)**, would be indispensable for the effectiveness of the piloting process in OHCHR's view.

C. IAM policies on remedy

OHCHR's Remedy Report noted that, as of 2022, several IAMs had adopted important policy commitments in relation to remedy. The positive features included: (i) specific recognition of the IAM's role in facilitating remedy; (ii) the ability by IAMs to self-initiate complaints; (iii) the power of IAMs to make recommendations to the Board and management on harms and changes to policies or procedures to prevent reoccurrence of harms, to be considered in Management Action Plans (MAPs) in response to non-compliance findings; and (iv) independent monitoring of the implementation of MAPs and recommendations in compliance reviews and agreements resulting from dispute resolution.

Since 2022, only two IAM policy updates had been completed: that of the World Bank's Inspection Panel (which focused on a limited set of issues) and that of the Asian Infrastructure Investment Bank (AIIB) Project-Affected People's Mechanism,[42] which only resulted in limited improvements.[43, 44] As of March 2026 there were numerous other IAM policy revisions underway, often informed by independent expert reviews (See Annex II). **All expert reviews published to date have emphasized that facilitating and supporting access to remedy should be a core function of an IAM and recommended how to integrate remedy into IAM policies.**

Box 4: Expert reviews: Remedy is a core function of IAMs

The ADB expert review noted "[*i*]*t now seems inevitable that the effectiveness of an IAM will hinge on the commitment to deliver quality outcomes to affected parties within reasonable timeframes. Therefore,* ***MDBs must increase focus on remediating harm*** *revealed by a compliance review* ***with specific, time-bound actions in remedial action plans or MAPs****."*[45]

The AIIB expert review noted that *"****[i]t is increasingly common for IAMs procedures to state the mechanism's role in facilitating remedy*** *…"*[46]

The objectives of the EBRD IPAM update process include consideration of best practices in accountability with a particular focus on remedy and safe access.[47] (See Box 5)

Box 5: Good IAM policies

Following extensive consultations with DFIs, IAMs, CSOs, and other relevant stakeholders, OHCHR published an **"Independent Accountability Mechanism Assessment Tool – Benchmarking against the UNGP Effectiveness Criteria,"** in Annex II of its 2022 Remedy Report. The Annex examined each of the "effectiveness criteria" of UNGP Principle 31 in relation to IAMs and identified indicators that may facilitate the application of the criteria to IAM functions.[48] Several IAMs have since used these criteria in support of their own effectiveness self-assessments. The self-assessment of GCF's Independent Redress Mechanism is particularly noteworthy in terms of its methodological rigor, comprehensiveness, and transparency.[49]

In 2024 a group of CSOs with expertise on IAMs produced a "Good Policy Paper: Guiding Practice from the Policies of Independent Accountability Mechanisms"[50] which purported to reflect the best policy provisions that currently exist within IAM policies, while noting that many policy improvements were still needed in order to better serve communities.[51]

D. Mutual Reliance Frameworks – potential implications for remedy

Mutual reliance frameworks are formal agreements between two or more DFIs to rely on each other's policies, procedures, and standards for all stages (i.e., design, preparation, appraisal, supervision, completion, evaluation) of a co-financed project. The G20 Leaders have called for MDBs to "*[p]romote mutual reliance agreements, and upward harmonization toward the highest standards, and policies, whenever possible, to streamline the application of best available approaches and policy requirements.*"[52] This includes MDBs' accountability functions. These mutual reliance approaches are intended to generate efficiencies, time and cost-savings, closer alignment of policies of borrowers and the banks, and ultimately better outcomes. The development of mutual reliance frameworks is now actively underway.[53]

The World Bank-ADB Full Mutual Reliance Framework adopted in February 2025 is the first such publicly available framework.[54] Under the agreement, projects co-financed by the World Bank and ADB will use one set of rules, applying the policies and procedures of either the World Bank or ADB for all aspects of a project. As structured, project-affected communities may access only the IAM of the DFI designated as the "lead lender," not the IAM of the other co-financing institution (known as the "trail lender"). The UN Working Group on Business and Human Rights and CSOs have argued that **both institutions – and not just the "lead lender" – should retain the responsibility to facilitate remedy, as this responsibility cannot be delegated.**[55]

This structure has generated concerns that these frameworks will lead to lower standards in situations where the IAM of the "lead lender" is weaker than that of the "trail lender." While the World Bank and ADB have concluded that the accountability mechanism policies of both institutions are aligned in terms of mandate, scope of review, decision-making authority and remedies,[56] the IAMs of the two DFIs and a number of CSOs have highlighted **numerous policy differences between the two IAMs**[57] **that may have significant impacts on complaints.**[58] CSOs have prioritized eight areas for upward harmonization to achieve the highest standards of accountability.[59] The World Bank Board has proposed that these differences will be noted on a case-by-case basis, in consultation between management and with the "trail IAM" acting as an observer. Beyond this there seems to be little available guidance on how such tensions will be resolved.[60] **In OHCHR's view, complainants should be entitled to the application of the higher standard in each circumstance, and retain the choice among the two IAMs to which they wish to bring a complaint.**

In April 2025, EIB and EBRD signed a Mutual Reliance and Cooperation Agreement on E&S issues.[61] The EIB Complaints Mechanism and the EBRD Independent Project Accountability Mechanism committed to the principle of "no dilution of rights for complainants." CSOs have welcomed this principle, which is absent in the World Bank-ADB Framework. However, **there are significant differences between EIB and EBRD E&S Safeguards and IAM policies which may create challenges for applying the principle in practice.**[62] The text

of the agreement[63] clarifies that both the EIB and EBRD "Accountability policy continues to apply and will not be derogated from," and that each Accountability Mechanism will "review the actions and/or omissions of its own institutions." **In OHCHR's view, the EIB-EBRD approach to mutual reliance is stronger than the WB-ADB approach in that the EIB-EBRD approach acknowledges that both IAMs should be available, and is guided by the principle of "no dilution of rights."**

III. Updates on grievance mechanisms – an unfinished road to remedy

Grievance mechanisms make it possible for problems to be addressed early and remedied directly. They usually exist at multiple levels: the client level (and if the client is a financial intermediary (FI) then at the FI and potentially sub-project level) and at the level of the IAM. A growing number of MDBs are adding management-level grievance mechanisms (MLGMs) at the intermediate level. Greater choice of mechanism should offer project-affected people more pathways to remedy in practice.

A. Addressing complaints at the client level

Since the IFC's first Performance Standards in 2006, E&S Safeguards have consistently required Clients to have grievance redress mechanisms (GRMs) in place. To the extent that Clients succeed in resolving grievances and providing remedy, there will be less pressure on DFIs to do so and fewer externalities imposed on other stakeholders. With this in mind, several DFIs have developed guidance on improving client grievance mechanisms[64] as have some IAMs.[65] The World Bank published a global overview and stock-take of GRMs in Bank-financed projects[66] and produced a valuable set of knowledge products on the prerequisites for effective GRMs and on fostering inclusion and assessing GRMs through a human rights-based approach.[67] EBRD developed guidance on GRMs for its FI clients including on the need for credible evidence on grievance handling and on the potentially prejudicial inferences that may be drawn when FIs or FI clients report "zero" grievances.[68]

However, there still seems to be a need for more systematic and regular evaluation and published analysis about how Client GRMs are working in practice. Common constraints on effectiveness include a lack of independence of the mechanism from the Client, inadequate consultation with potentially affected communities concerning the design and operation of GRMs, and the inability to deal with more serious grievances, particularly harms that may amount to crimes. Guided by the World Bank's example, it would be important for all DFIs to more systematically analyze the effectiveness (or ineffectiveness) of Client GRMs to better understand the conditions under which such mechanisms can better provide remedy. As in the case of IAMs, discussed earlier, **the consistent use of the UNGPs "effectiveness criteria" would help to promote consistent, reliable assessments of GRMs and draw attention to common problems that need to be addressed.**[69]

B. Addressing complaints within DFIs – new management-level grievance mechanisms

Several DFIs, beginning with the World Bank and IFC, have set up or are setting up management-level grievance mechanisms (MLGMs) to address E&S complaints brought to the DFI's attention, separate from the institution's IAM (See Box 6).[70] Complaints can usually be brought to the MLGM if complainants believe that a DFI-supported project has or is likely to have adverse effects on them, their community, or their environment. Complaints are handled by the DFI in cooperation with the Client and are intended to resolve E&S concerns "as quickly and efficiently as possible."[71]

As noted above, **evidence indicates that DFIs have often missed opportunities to build and exercise leverage early to resolve grievances.**[72] Hence, in principle, it is helpful to have multiple avenues through which complainants can raise and resolve their concerns about DFI-funded projects.[73] In addition, in some cases MLGMs can play an important preventative role not available to IAMs. This is true in circumstances

where the MLGM (but not the IAM) can consider complaints prior to Board approval (i.e., during project preparation, when preventative steps may be most effective). MLGMs may also be able to examine a wider spectrum of E&S concerns without requiring links to specific policy provisions, as is required for most IAMs.

While MLGM procedures formally (and appropriately) avoid limiting access to the DFI's IAM, it is important to ensure that access to IAMs is not undermined in other ways. This could happen, for example, by practically restricting access to or seeking to bypass IAMs, undermining IAMs' independence, or supporting an internal culture wherein the role of the IAM is not valued. Such practices could fundamentally undermine the core purpose of IAMs in providing accountability, which is central to MDBs' value proposition.[74] On the operational level, there may also be risks associated with prolonged interactions and dialogue between MLGMs and complainants in certain situations. As project implementation proceeds, the possibility of introducing substantial changes based on agreements with communities diminishes considerably. Where management interventions are time-consuming and ultimately unsuccessful, this may reduce or eliminate opportunities to resolve complaints through the IAM's dispute resolution services.

When considering possible tensions between MLGMs and IAMs, it is relevant to take into account their respective caseloads. Taking the oldest MLGM as an example, the World Bank Grievance Redress Service (GRS) Annual Report in 2024 noted that the GRS received 723 complaints in fiscal year 2024. A total of 180 complaints were deemed eligible and a total of 149 cases were closed in fiscal year 2024, including 71 carried over from the previous year. During the same period, the World Bank's IAM, the Inspection Panel, registered only seven cases. It would be important to understand the reasons for this striking discrepancy in case volume and whether, in effect if not by design, the introduction of the GRS is in any way limiting access to the Inspection Panel; it would also be important to consider whether there are lessons the Inspection Panel could learn regarding why so many more complaints are filed with the GRS.

Beyond the tensions outlined above, **there are a number of critical areas where MLGM operating principles and complaint-handling procedures fall short of those of most IAMs:**[75]

- **Independence and reporting lines:** The hallmark of IAMs is the "I," which stands for "independent." IAMs report to DFI Boards, rather than to DFI Management, and thus may address and resolve complaints independent of DFI Management and Clients. The first criterion in the UNGP "effectiveness criteria" for operational level grievance mechanisms (Principle 31) is "legitimacy," which includes the interlinked factors of independence and trust that are crucial to effective grievance handling. In contrast, MLGMs report to DFI Management and include the E&S teams and operational teams that are engaging with the Client. While the aim is to facilitate faster engagement with the Client and resolve complaints quickly, the extent to which complainants are made aware that MLGMs involve the same departments that approve and supervise projects, and are informed of the conflicts of interest to which this may give rise, is not clear.
- **Predictability of possible outcomes:** IAM policies clearly describe the procedures and pathways for resolution of complaints. IAMs also publish information about how each complaint is resolved (or not).[76] In contrast, none of the existing MLGMs provide information on the kinds of remedial outcomes they can provide or work with Clients to provide. These mechanisms also do not publish details on results that have been achieved in practice.[77] Hence affected stakeholders have no information going into the process regarding what they can expect in terms of specific outcomes, nor other examples to refer to.
- **Transparency:** There are clear differences in transparency between IAMs and MLGMs. Transparency is a prerequisite for the effective operation of IAMs. IAMs generally report publicly about complaints filed – including how they were handled, resolved, and monitored – accompanied by documentation of complaints, and their investigation or resolution though agreements, subject to any confidentiality redactions. They also typically have an active outreach and communication function to highlight the functioning and availability of the mechanisms. In addition, IAMs have a consistent practice of consulting publicly on their policies. These practices are far ahead of those of MLGMs. While the World Bank GRS provides a very brief list of the complaints which the GRS has deemed eligible, there is no further

information on how cases are resolved. It provides an annual report but it includes only very brief descriptions of the resolution of a small selection of cases. Other MLGMs do not even provide a list of projects with complaints. IFC does not disclose information on the projects subject to complaints nor how complaints are handled, either in relation to individual cases or aggregated statistics. The IDB and IDB Invest MLGMs provide general overviews in their annual reports, but neither discloses information about specific projects or if or how complaints were resolved.[78]

- **Non-compliance:** IAMs have an explicit mandate to handle complaints about the parent MDB's non-compliance with specific operational policies (typically E&S Safeguards). MLGMs do not, and there is no clarity about what happens when MLGMs identify instances of E&S policy non-compliance. Given the volume of cases handled by MLGMs, it is difficult to imagine that there would be no compliance issues. None of the MLGM procedures currently provide for referral to the institution's IAM. This may contribute to the unfortunate impression that MLGMs are preventing complaints about policy non-compliance being routed to IAMs.
- **Processes:** IAMs also provide dispute resolution, supported by in-house or independent and impartial expert mediators trained in dispute resolution. These mediators apply the full set of dispute resolution processes – from designing through to monitoring of agreements reached – with procedures designed to reduce power asymmetries among parties. MLGMs function through complainant engagement practices focused on problem solving, which may not be supported by independent, impartial expert mediators trained in dispute resolution.
- **Involvement of complainants:** IAMs involve complainants in the process of responding to complaints, in compliance reviews and (especially) dispute resolution. In contrast, some MLGMs appear only to inform complainants of solutions once the MLGM and Client have determined a response.[79]
- **Non-retaliation policies:** Most IAMs have explicit policies concerning non-retaliation. In contrast, none of the MLGMs so far appear to have addressed non-retaliation or published commitments to follow up on concerns about reprisals. This appears to be a critical omission in OHCHR's view, given: (i) the rising number of threats and attacks against complainants in relation to DFI-financed projects worldwide, (ii) MLGM's close functional links to Clients in the course of handling complaints, (iii) the numerous potential leverage options available to the DFI (as distinct from an IAM), and (iv) the "zero tolerance" policy commitments of many DFIs.
- **Confidentiality:** IAM policies typically provide for confidentiality with respect to specific information if requested by the complainant due to fear of retaliation or other concerns. However, the policies of some of the MLGMs are less clear on this issue. The World Bank's GRS contains a blanket confidentiality policy, with the stated justification of protecting complainants. However, unlike IAMs, confidentiality applies even where complainants have not requested it. Given the MLGM policy gap in relation to non-retaliation, noted above, and given the relative lack of transparency of MLGMs generally, the question arises whether the GRS's approach to confidentiality may be influenced by sensitivity to adverse publicity as much as the need to protect complainants.
- **Outreach:** IAMs typically have active outreach functions. It is unclear what kind of outreach MLGMs undertake on the availability and functioning of their mechanisms. The GRS carried out a public consultation on its initial procedure, but not on subsequent updates, and no other MLGMs to date have consulted publicly on their procedures.[80] The extent to which MLGMs make complainants aware of the availability of the IAMs and make the IAMs aware of the complaints being handled by the MLGM is not clear. These transparency gaps make it difficult, if not impossible, for affected stakeholders and others to assess the effectiveness of MLGMs. At the same time, DFIs are missing the opportunity to account publicly about their actions to support remedy.

In OHCHR's view, it is important for MLGMs to: (i) address the concerns highlighted above; (ii) draw on good practices from IAMs in improving transparency, involvement of complainants, non-retaliation, and confidentiality; and (iii) be designed and structured using the UNGP "effectiveness criteria" for grievance mechanisms.[81]

Box 6: DFIs with MLGMs for E&S complaints

- IFC established a Stakeholder Engagement and Response Team that handles E&S complaints submitted directly to IFC. The response team's website notes that "responding to E&S complaints raised by external stakeholders is critical to achieve positive E&S outcomes and to demonstrate IFC's commitment to accountability."[82] The website includes a two-page explanation about the process the team follows to address complaints.[83]
- IDB set up an internal complaint handling process through its Environmental and Social Grievance Protocol, to provide stakeholders with a direct channel when they want to file a grievance about the E&S performance of IDB-financed operations.[84] IDB very usefully provides a link for E&S complaints on every project page. However, the online form does not make clear whether the complaint will go to an internal team at the IDB or to IDB's IAM (MICI).[85] It would seem important to clarify this important question.
- IDB Invest set up a Management Grievance Mechanism in 2020 that explains the steps to be followed. However, like the IDB Protocol, it is not clear who will be handling the complaints: there is no description of the team or reporting line of those handling complaints.[86]
- The World Bank's Grievance Redress Service notes that it provides an avenue for individuals and communities to submit complaints directly to the World Bank.[87]
- As of 2026, ADB, AIIB, and EBRD were reported to be in the process of setting up some form of MLGM.[88]

C. Addressing complaints through IAMs – DFI case updates

Despite the caveats and qualifications discussed above, DFIs *have* been working with Clients and other funders to enable remedial actions, sometimes in very complex conditions, and have at times contributed directly to remedy themselves. Boxes 7, 8, and 9 below highlight a selection of examples of recent DFI actions to enable those adversely affected by DFI-funded projects to receive some measure of remedy in practice through both IAM dispute resolution and compliance investigations.

The examples are only illustrative, and the final outcomes generally do not give full effect to complainants' requests for reparative actions. Reported reasons for this include disagreements about the full scope of needed reparative actions, a lack of follow through on commitments by Clients or DFIs, and changes in circumstances.[89] The examples are nonetheless important because they demonstrate that DFIs can and do engage actively in enabling and, at times, directly providing a broad range of remedial actions together with Clients, even in very challenging circumstances. It is also important to note that, **beyond publicly reported cases, DFIs have often contributed to remedy "under the radar," and many E&S issues are routinely addressed through ordinary project supervision.**

The remedial actions reported in Boxes 7, 8, and 9 are those that have come to light because of complaints brought to IAMs. Their IAM provenance is a mixed blessing: on one hand, IAM complaints can help generate public attention and Board and stakeholder pressure, which tends to motivate stronger institutional responses. But on the other hand, a disproportionate focus on complaints to IAMs (which see only a small fraction of projects in DFI portfolios) can generate a skewed picture on the overall state of remedy in any given DFI. A focus on IAM-driven non-compliance complaints may also inadvertently stigmatize IAMs as "part of the problem" from their parent institutions' perspectives. An IAM focus may also deflect attention from the need for DFIs to more proactively engage on remedy in practice in operations that do not involve IAM complaints and to be more transparent about it.

Beyond illustrating the evolving boundaries of achievement on remedy, **the examples in Boxes 7 and 9, taken together, also help to refute the (weak) contention that DFIs cannot directly contribute to remedy without taking on unacceptable costs and litigation risks, and without generating perverse incentives and unmanageable "moral hazard" concerns** (see further Section IV below). While they often begin from an adversarial posture, the cases eventually produced positive outcomes for the DFI, Clients, and project-

affected people. The examples also identify the wide range of reparative actions, again highlighting that remedy is about much more than financial compensation.

As noted above, the adoption by all DFIs of an explicit remedy policy or framework, integrated within each institution's E&S Safeguards and IAM policies, would enable more consistent outcomes of this kind. **More consistent tracking of E&S outcomes and reporting of remedy, including through GRMs and MLGMs, would contribute to a clearer understanding of the state of remedy**,[90] and help normalize remedy, making it an accepted and routine part of financing and providing an evidence base about what DFIs and their Clients are doing to address the remedy gap.

Box 7: Examples of DFIs enabling and providing remedy following IAM complaints[91]

The list of examples discussed here were triggered by IAM complaints that involved both non-compliance and dispute resolution findings. They illustrate a broad range of remedial actions, often in combination.[92] As important and instructive as these examples are, however, the outcomes rarely if ever fully met complainants' stated needs.[93]

IDB (2025) Bolivia Rural Land Regularization and Titling Program: The complaints alleged potential harm in relation to the living conditions and patrimony of indigenous communities linked to incomplete and defective land titling and management processes.[94] MICI facilitated a dialogue process among the parties, including IDB management, generating a safe space to address the demands of the Indigenous People and concerns of the State in relation to the rights of an uncontacted Indigenous People. In 2025, the President of Bolivia signed a decree granting territorial title in favor of the Tacana People of TCO Tacana II, concluding a struggle initiated more than 25 years prior and contributing to the protection of Amazonian biodiversity. The complainants' representatives noted that the case "illustrates that MDB accountability mechanisms can not only deliver remedy but also enhance development outcomes."[95]

World Bank (2025) Tanzania REGROW project: The project involved World Bank financing to support management of four of Tanzania's national parks. Complaints included issues around resettlement of communities living inside park boundaries, livelihood restrictions on access to park resources previously relied upon, and violent conflicts between park rangers and local communities living in and near the parks. In response to the Inspection Panel's findings of non-compliance, the World Bank provided technical assistance to the government to enable it to apply for a USD$2.8 million project by a Japanese trust fund for alternative livelihoods for communities inside and around the park, and facilitated legal advice through an NGO for victims of crime who wished to pursue justice through the courts and receive psychosocial support. It also proposed a new IDA-financed operation that would scale up locally led community climate actions and support alternative livelihoods across the entire country (rather than being specifically targeted to those involved in the complaint).[96] The complainants requested a broader set of actions to reverse the Park's expansion and seek compensation for past impacts. The Bank found that the "demands are not supported by the Panel's findings and exceed the Bank's mandate."[97] The representatives of the complainants continued to challenge this finding following the Board's adoption of the MAP.[98]

IFC (2025) Liberia Salala Rubber Corporation: This project involved an IFC loan in 2008 to Salala Rubber Corporation in Liberia to support the rehabilitation and expansion of a rubber plantation. The 2019 complaint raised a range of complaints involving land grabs and forced evictions, lack of consultation, economic displacement and loss of livelihood, employment conditions and labor rights violations, water pollution, gender-based violence and harassment (GBVH), and threatened reprisals and intimidation. In response to a CAO compliance review[99] IFC agreed to directly finance a Community Development Program offering services to over 80 communities in the vicinity of the rubber plantation operations. Over a 3-5 year period, the Program intends to directly support: (i) community-based services for SEAH survivors according to a survivor-centered/informed approach, prioritizing women's empowerment activities and livelihood

restoration; and (ii) community-based activities on improved agricultural techniques and inputs, skills training, financial literacy, and opportunities to access microfinance.[100]

FMO and DEG (2025) Panama Barro Blanco hydroelectric project: FMO and DEG invested in the Barro Blanco hydroelectric dam in Panama which, in 2014, led to a complaint to the Independent Complaints Mechanism (ICM) shared by FMO and DEG. In its final monitoring report, ICM recommended that a community fund be established to remediate residual impacts as part of project exit.[101] In June 2025, following a dialogue process, a community development program was eventually agreed upon, accompanied by an important acknowledgement by the DFIs that "[b]oth FMO and DEG [as lenders] deeply and profoundly regret the negative impacts on the livelihoods and well-being of the Ngäbe people that occurred as a result of the construction and operation of the Barro Blanco Project which we partially financed."[102] All elements of the agreement were discussed and validated through a participatory process in each community and the costs for the community program are covered by DEG and FMO.

IFC (2024) Guinea AngloGold Ashanti/Siguiri Gold Mine: This case involved an IFC investment through a financial intermediary (South African Nedbank). Nedbank's client, AngloGold Ashanti's Guinean subsidiary, operates the Siguiri gold mine in Guinea.[103] The complaint concerned failures to adequately compensate and restore livelihoods of local community members following a resettlement process associated with the expansion of the mine. CAO mediators facilitated the dispute resolution process. IFC agreed to support the remediation process by providing technical assistance to the community to help them identify sustainable and feasible livelihood development projects.[104]

AfDB (2024-) Uganda LEAF II Fisheries & Water Resources Management project: This project involved a fisheries and water resource management project covering the Lakes Edward and Albert Basin, which forms a part of the Rift valley lakes shared between Uganda and the Democratic Republic of Congo. The human rights violations reported in connection with this project were particularly severe, including multiple killings, torture, and GBVH allegedly perpetrated by the Uganda Peoples' Defence Forces-Fisheries Protection Unit. AfDB's Independent Review Mechanism (AfDB-IRM) produced a thorough compliance review report with detailed recommendations on remedy[105] which, in 2024, was accepted by AfDB's management and Board and incorporated into a MAP. Noteworthy elements in the MAP included a Resettlement Action Plan completion audit and compensation process, the establishment of an independent mechanism to investigate and remedy human rights abuses, and a commitment by AfDB to contribute resources to remedial actions as needed through existing agricultural projects.[106] As of January 2026 implementation of the MAP was still underway. It is expected that final outcomes will be reported in 2026/2027.

IDB (2023) Colombia Ituango Hydropower Plant:[107] This project provides an example of the remedial measure of "non-repetition." IDB Invest exited the project in December 2021 due to the early repayment of the loan, even though a MICI compliance investigation process was still ongoing. Consequently, the report recommended that Management develop a Responsible Exit Framework that takes into account, among other factors, pending E&S impacts, as well as any E&S issues that were the subject of the complaint.[108] In response to this and other cases, IDB Invest developed a Responsible Exit Framework, aimed at contributing to responsible exits across the board, which was published in November 2025.[109]

DEG, FMO, and OeEB (2023-), Cambodia: Following multiple complaints about DFIs' support to the microfinance sector and the impact on borrowers of predatory and deceptive lending practices and debt collection practices, DEG, FMO and OeEB have been engaging with the Cambodian Microfinance Association, the Association of Banks of Cambodia, the National Bank of Cambodia (NBC), several NGOs, the UN, and impact investors to better understand the situation and identify key actions to improve it. The UN initiated a multi-stakeholder engagement process[110] in cooperation with the NBC where key actors committed to ongoing dialogue. DFIs have financed projects and studies to support priority outcomes for system-wide change in the microfinance sector to avoid non-repetition of and solutions to systemic harms.

Box 8: Example of remedy following legal proceedings

IFC-Dinant/Ficohsa (Honduras): This case involved both a direct IFC client (Corporación Dinant) and an IFC financial intermediary client (Ficohsa), which had disbursed loans to Dinant.[111] CAO compliance review investigations resulted in a range of non-compliance findings. In addition to and separate from the CAO investigations, a number of plaintiffs filed a class action lawsuit in US federal court against IFC and the IFC Asset Management Company (AMC) (an IFC subsidiary) for their involvement in the Dinant loan and accused them of aiding and abetting gross violations of human rights.

IFC AMC ultimately agreed to pay USD$5.2 million to settle the case. The settlement sum will be used for community support interventions identified and selected by plaintiffs and class members and administered by EarthRights, a CSO representing the plaintiffs, for the benefit of the class members and others in the region who were similarly affected. In its press release in relation to the case, EarthRights drew attention to IFC's forthcoming work on a remedy framework and noted, presciently, that "***when an international financial institution fails to provide a remedy through any other avenue, [it leaves] communities with no choice but to bring them to court***."[112] (Emphasis added)

Box 9: Examples of remedy following dispute resolution

Dispute resolution services provided by IAMs illustrate the range of remedy outcomes achievable through consensus-building approaches, such as community-driven, voluntary agreements, or collaborative approaches, and that respectful processes can help to restore the dignity of complainants. This in turn can lead to greater satisfaction with the outcomes and increased levels of trust. The involvement of the IAM as an impartial and independent actor is not present in management or client-led approaches, and can provide an important impetus to reach consensus-building among DFIs, Clients, and those affected.

The Independent Consultation and Investigation Mechanism (MICI), the IAM of IDB and IDB Invest, published an analysis of remedial actions achieved through dispute resolution processes[113] that included the following examples, demonstrating the positive impacts of remedy in practice.

- ***Non-monetary compensation***: road improvements, technical support for complainants to adopt new income-earning activities, provision of equipment and inputs, support for vocational training, and infrastructure construction, among others.
- ***Restitution***: increasing access to sources of employment to reestablish livelihoods, constructing water systems to ensure access, expansion of reforestation programs, restitution of properties for housing or commercial purposes, and the repair of roads that are essential to the communities affected.
- ***Preventive/non-repetition measures***: allegations of potential impacts on water quality led to needed testing and monitoring measures, protecting sites considered culturally and historically significant, and developing plans and taking actions to reduce the risk of road accidents.
- ***Satisfaction***: measures aimed at respecting or appreciating the value of historical, cultural, or identity-related issues.
- ***Other actions***: access to information and transparency, production, and dissemination of technical studies; and promotion of active citizen participation.

Similarly, an analysis by CAO of outcomes in dispute resolution cases highlighted the following: "Agreements reached by companies and communities have involved, for example, return or replacement of land from land-take, training and skills development, health and community development programs, payment of unpaid wages, and payment for land at a reassessed value. They have also helped to prevent future recurrence of harm by catalyzing systemic changes to company policies and procedures, including improved company grievance mechanisms."[114]

IV. Addressing misconceptions about remedy

From modest beginnings, the issue of remedy is now squarely on DFIs' agendas. The IFC, funds like GCF and IKI, certain bilateral DFIs, the Equator Principle banks, and a growing number of commercial banks and investors have explicitly committed to engaging with and enabling remedy (See Annexes I-III). OHCHR welcomes the grounding of some of these institutions' commitments in the UNGPs, a normative framework which, along with the OECD MNE Guidelines, provides principles and interpretations to guide and harmonize approaches to remedy across all these actors.

The question from DFI Boards to their Management should be not "*can* we engage in remedy?" but instead "*how* can we engage in remedy most effectively?" Nevertheless, a number of concerns continue to be voiced about the desirability or feasibility of more robust and systematic approaches to remedy, particularly when it comes to the DFI's own roles and responsibilities. Unnecessarily defensive reactions may stifle innovation and informed risk-taking, and limit the scope of available solutions. The section below seeks to address some of the more common misconceptions.

A. DFIs are not being asked to assume, insure, or guarantee the role of Clients

Some have argued that strengthening a commitment to remedy is equivalent to asking DFIs to guarantee development outcomes or serve as the provider or insurer of remedy of last resort. This concern misunderstands the approach already incorporated into E&S Safeguards and relevant international standards.

- **DFIs are expected to carry out due diligence, supervise Clients, and use their leverage with Clients when harm and non-compliance occur to prompt Clients to act.** A central recommendation in this Analytical Brief is that **these actions should be taken more systematically, proactively, and effectively. This cannot reasonably be seen as the DFI stepping into Client's shoes.**
- **DFIs are not expected to cover costs for E&S harms on behalf of Clients.** Some appear to misunderstand or exaggerate the circumstances or extent to which DFIs are expected to contribute to remedy, and turn this into a claim that DFIs should contribute to remedy in each and every case where the Client fails to do so. However, this is not a reasonable assumption or reading of what most stakeholders are expecting, in OHCHR's view. Rather, the more principled and nuanced expectation is that DFIs should take responsibility for their *own* actions and contribute to solutions *where and to the extent that the DFIs themselves have contributed to the harm*. This approach is consistent with what would be expected even of commercial lenders.[115] Beyond this normative baseline, in line with their development mandates, DFIs should be encouraged to view unmet remedy needs as a development opportunity in collaboration with the Client and other relevant actors.
- **DFIs are not being asked to insure remedial costs**. DFIs should be checking to make sure Clients have the human and financial resources to prevent and respond to E&S impacts through costed and budgeted ESAPs, especially for higher risk projects. Clients may be able to insure against certain types of potential harms, and DFIs may check the adequacy of insurance arrangements and require additional insurance or contingency financing in high-risk situations. This would be consistent with existing (good) practice. DFIs could also play important leadership roles in developing new financial innovations to support the financing of remedial actions in higher risk projects. However, it is not reasonable for DFIs to be expected to act as insurers themselves, in OHCHR's view.
- **DFIs are not expected to guarantee development outcomes**. DFIs can and routinely do help Clients with training, providing guidance on how to address challenging E&S situations, convening relevant parties to find solutions, and accessing funds and supporting technical studies. However, such actions cannot be seen as guaranteeing development outcomes.

B. Remedial actions are defined through processes, not open-ended financial commitments

Some have argued that committing to remedy is the equivalent of "writing a blank check" and will bankrupt Clients and DFIs alike. This argument imbues the remedy concept with unnecessary legalism and images of court cases, large compensation payouts, punitive damages, and so forth. However, **"writing a blank check" is *not* what DFIs currently do when enabling remedy solutions in practice,** is *not* consistent with the concept of remedy in existing DFI Safeguard policies and international standards, and is not what is being proposed in this Analytical Brief.

- First, **remedial actions can take numerous forms, which are already included in E&S Safeguards and mitigation hierarchies**. The appropriate form of remedial actions depends on what harms need to be addressed. It is perhaps not surprising that financial institutions may tend to equate the concept of remedy with financial compensation, but this may not be the most appropriate form of remedy or what affected people are seeking in a particular project. Financial compensation is just one of various forms of remedy built into existing E&S Safeguards as noted in Box 1. Moreover, from 1994-2022, when DFIs were engaged in an IAM process that led to remedy, direct financial compensation featured in only 7.8% of cases. Given IAMs see only 1-3% of projects in DFI portfolios and only a small percentage of complaints make it through the IAM process to resolution, the most generous estimate is direct financial compensation as a form of remedy featured in only 7.8% of 1% (or 0.078%) of DFI projects.[116]
- Second, it is not being suggested that DFIs or Clients commit to unlimited financial compensation. **Remedial responses, including any financial compensation, are tied to the costs of addressing harms**. If financial compensation is the most appropriate response, then it is provided to cover costs for goods and services needed to repair harms, compensation for time lost, payment of back wages owed, and so forth. Establishing the specific magnitude of financial resources needed to respond involves measured processes of dialogue, assessments, and technical studies as necessary. DFIs, IAMs, or Clients lead these processes in order to determine resources required.
- Third, based on recent research across all IAMs, **the most common cause of complaints to IAMs are connected with a lack of access to information and participation**,[117] the remedies for which do not involve compensation. Very frequently, **one of the most important wishes expressed by claimants is for formal recognition of the harms done to them.** There has sometimes been an unfortunate tendency to stigmatize project-affected peoples as "money grabbers" who only bring claims to gain access to financial compensation. Caricatures of this kind are not only grossly unfair to the intended beneficiaries of the development project in question, but are difficult to square with the data noted above.
- Fourth, **any suggestion that remedy could lead to bankruptcy is unfounded**. The suggestion that DFIs are not robust enough to provide remedy to project affected communities in the small proportion of cases where the DFI bears some responsibility for the harm is not credible, particularly given the costs DFIs routinely bear (for example, in relation to their non-performing loans) and their typically-large operating budgets. For Clients, based on available evidence, taking remedial action should in most circumstances provide a cost-effective way of addressing complaints, especially where complaints are addressed early and locally. Small, quick, practical fixes can be the most effective remedial actions of all in many circumstances. If a Client were to file for bankruptcy because it could not address harms, those harms caused by the Client would have to be very significant and widespread. In such a case, even if the Client were to find protection in bankruptcy, those actually harmed would suffer profoundly negative consequences with potential negative economic multiplier effect for the wider community.
- Fifth, **remedy commitments will not undermine credit ratings.** Any assertion to the contrary is not supported by an understanding of the basis for credit ratings, which rely on issues like capital adequacy, preferred creditor or treatment status, funding, liquidity, member/shareholder strength, and institutional and business profile (i.e., mandate, governance).[118] To the extent that independent credit rating agencies consider E&S Standards, strong E&S systems are considered to contribute to improved ratings.[119]

- Finally, it should be noted that **DFIs have found numerous ways to provide resources to address E&S issues**, even if not explicitly labeled as "financial compensation." Resources for remedial measures have reportedly come from project budgets, public or private sector Client budgets, DFI operational budgets, country program budgets, other projects in a country portfolio (including reallocation of equipment), trust funds and contingency financing arrangements, among others.

C. Committing to remedy does not expose DFIs to open-ended legal liability

DFI legal departments play influential roles in limiting DFI exposure to legal liability. Within legal departments, there is a common tendency to view remedy in terms of potential legal claims against the DFI. However, for a range of reasons, this concern is frequently over-stated:

- **Affected stakeholders with grievances concerning actual or potential harms under DFI funded projects do not have contractual claims against Clients or DFIs for remedy**. Committing to remedy is not equivalent to opening the DFI to contractual claims from those harmed, which would require third party beneficiary rights to be included in the DFI financing contract. OHCHR's Guide on Contractual Provisions for Remedy (see Box 3) includes drafting considerations that explain the aim of ensuring that promises made to project affected people in return for their acceptance of projects have legal backing. It also provides model clauses for DFI financing agreements as well as other options that DFIs and Clients may use, both inside and outside the DFI financing agreements, to strengthen the position of project affected peoples in claiming benefits, such as under ESAPs, Resettlement Action Plans, or other promises made during the project consultation and approval process.[120]
- As was discussed in Sections I and II above, remedy is not a new concept in development finance but is anchored in DFI mandates, E&S Safeguard policies and IAM policies, and an increasing body of practice. **DFIs and their Clients have been engaging in remedial action without exposure to open-ended legal liability.** Responsibility for remedy as reflected in E&S Safeguards should not be confused with or equated to liability under national law.
- Affected stakeholders may in principle be able to bring a claim against a DFI in **national court** for harms under tort law. However, **such claims are extremely unlikely to be successful** given the broad scope and construction of most jurisdictional immunities of DFIs, the many legal and practical barriers to litigating claims (particularly, international claims), and the narrow scope for lender liability claims in many jurisdictions, even against commercial banks, much less DFIs.
- **DFI legal departments have a range of tools to address any perceived exposure to liability**, including specific contractual clauses in financing agreements (See Box 3) such as indemnification clauses,[121] the use of structures such as caps, percentages, and set asides, and insurance mechanisms.[122] It is not clear why these tools would be considered insufficient alone or in combination to address any perceived legal risks for E&S harms when they are used routinely for other areas of legal risk.
- **Clients also can control their exposure to liability in different ways**, including through insurance. This is already a well-established practice for environmental claims and there is no reason in principle why this should be controversial or unattainable in relation to social issues.
- If potential E&S claims were as serious as they are sometimes portrayed, provision would need to be made for them in the DFI's financial statements. However, **legal claims (including those related to E&S) have not been reported in MDB financial statements, to OHCHR's knowledge**. This would suggest that legal liability for E&S issues and other matters has not been considered financially material for DFIs.
- The Global Emerging Markets Risks Database (GEMs) Consortium released research based on the tracking of risks over time that shows that the risks of investing in emerging markets is comparable to that of investing in advanced economies.[123] In other words perceived risks were much higher than actual risks. Similarly, **there appear to be a lot of perceived risks which are not actual risks when discussing remedy.** Those who continue to raise the specter of legal and financial risks in relation to remedy should be prepared to publish evidence so that DFIs, Boards, and stakeholders may have an informed debate on this matter.

D. Committing to remedy can further decrease litigation risks

One of the most persistent misconceptions about remedy relates to its perceived link to increased litigation risk. **Litigation risks should not drive DFIs' institutional positions on remedy because these risks are both very limited and are only part of an overall institutional approach to risk management.** There is a range of tools that should[124] and are being used to manage legal risks that are balanced and reconciled alongside the other types of risks in accordance with each institution's risk appetite.

- The existing track record clearly shows that **there is an extremely insignificant risk of litigation against MDBs and DFIs.** In the 80-plus years since the first MDBs were established, during which trillions of dollars in financing have been disbursed, there have been only two reported cases brought against an MDB[125] and one involving a bilateral DFI related to E&S issues.[126] This means only 0.0000001% of DFI financing has been subject to litigation on the basis of E&S harms. Such a small risk should not drive any DFI's institutional approach to addressing E&S harms.
- **DFI legal departments have not published evidence to support the proposition that DFIs are exposed to significant litigation risks for E&S harms**. Such information, if it exists, would contribute valuably to an evidence-based discussion on the reality of litigation risks and appropriate responses to those actual risks. In the one case against IFC that eventually made its way to the US Supreme Court, the Supreme Court dismissed IFC's claims about a "flood of lawsuits" as "inflated."[127]
- **There are numerous significant barriers to litigation for local communities,** especially in relation to cross-border litigation,[128] which is why even in the commercial sphere there are so few successful cases against financial institutions for E&S claims.
- **Litigation is not the preferred option of impacted communities facing adverse E&S impacts.** According to CSOs working with communities, most communities adversely impacted by DFI investments would strongly prefer to have their grievances resolved quickly through non-adversarial processes, rather than to undertake lengthy and costly litigation. Legal counsel in the two cases brought against IFC stated unequivocally that they would never have brought the lawsuits if IFC had taken action to respond to the harms following the CAO's findings.[129]
- **Litigation is preventable. The best way to *avoid* litigation or other legal risks arising out of E&S harms is to take proactive steps to address these risks during the early phases of the project**, using the proven methods built into E&S Safeguards. In the two cases of litigation against the IFC, there were multiple opportunities for IFC to address the issues. Both were the subject of CAO complaints with findings of non-compliance. Appropriate action early on or after the CAO findings would have been sufficient to prevent litigation.
- **Most MDBs have at least some level of immunity**,[130] which represents a significant barrier to any legal action. But even if DFIs did not have immunity, as noted above, lender liability for E&S harms involving commercial banks has been very limited.[131]
- **MDBs could test well-accepted alternative dispute resolution tools** like mediation or arbitration clauses in certain higher risk projects that would require Clients to commit to participating in resolution processes, thus providing a clear legal avenue on which those harmed could rely to engage Clients, and relieving attention on MDBs.[132]
- **MDBs bear a whole range of risks**, many of which are far larger than what the two litigated cases so far would represent. For example, IFC has over USD$800 million in non-performing loans,[133] AIIB has over USD$300 million,[134] and IDB over USD$2 billion.[135] Boards are encouraged to reflect upon why this level of risk exposure is acceptable, but accepting the risk of claims from those harmed in the handful of projects in which DFIs might have contributed, is unacceptable. The numbers do not add up, in OHCHR's view. As noted in the IFC/MIGA external review, "[a]s institutions, IFC/MIGA/CAO should not let the litigation tail wag the dog of effective E&S risk management."[136]

- **Finally, there is a reputational benefit of remedy**. The cases discussed in Boxes 7 and 9 have contributed positively to the respective DFIs' reputational capital and have not led to further litigation. Another good example concerns the World Bank's remedial response for SEAH-related harms in relation to the Transport Sector Development Project in Uganda.[137] In that case, the World Bank was widely praised for its response to Inspection Panel findings of non-compliance, which involved a wide range of actions to address GBV. They contributed to improved outcomes across World Bank projects[138] and prompted other MDBs to take action on these issues as well.

E. Remedy does not create unmanageable moral hazard for Clients

Some argue that if a DFI commits to remedial action Clients will be disincentivized from fulfilling their responsibilities to participate in remedy as they may expect that the DFI will step in instead.[139] The argument is that the greater and more open-ended the potential DFI commitment to remedial action, and the greater the extent to which the DFI could itself contribute to remedy, the greater the moral hazard. However, this argument is often put in unduly categorical terms and overlooks the following important factors:

- **No one is seriously suggesting open-ended, general commitments by DFIs to take remedial action in place of Clients**, such that DFIs would become the providers of remedy of last resort. Clients have the primary responsibility to remediate harms when they are the cause of or contribute to E&S harms. They are most closely engaged with the project and should be in a position to respond early. DFIs can strengthen requirements for Clients to respond where they may be reluctant to do so, including by improving contractual clauses,[140] using commercial leverage, and supporting Clients with capacity building support and/or technical assistance.
- The more principled and nuanced argument is that DFIs should take responsibility for their own actions contributing to harm. **If DFIs do not contribute to remedy when they contribute to harms, Clients end up paying for the DFI's shortcomings, placing an unreasonable and unfair burden on Clients and making projects more expensive for them.**
- **If Clients do not address the harms either, then it will be only the affected workers and communities who will bear the entire burden of dealing with harms.** This approach is not aligned with DFI mandates or basic principles of fairness or justice; the costs of E&S harms should not be borne by those who have not contributed to the harms and who have little or no influence over the project. On the current state of practice, this is a far more pressing and pervasive moral hazard concern than the problem of DFIs inadvertently disincentivizing client remedy actions.
- **If a DFI is completely insulated from responsibility for its actions, this weakens the DFI's incentives to undertake appropriate E&S due diligence.**

F. Remedy enables thoughtful risk-taking

DFIs are increasingly expanding their portfolios in fragile, conflict, and violence (FCV)-affected contexts. As unresolved grievances are among the leading causes of violent conflict,[141] DFIs should view the provision of remedy for E&S harms as one way to help ensure their projects do not add to unresolved grievances in such contexts.[142] To be clear, the suggestion is not that DFIs are responsible for resolving grievances in FCV settings that are unrelated to their projects, only that they should be even more careful in these settings not to add to the pool of unresolved grievances.

- Rather than discouraging risk-taking, **providing assurances that remedy is available in the case of adverse impacts opens opportunities for taking innovative approaches** to developing projects in high-risk situations. Risk-taking is easier to justify and harms easier to remediate when underwritten by a robust policy to remedy that ensures the DFI and Clients are ready to respond when appropriate.

- **Without assurances of credible access to redress, communities and workers may perceive risks in relation to a project to be even higher than they might otherwise be**, and may be reluctant or resistant to considering projects.[143]
- In high-risk situations, **contingency funding arrangements** are already an integral part of project design. There would appear to be no principled reason why such arrangements should not be extended to cover reasonable E&S costs of those who may be harmed by a project. Different types of contingency funding arrangements are already being explored (See Box 3).[144]

G. Committing to remedy can benefit DFIs' competitive advantage

DFIs face a competitive funding landscape in some (but not all) markets and may therefore be concerned about their competitiveness. E&S costs are a very small part of DFI project costs, while E&S additionality is considerable;[145] DFIs' own statements and findings underscore the value of E&S Safeguard policies. For example, the IFC estimates that noncommercial risk mitigation represented 30% of IFC's nonfinancial additionalities.[146] MDBs' and DFIs' convening power, expertise, and willingness to finance projects in high-risk environments mean that in the climate where commercial banks are actively discussing remedy, the MDBs and DFIs can gain competitive advantage by developing effective policies and examples on delivering remedies together with Clients.

- **There is a risk of the leading MDBs being edged out of their leadership roles on remedy**. Most significantly, DFIs' **commercial bank co-lenders have made important policy commitments to remedy.** The set of commercial banks most aligned with DFIs – the 129 Equator Principle Banks that apply the IFC Performance Standards – have already made policy commitments to remedy. Several individual commercial banks have explicitly accepted the "contribute to harm, contribute to remedy" principle and taken decisive practical actions on remedy, such as establishing remedy mechanisms (See Annex III). An increasing number of **commercial investors are also taking steps to address their own responsibilities and their investee clients' responsibilities for remedy.**[147]
- A growing number of **bilateral DFIs that co-finance with MDBs and commercial banks have already made policy commitments to human rights and specific commitments to remedy**, without thereby compromising their competitiveness (See Annex I).
- As noted above, **independent credit rating agencies consider strong E&S Standards to be an integral part of the leading MDBs' credit ratings.** A commitment to remedy will not reduce a DFI's credit rating.[148]
- Some have raised concerns that costs will be increased for Clients unnecessarily, including by requiring "blanket contingency financing requirements"[149] to cover remedial actions for all Clients. OHCHR agrees that a blanket requirement would neither be feasible nor necessary, however the more reasonable expectation should be that **contingency funding should be required in high-risk projects.** This is already a well-accepted practice in project finance.[150]
- As noted above, if DFIs do not take responsibility for their own actions, the resources needed to deal with harms falls entirely on Clients. That would make DFI financing more expensive, not to mention putting an unfair burden on Clients.

H. Remedies should respond to harms rather than predetermined options

If the right to a remedy and the principle of accountability are taken seriously, **whether and how to provide a form of remedy should be informed by engagement with the affected individuals and/or community and respond to the type of harm suffered** – e.g., whether the harms are individual or more collective in nature. That means involving those harmed in the process of designing a response and discussing proposed solutions with them, rather than providing only a predetermined list of (limited) options, or presenting a "take it or leave it" option. These are not easy issues to address and would benefit from further guidance within a remedy framework (see Section V).

- Financial compensation is already provided for in several different E&S Safeguards and is in all standard mitigation hierarchies.[151] **DFIs should not pre-emptively exclude financial compensation as a potential form of remedy in circumstances when it may be appropriate.**
- **Collective responses to harms can be appropriate where harms have affected a group and where the group has requested a collective response.** In these cases, collective responses such as community development programs can be appropriate and provide an opportunity not only for repair but for development. While collective responses may be more palatable for DFIs and Clients, they should not substitute or preclude remedy for individual project affected people (i.e., where there have been individualized harms and those individuals request individual responses). Combinations of individual and collective responses often are useful and may be particularly so in these circumstances. In cases of individual harm, relying only on collective responses such as community development programs may raise comparisons to "offsetting" (where a collective response "offsets" the individual harms, which ultimately are not addressed).[152]
- **The fulsome response of DFIs to gender-based violence (GBV), sexual exploitation, abuse and harassment (SEAH) and child safeguarding has been notable and welcome**. Numerous DFIs have put policies in place, developed guidance, and provided training to staff and Clients alike. These demonstrate that DFIs are seeking to address harms to some of the most vulnerable or marginalized people. Harms like GBV/SEAH and child sexual abuse can create additional trauma and stigmatization and may reduce individuals' agency and ability to come forward to raise complaints or to enjoy the benefits of community development project.[153] Guidance from mandated UN agencies working on GBV in conflict situations makes it clear that individual and collective approaches to remedy should be seen as complementary.[154] Any categorical exclusion of individual reparations or types of reparations requested (such as financial compensation) in these circumstances would seem particularly difficult to justify, in OHCHR's view.

V. Recommendations

Project-affected communities and their representatives continue to raise concerns about unremediated impacts of DFI-financed projects. Despite the progress noted above, **further work is needed to embed remedy more firmly and widely within the organizational culture and operational policies of DFIs, and to encourage more consistent and effective practice**.

The recommendations in this Analytical Brief are necessarily limited in scope. The fuller set of recommendations in OHCHR's 2022 Remedy Report remain relevant and valid.[155] However in light of the research and consultations undertaken for this Analytical Brief, OHCHR would highlight the following:

A. Recommendations to DFIs and their Boards

Policy

- **Adopt a remedy policy or framework** that sets clear commitments to remedy, incentivizes prevention, and prepares the DFI and its Clients for remediation and non-repetition. Include the "contribute to remedy, contribute to harm" principle for the DFI. **Do not exclude from consideration specific types of remedial actions such as financial compensation a priori.**
- **Commit to operationalizing the "do no harm" dimension of mandates** by repairing harm (at a minimum), **and the sustainability development dimension of mandates** by improving conditions wherever possible.
- **Include commitments and procedures to ensure that those harmed have a voice in the process** of deciding on and designing reparative solutions.
- **Link the remedy framework to guidance that addresses responsible exit** for DFIs and Clients so that E&S harms are not left unresolved or unplanned for upon exit. Incorporate any unaddressed E&S issues in Project Closure Reports so there is a clear publicly available record.
- **Move from a positive development impact measurement system to a net measurement of development impact system that incorporates both negative and positive impacts**, in which effective

remedial action counts as neutralizing negative impacts, and if remedy results in improved outcomes, it counts as a positive development impact.

Leadership, culture, and staffing incentives

- **Communicate clearly**, from Board and Senior Management levels, **that remedy is central to achieving "do no harm" and sustainable development mandates**, sustainability objectives, and development effectiveness goals.
- Establish a culture of **reacting proactively, positively, and transparently** to fix problems.
- **Align staff incentives to recognize and reward teams that work with Clients, affected stakeholders, and others to develop solutions to harms**, reward innovative solutions and avoid penalizing staff for not proceeding with investments that entail unacceptably high E&S costs.
- **Support E&S specialists** to ensure they have the resources and tools to do their jobs.

Requirements and actions vis-à-vis Clients

- **Strengthen actions to prevent harms in projects and programs financed**
  - **Strengthen due diligence** to identify situations where potential E&S harms are especially likely (for example stemming from contextual risks or legacy problems, where Clients lack capacity to respond to harms, etc.) and focus prevention efforts and, if necessary, contingency arrangements.
  - **Assess client preparedness, willingness, and capacity to provide remedy** – assessing policy, financial, and technical capacity, as well as the effectiveness of project-level grievance mechanisms.
  - **Ensure that Clients engage with stakeholders (including project-affected communities) including with respect to grievances and remedial actions** and have the ability to assess and document broad community support (or the lack thereof) where relevant.
  - **Require costed & budgeted ESAPs** to ensure that Clients have thought through and budgeted for the steps necessary to prevent E&S harms. In higher risk projects, consider requiring contingency financing arrangements to be able to deal with more serious E&S harms that may emerge early and effectively.

- **Actively build and use leverage** (financial, contractual, commercial, relationship, influence with third parties, etc.) **to strengthen Clients' ability to finance and implement remedy**
  - **Include specific and strengthened contractual requirements** on remedy, including in corrective action plans & remedial action plans.[156]
  - **Require contingency financing** or other arrangements to access response funds **in higher risk projects**.
  - **Include financial and contractual incentives & disincentives around remedy.**
  - **Carry out remedy checks during contract renewal, extension, and expansion** to assess whether Clients have unresolved grievances or follow up remedial actions.
  - For repeat Clients **make new financing contingent on resolving open E&S issues**.
  - **Develop and adapt sets of leverage actions appropriate to the type of financing** – direct or intermediated – **and to the type of financial instrument**.
  - **Assess waivers for E&S non-compliance carefully** to ensure that they do not result in a loss of leverage to require Clients to deal with an impending E&S situation, or which may allow the Client to continue operations that prolong or exacerbate E&S harms.
  - **Require Clients to address E&S concerns before exit** to ensure responsible exit.

- **Support Clients & affected stakeholders when harms arise**
  - **Provide support for enabling activities** including fact-finding, technical assistance, capacity-building and/or response activities; use leverage with client and third parties as appropriate.
  - **Where appropriate, provide direct funding support or other direct remedial action**.

Access to Information

- **Continue to strengthen requirements around the disclosure and active communication of transparent, timely, and culturally appropriate information** as this enables workers and communities to understand, anticipate, and engage with development projects that affect them.
- Require that DFI management and the client **inform project affected communities about the existence and purpose of all grievance mechanisms – the GRM, MLGM, IAM.**

Management level grievance mechanisms

- **Consult with external stakeholders on the policy design and implementation of MLGMs**, as IAMs do.
- **Ensure that MLGMs do not undermine IAMs or client GRMs.**
- **Be transparent about which projects are involved in MLGM complaint handling processes** and about the outcomes achieved from those processes.
- **Provide data and lessons learned** so stakeholders can assess the effectiveness of the mechanisms.
- **Make complainants aware of the availability of the IAMs and make the IAMs aware of the complaints being handled by the MLGMs.**

In response to IAM complaints

- For **compliance reviews**:
  - **Provide time-bound, specific operational remedial measures in MAPs** that provide appropriate remedy where there has been harm to complainants.
  - **Require consultation by Management with complainants** and IAMs on MAPs.
- In **dispute resolution**:
  - **Encourage Management to engage in dispute resolution processes** where requested by the parties.

In collaboration with other DFIs

- Work with other DFIs, financial institutions (including insurance), and Clients to **develop models for innovative mechanisms to support remedial actions.**
- **If designing Mutual Reliance Frameworks, base the approach on the G20's position that such initiatives be based on upward harmonization** toward the highest standards, and the application of best available approaches and policy requirements; ensure application of criteria and experiences are disclosed.

B. Recommendations to IAMs and Boards

Independence

- **Ensure that the IAM Director and staff are independent** (e.g., not reporting to DFI Management but instead to the Board).
- **Empower IAMs to self-initiate complaints**.

Remedial Actions

- **Empower IAMs to make recommendations on remedial actions** that must be considered by Management in MAPs that are: (i) directed at the project (aimed at restoring compliance); (ii) reparative recommendations covering remedy for those harmed; and/or (iii) systemic or non-recurrence recommendations aimed at strengthening the DFI's environmental and social management. To date, MAPs have often focused on corrective but not reparative actions, and have been forward-looking (geared toward improving project implementation in subsequent phases) but not resolving the case at hand.
- **Recommendations should be concrete, detailed, time-bound, and measurable**, and IAMs and Boards should push back against management responses or action plans that lack specificity or realism. [157]
- **Hold active Board discussions on proposed MAPs** – ensuring they provide for remedy & Board approval of MAPs.

- **Clarify that IAM processes can run in parallel with judicial proceedings or court decisions** given the very different nature and objective of IAM approaches, which looks at compliance with the DFIs E&S Safeguards, not national law.
- Require **IAM monitoring of MAPs and agreements from dispute resolution processes**, including requested revisions where actions are not sufficient or situations change as necessary, with reporting to the Board. Include communities and workers in monitoring implementation of remedial actions.

ANNEX I – DFI Policy Updates Relevant to Remedy

The brief sections below include excerpts from the text of DFI policy updates relevant to remedy since 2022.[159]

1. Multilateral Development Banks & Funds – Updates 2022 Onwards

ADB Environmental & Social Framework (2024)

- "*Specifically, an ESMP provides a description of the institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures, e.g., for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training*."[160]
- ADB also includes several provisions on remediation in its labour requirements.[161]

AfDB Integrated Safeguard System (2023)

- *"Specifically, to provide a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, implementation support, enforcement, monitoring of implementation, remedial action, reporting, and staff training)…. Implementation schedule and cost estimates For all three aspects (mitigation-compensation- maximization; monitoring; and capacity development and training), the ESMP provides: (i) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (ii) the capital and recurrent cost estimates and sources of funds. These figures are part of the total project cost*."[162]
- "*In so doing, the Borrower shall avoid, minimize, or otherwise mitigate or remedy the exposure of vulnerable populations to project-related risks and adverse impacts*."[163]
- AfDB also includes several provisions on remediation in its labour requirements.[164]

AIIB Environmental and Social Framework (2024)

- No relevant provisions

EBRD Environmental and Social Policy (2024)

- "*If the client fails to comply with its social and environmental commitments, as set out in the financing agreements, the EBRD will agree with the client remedial measures to be undertaken by the client to achieve compliance and rectify any harm resulting from the failure to comply. If the client fails to adequately implement the agreed remedial measures, the Bank will use its informal and formal leverage to encourage the client to take corrective action….*"[165]
- "*The ESMS should include provisions for the remediation of significant residual environmental and social impact.*"*[166]*
- EBRD also includes several provisions on remediation in its labour requirements.[167]

GCF Environmental and Social Policy (2021 & 2022)

- "*GCF will also work with the accredited entities and the affected people to develop and implement measures to remedy the harms that occurred*."[168]
- "*Entities will commit to addressing and providing remedy for harm promptly and proactively, should it occur, in consultation with the affected parties and GCF, and to cooperating with relevant processes, including the Independent Redress Mechanism of the GCF, when they are initiated*."[169]

IDB Invest Responsible Exit Principles (undated)

- IDB Invest adopted a set of Responsible Exit Principles that it will test for 24 months. These principles will apply when IDB Invest proactively and voluntarily decides to exit an investment.[170]

IFC/MIGA Remedial Action Framework (2025)

- IFC and MIGA adopted a Remedial Action Framework centered around four main components: prevention, preparedness, access to remedy and contribution to remedial action. In 2025, the IFC and MIGA Boards approved a three-year interim approach to the framework.[171]

IFC Responsible Exit Principles (undated)

- IFC adopted a set of Responsible Exit Principles that applies to all active exits, i.e., when IFC proactively and voluntarily decides to exit a project. The principles do not apply to a client's normal repayment or pre-payment of a loan or any other instances which occur without the need for IFC's consent.[172]

2. Bilateral Development Banks & Funds – Updates 2021 Onwards

Austria, OeEB Human Rights Policy (2024)

- *"We expect also our portfolio companies to address adverse human rights impacts in line with the UNGPs and to take corrective and remedial actions[16] proportionate to their level of involvement (causing, contributing, being directly linked to the relevant impact) as we do."*[173]
- *"Where we run a risk of contributing to adverse human rights impacts through the activities of our portfolio companies or other business relationships, we will address our own contribution and strive to use our leverage to end or mitigate those impacts and contribute to remediation as appropriate and proportionate. Where we may be directly linked to adverse human rights impacts, we will strive to use our leverage to effectuate positive change. If we are not able to support positive change over time, we will consider discontinuing our engagement, as contractually feasible, taking adequate account of actual or potential adverse consequences for affected stakeholders ….We expect also our portfolio companies to address adverse human rights impacts in line with the UNGPs and to take corrective and remedial actions proportionate to their level of involvement (causing, contributing, being directly linked to the relevant impact) as we do*."[174]

Belgium, BIO Grievance Mechanism Policy (2024)

- *"In situations where BIO has caused the harm, for instance by failing to comply with its own policies and procedures such as the environmental and social due diligence or monitoring, BIO's Grievance Mechanism shall take the necessary steps, appropriate to the company's size and circumstances, to ensure the provision of remedy*."[175]

Germany, International Climate Initiative (IKI) Safeguards Policy (2023)

- *"Under the Safeguards Policy, the design and implementation of projects are geared to the following principles: d. Social and environmental sustainability: projects aim to prevent, minimise, mitigate or remedy adverse impacts and, ideally, to maximise positive impacts on the environment and people*"[176]
- *"Should the responsible ministries or ZUG contribute to damage by their actions or omissions in the context of a project, e.g. due to review or monitoring errors, they shall be responsible for immediately ceasing their own contribution to the damages and shall use their leverage to advocate to the relevant actors that activities or failures to act which cause or contribute to adverse impacts are halted and remedies put in place (best-endeavours obligation). The responsible ministries and ZUG are also responsible for providing remedies for the damage caused to the extent to which they have contributed to it."*[177]
- *"The mitigation hierarchy is applied as a fundamental principle for managing environmental and social risks. Safeguards measures are developed for the entire mitigation hierarchy and aim to: 1) avoid/prevent adverse impacts on people and the environment, 2) minimise/reduce adverse impacts, where avoidance/prevention is not possible, 3) mitigate any residual adverse impacts, and 4) in exceptional cases, remedy adverse impact, where avoidance/prevention, minimisation/reduction or mitigation measures are not available or not sufficient."* [178]

Sweden, Swedfund Policy for Sustainable Development (2025)

- *"To fulfil Swedfund's commitment to respect human rights, Swedfund aims to avoid causing or contributing to adverse human rights impacts resulting from its own activities and to address such impacts if they occur. Where Swedfund identifies that it has caused or contributed to adverse human rights impacts, Swedfund will provide for, or cooperate in, their remediation through legitimate processes."*
- *"Swedfund also aims to prevent or mitigate adverse human rights impacts that are directly linked to its operations by its business relationships. Where Swedfund identifies adverse human rights impacts that are directly linked to its operations through its business relationships, Swedfund will seek to work with its business partners to ensure that remediation occurs."*[179]

United States, Development Finance Corporation, Federal Regulation (2024)

- Adopted Federal Regulation to *"debar a person or entity for refusing to engage in efforts to remediate* identified *environmental, social, and human rights harm stemming from their activities, including harm that may be identified through a DFC Office of Accountability complaints process."*[180]

3. Export Credit Agencies

Organisation for Economic Development and Cooperation (OECD) Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (2024)
V. ENVIRONMENTAL AND SOCIAL REVIEW

- *"13. Adherents should undertake an environmental and social review of projects, in accordance with the international standards applied to the project as set out in paragraphs 21-25 of this Recommendation, consisting of:*
  - *benchmarking of the project's environmental and social performance against the relevant aspects of the international standards applied to the project; and*
  - *consideration of measures that can be taken to prevent, minimise, mitigate or remedy adverse impacts and/or to improve environmental and social performance, as appropriate to the size of the relevant parties involved in the project, the context of their operations, the nature and extent of potential adverse impacts, the international standards applied to the project, and the significance of the Adherent's share in the overall project."*[181]

ANNEX II – Accountability Mechanism Policy Updates Relevant to Remedy

The brief sections below include developments and excerpts from the text of relevant IAM and other accountability mechanisms policies relevant to remedy since 2022.[182]

1. Multilateral Development Banks - IAM Policy Reviews

a) ADB Accountability Mechanism (AM) Policy Review

The ADB IAM's Policy has been under review since 2024. The documentation and consultation plan is available on the IAM website.[183] The summary below sets out significant developments concerning remedy in the policy updates.

- **2024 June Expert Review**: The independent expert review commissioned by the Office of Safeguards (Management) specifically recommended on remedy: "*It now seems inevitable that the effectiveness of an IAM will hinge on the commitment to deliver quality outcomes to APs within reasonable timeframes. Therefore, MDBs must increase focus on remediating harm revealed by a compliance review with specific, time-bound actions in remedial action plans (RAPs) or management action plans (MAPs): APs should be consulted during the preparation of RAPs/MAPs; and monitoring should continue until all noncompliance is corrected, avoiding arbitrary end dates. MDBs must commit to, and monitor specific, time-bound remediation actions to achieve compliance and to deliver remedy to the APs. Also, the IAM should continue to monitor the implementation of a RAP/MAP until all noncompliance has been corrected or remediated and, therefore, should not be limited by an arbitrary end date."* and *"recommendations of quality remediation measures to the Board to ensure that ADB achieves compliance with its operational policies and procedures."*[184]
- **2024 Consultation submissions**: OHCHR and CSOs[185] strongly supported the remedy recommendations, noting that the ADB AM is currently behind international good practice on accountability among peer IAMs.
- **2026 November/December Final Policy:** A revised Accountability Mechanism Policy will be submitted to the Board for approval followed by public disclosure**.**

b) AIIB Project-Affected People's Mechanism (PPM) Policy Review

The AIIB PPM Policy was under review for nearly two years from 2024 up to 2026. AIIB released an updated PPM Policy in January 2026. The steps for the review, documentation, and consultations remain available on the PPM website.[186] The summary below sets out significant developments concerning remedy in the policy update.

- **2024 May Expert Review:** The independent expert review commissioned by the Managing Director, Complaints-resolution, Evaluation and Integrity Unit which oversees the PPM, noted that *"[i]t is increasingly common for IAMs procedures to state the mechanism's role in facilitating remedy …*" and specifically recommended that "[t]*he PPM Policy should, therefore, allow the PPM to provide recommendations in response to findings of non-compliance (examined specifically later) and verify adequate and meaningful consultation efforts for Management Action Plans and ensuring remedy"* and *"Provide for PPM to monitor Management Action Plans (MAPs) to verify that remedial actions are implemented, including through consulting people to understand from their perspective whether the proposed actions are effectively responding to the harms they are experiencing and not be restricted to reviewing Management monitoring reports. This may be subject to specific criteria/conditions (for example, Board Approval)*[187]
- **2024 Consultation Submissions**: OHCHR and CSOs[188] strongly supported the External Review's recommendations, noting that the AIIB did not meet the standards of peer IAMs.
- **2025 July revised Draft PPM Policy:**[189] The revised draft failed to address the recommendations on remedy and ignored 5 out of 8 recommendations made by the external review report.[190]

- **2026 January Final PPM Policy**: The update process resulted in only a few modest improvements in the PPM's policy.[191] However, the new PPM Policy continues to suffer from many of the original PPM's fundamental weaknesses. Compared with the IAMs of major MDBs, the PPM especially lags in terms of accessibility, transparency, and legitimacy that undermine accountability and effectively foreclose opportunities for remedy.[192] CSOs note that the new PPM falls well below international good practice. Drawing attention to the fact that the PPM has not accepted a single complaint since its inception in 2018 (despite receiving 24 complaints), the analysis concludes that the revised Policy fails to "fundamentally change the structural problems around accessibility and effectiveness that have afflicted the PPM since inception."[193]

c) EBRD Independent Project Accountability (IPAM) Policy Review

The EBRD IPAM has been under review since 2023. The steps for the review, documentation, and consultation are available on the IPAM website although have not been updated since 2024.[194] The summary below sets out significant developments concerning remedy in the policy updates.

- **2023 April Concept Note:** The Note explaining the review was presented to the EBRD Board and has as one of its objectives to incorporate best practices in accountability with a particular focus on remedy and safe access.[195]
- **2024 April Expert Review:** The independent external review commissioned by IPAM specifically recommended that "*the Policy be revised to include clearer language around IPAM's objective and mandate in identifying harm and providing remedy for communities experiencing harm*."[196] The report reflected CSO input undertaken as part of the external review process.
- **2025 March IPAM PAP survey online:** OHCHR called for making remedy a core objective of IPAM, for compliance and dispute resolution, strengthening Management Action Plan (MAP) monitoring by using remedy-focused indicators tied to real, measurable outcomes for affected communities and co-design of indicators with communities to ensure monitoring reflects actual impacts like restored livelihoods or improved resettlement.
- **As of January 2026**: There has been no update on timing for next steps on the website.

d) EIB Complaint Mechanism (EIB-CM) Policy Review

The EIB commenced a review of the EIB-CM Policy in March 2024.

- **2024 External Review**: The EIB Inspector General commissioned an independent external review with experts to assess the need for a review of the EIB-CM Policy, including consultation with EIB Group stakeholders. The final External Review Report was made available in 2026 in connection with the announcement of a public consultation on the revised policy (see below).
- **2024-2025 consultations**: During this period there was no publicly available record from the EIB CM about the consultation process. CSOs issued a request for greater transparency in the process.[197]
- **2025 April notice of formal review**: The EIB-CM website noted that the EIB-CM initiated a formal review of its Policy.[198]
- **March 2026**: EIB released a draft new Complaints Mechanism Policy[199] and the External Review Report[200] in coordination with the launch of a public consultation period. EIB posted an indicative timeline that aims for the final draft to be approved by the EIB Group Boards in July 2026.[201]

e) IFC/MIGA Compliance Advisor Ombudsman Policy Review (CAO)

IFC and MIGA commenced the mandated five-year review of the CAO Policy in 2026. The steps for the review are available on the World Bank Group website.[202]

- **January 2026 Expert Review**: The expert review aims to address questions on five key issues jointly identified by CAO, IFC, and MIGA but none of the questions are addressed to remedy. The expert review team is working in close coordination with the Task Force on Integration of World Bank Group Accountability Mechanisms (see below) to ensure that relevant findings and recommendations from the CAO policy review are considered by the Integration Task Force.

- **2026 March – April Consultations:** Consultations are indicated on the website.
- **2026 May Final Report:** A final report is expected**.**

f) World Bank Group Independent Accountability Mechanisms Integration

The World Bank Group initiated a review in 2025 to develop options and recommendations regarding the potential integration of the World Bank Group's (WBG's) independent accountability mechanisms (IAMs): the World Bank Accountability Mechanism (comprised of the Inspection Panel (IPN) and Dispute Resolution Service (DRS)) and the IFC/MIGA Compliance Advisor/Ombudsman (CAO). An explanation and timeline are available on the World Bank Group website.[203]

- **2025-2026 Expert Review:** The experts are tasked with conducting an assessment and providing options and recommendations that will enable the World Bank Group Boards to make informed decisions concerning whether, and if so, how to best integrate the IAMs.
- **2026 January – February Consultations:** The expert review team held consultations with external stakeholders and World Bank borrower governments, IFC clients, and MIGA guarantee holders.
- **2026 May Final Report:** A final report is expected**.**

g) World Bank Accountability Mechanism (AM) Review

The World Bank's accountability structure was under review in 2024.

- **July 2024 External Review:** The independent external review of the Inspection Panel Toolkit and creation of the World Bank Accountability Mechanism was not asked to address remedy and instead was directed to a very specific, limited set of questions. It provided a range of recommendations, not on remedy, but the recommendations covered strengthening the monitoring of Management Action Plans that should cover remedial actions.[204]
- **2024 Consultation submissions:** CSOs recommended that the Inspection Plan should be empowered to make recommendations for remedial actions, and to monitor implementation of remedy.[205]
- **March 2025 revised Resolution on the Inspection Panel and Dispute Resolution Service:** The substantive procedures for the Inspection Panel were not changed in response to the consultation. The procedures continue to specifically note that the Inspection Panel will not be asked for its recommendations on the Management's Action Plan (MAP). It will be asked only on the adequacy of consultation with affected parties on the preparation of the MAP, except in very specific circumstances for the purpose of avoiding reputational risk to the World Bank rather than to ensure that remedy is delivered.[206]

2. Bilateral institutions, including Development Banks – Complaint Mechanism Policies

a) Austria OeEB Grievance Mechanism Policy (2024)

OeEB was once of the last members of the Association of European Development Finance Institutions (EDFI) to adopt some form of institutional grievance mechanism.

- **2024 Final Policy**: OeEB adopted a grievance mechanism accompanied by a grievance mechanism policy grounded in the UNGPs.[207]

b) Germany, Netherlands, France Joint DEG, FMO, Proparco Independent Complaints Mechanism (ICM) Policy Review

The joint DEG, FMO, and Proparco ICM Policy has been under review since 2022. Brief information on the process is available on the websites of the three DFIs.[208] The summary below sets out significant developments concerning remedy in the proposed policy updates.

- **2022 External Review:** The ICM initiated an external review process of its 2017 ICM Policy that was finalized in 2023. The external report is not publicly available.[209]

- **2025 Consultations**: The ICM circulated a draft revised policy for consultation. It is anticipated that the final version of the ICM Policy will be approved by the Boards of the DFIs in early 2026 and will become effective on a date to be agreed by the institutions (expected within the first quarter of 2026).[210]
- **As of January 2026:** The final policy had not yet been disclosed.

c) Germany, International Climate Initiative (IKI) Grievance Mechanism Policy (2022)

- *"Remedy: people's complaints will be handled in a manner that is fair, transparent, objective and equitable, and remedies will promptly be put in place in case of harm. Remedial action usually includes:*
  - *recommendations for project-specific measures to bring the IKI project into compliance with environmental and social safeguards and specifying the cost of any measures required to comply with environmental and social safeguards;*
  - *recommendations for changes to IKI policies, procedures, guidelines and systems to be implemented in an effort to avoid current and future incidences of non-compliance, both for the project in question and for other projects; and*
  - *promotion of institutional learning and capacity building in IKI implementation."*[211]

ANNEX III – Commercial Bank and Investor Policy Updates Relevant to Remedy and Commercial Bank Operational Level Grievance Mechanisms[212]

1. Commercial Bank Policy Updates related to Remedy

Equator Principles 4 (2020)

- *"Specifically, we believe that negative impacts on Project-affected ecosystems, communities, and the climate should be avoided where possible. If these impacts are unavoidable they should be minimised and mitigated, and where residual impacts remain, clients should provide remedy for human rights impacts or offset environmental impacts as appropriate."*[213]
- *The Assessment Documentation should propose measures to minimise, mitigate, and where residual impacts remain, to compensate/offset/remedy for risks and impacts to Workers, Affected Communities, and the environment, in a manner relevant and appropriate to the nature and scale of the proposed Project.*[214]

Equator Principles 4 (2022)

- Equator Principles Association & Shift, Tools to Enhance Access to Effective Grievance Mechanisms and Enable Effective Remedy provides guidance to Equator Principle members about addressing these issues in their operations. The guidance does not cover grievances at the level of the Equator Principles Association.

ABN Amro Human Rights Remedy Mechanism (2024)

- *"The ABN AMRO Human Rights Remedy Mechanism (HRRM) provides potentially affected people with a channel to engage ABN AMRO and its corporate clients in order to seek remedy. The mechanism is designed to increase the likelihood of advancing remedy when ABN AMRO is, or might be, involved with adverse human rights impacts through its corporate clients."* [215]

ANZ Human Rights Grievance Mechanism Framework (2025)

- *"Where appropriate, we seek to cooperate in remediation of adverse human rights impacts through legitimate processes and seek to use leverage, including through dialogue, to encourage our large business customers to prevent or mitigate impacts. We seek to further support access to remedy through the availability of channels to raise human rights concerns, including ANZ's Human Rights Grievance Mechanism available to people and communities who believe their human rights have been impacted by a large business lending customer. Further information about the channels through which human rights concerns may be raised with ANZ is in Appendix A."*[216]
- *The Mechanism and, where relevant, ANZ's consideration of a remedy in response to a grievance, is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs),1 the framework set out in the OECD Due Diligence for Responsible Corporate Lending and Securities Underwriting (2019).*[217]
- *ANZ will provide for, or cooperate in, the remediation of the impact in a manner proportionate to its involvement and in a manner it considers appropriate in consultation with the affected people, which may include financial or non-financial remediation as appropriate.*[218]

Danske Bank Human Rights Report (2024)

- *"Human rights due diligence approach: Actions to cease, prevent and mitigate adverse impacts. When appropriate, provide for or cooperate in remediation."*
- *"All concerns shared via regular channels or reported via the whistleblowing scheme are subject to assessment, research, investigation and potential remediation."*[219]

Deutsche Bank Statement on Human Rights (2023)

- *"Justified and credible complaints will always trigger a remediation process that includes investigative steps, research, and consultation on the alleged issue. Depending on the outcomes of such due diligence, appropriate measures will be agreed upon and implemented to remediate existing impacts."*[220]

Mitzubishi UFG Financial Group Respecting Human Rights (updated on the website)

- *"MUFG understands that our business activities may cause or contribute to adverse impacts on human rights or be directly linked to them through business relationships, and that it is expected to promote and encourage responsible corporate behavior by our business partners through engagement activities. We will strive to prevent adverse impacts on human rights, and if adverse impacts occur, we will endeavor to address the adverse impacts in accordance with the forms of involvement described in ① through ③below….*
- ***Grievance Mechanism/Remedy for Human Rights Violations***
- *MUFG has established remedial contact points for employees, customers, and other stakeholders, and responds appropriately to comments and complaints on matters including human rights issues.*[221]

Mizuho Human Rights Policy (updated on the website)

- *"Through human rights due diligence, we strive to prevent or mitigate adverse human rights impacts in our operations. However, even with the best policies and practices, Mizuho may cause or contribute to an adverse human rights impact that it had not foreseen or was not able to prevent. In such cases, we will seek ways to address the adverse impact, referring to the following framework….In line with the UN Guiding Principles on Business and Human Rights, we seek to cooperate in the remediation of adverse impacts through legitimate processes, and where reasonable and appropriate, encourage our clients to prevent or mitigate any adverse impacts on human rights."*[222]

National Australia Bank Group Human Rights Policy (2025)

- *"The Group recognises that it is important to listen and respond to concerns raised by customers and other stakeholders on a wide range of issues, including human rights issues. The Group is committed to doing business in a responsible manner which includes how the Group manages its operations (including supply chain) and financing activities. Information on the Group's processes for receiving, investigating and addressing human rights grievances or concerns (including grievances related to modern slavery and human trafficking) is provided in its Human Rights Grievance Process."*[223]
- *"The Group will maintain dispute resolution and issue reporting processes for parties who feel aggrieved by the Group, or who wish to report human rights-related concerns. These grievance and reporting mechanisms are available to parties wanting to raise human rights (including improper land acquisition and modern slavery concerns) and, where appropriate, seek remedy. Concerns will be investigated and actioned by relevant complaint and dispute management functions, including consideration of any remedy. Affected parties raising concerns will be kept updated at appropriate times in such investigations, taking into account relevant confidentiality and privacy requirements."*[224]

Nordea Human Rights Report (2025)

- *"While our grievance mechanisms facilitate the reporting and escalation of concerns, our remedy process provides a structured approach to addressing and resolving these issues. If our operations are found to have caused or contributed to adverse impacts on human rights, we initiate appropriate remedial actions. In these cases, we actively collaborate with relevant judicial or non-judicial mechanisms as necessary to address and rectify the situation.*

- *Our remediation processes are important elements of our human rights due diligence, involving engagement and dialogue with impacted and potentially impacted rights holders. These include workers, workers' representatives and trade unions, and other relevant parties. Within such processes, barriers to effective stakeholder engagement must be taken into account."*[225]

Westpac Human Rights Position and Action Plan (2024)

- *"Our responsibility includes providing for or cooperating in remedy where we identify that we have caused or contributed to human rights harm*."[226]
- *"We are committed to ….Providing for, or cooperating in, the remediation of adverse human rights impacts where we identify that we have caused or contributed to these impacts. Where we have not caused or contributed to an adverse impact, but are directly linked to it, we recognise we may be able to play a role in remedy…. Examples of remedies may include an explanation on the approach we have taken to an issue; an apology; a referral for additional support; and/or financial or non-financial compensation."*[227]

a) Benchmarks on Human Rights Commitments to Respect Human Rights

i. **BankTrack's Global Human Rights Benchmark** evaluates 50 of the largest banks globally on their human rights policies, processes, reporting and practices.[228]
   - 84% have human rights policy statements in place

ii. The **World Benchmarking Alliance 2025 Financial System Benchmark** assesses 400 influential banks, insurers, asset managers, and asset owners globally (including sovereign wealth funds, pension funds, and development finance institutions). It covered key sustainability areas in governance, climate, nature, and social issues.
   - 35% of the 400 financial institutions reported a commitment to respect human rights[229]

iii. The **Danish Institute for Human Rights and the EIRIS Foundation 2025 Benchmark of Danish Financial Institutions** assesses 23 of the largest private Danish financial institutions and documented alignment or lack thereof with the UNGPs in the context of their financial activities.
   - 63% reported a commitment to respect human rights[230]

2. Commercial Bank Operational Level Grievance Mechanisms

a) Benchmarks on Grievance Mechanisms

i. Grievance mechanisms identified by BankTrack:[231]

- **ANZ, and National Australia Bank** in Australia
- **ABN AMRO** in the Netherlands
- **Deutsche Bank** in Germany
- **Mizuho and Mitsubishi UFJ** in Japan (through JaCER – see below)
- **Commonwealth Bank** in Australia – grievance mechanism for Australia's First Nations stakeholders

ii. Grievance mechanisms among financial institutions identified by the World Benchmarking Alliance[232]

- 37.5% of the 400 financial institutions reported a grievance mechanism for external individuals and communities
- 53.5% of the 400 financial institutions reported a grievance mechanism for workers – internal and external

iii. Grievance mechanisms and remedy among Danish financial institutions identified by Danish Institute for Human Rights and the EIRIS Foundation

- 52% provide access to effective grievance mechanisms for stakeholders to raise human rights related concerns relevant to their financial activities
- 8.6% reported approaches to remedying adverse human rights impacts they are involved with via financial activities[233]

b) Joint Initiatives for Grievance Redress

- **3 Japanese banks,** Mitsubishi UFJ Financial Group (MUFG), Sumitomo Mitsui Banking Corporation (SMBC) and Mizuho Financial Group (Mizuho) **participate in a country-level mechanism**, **Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) Japanese Joint Initiative (2022).** JaCER aims to provide a non-judicial platform for grievance redress and to act in a professional capacity to support and promote redress of grievances by member companies based on the UNGPs.[234]

3. Investor Updates

- **UN Principles for Responsible Investment** has developed a multi-year agenda towards respect for human rights being implemented in the financial system, including its over 5000 investor signatories, covering all dimensions of respect for human rights, including remediation responsibilities.[235] It also provides guidance about how PRI signatories can and should report on human rights.[236]

- **UNEP FI** developed a Human Rights Toolkit for financial institutions that provides step-by-step toolkit to help financial institutions align their practices with the UNGPs.[237]

- The **Investor Alliance on Human Rights** has produced an Investor Toolkit on Human Rights, covering all dimensions of respect for human rights, including remediation responsibilities.[238]

ENDNOTES

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[1] OHCHR, Remedy in Development Finance: Guidance and Practice (Feb. 2022).

[2] UN Guiding Principles on Business and Human Rights (UNGPs) (2011). In addition to the UNGPs adopted in 2011, the 2023 update of the OECD Guidelines on Multinational Enterprises strengthened expectations that enterprises contribute to remediation, to the extent that they have contributed to harms. OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023), pp.25-27, esp. para 51.

[3] IFC/MIGA Interim Approach to Remedial Action (2025).

[4] *See* Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025) for an analysis of follow through on commitments; and CAO (2026), Leveraging IFC's Influence to Enhance Environmental and Social (E&S) Outcomes, Advisory Insight Series. Washington, DC: World Bank Group.

[5] IFC, Policy on Environmental and Social Sustainability, 2012, para 9 (emphasis added).

[6] IDB, Environmental and Social Policy Framework, p.6, 26.

[7] In this Policy Brief, "E&S Safeguards" or "Safeguards" refers to Board-approved operational policies which establish E&S due diligence and risk management requirements for MDBs/DFIs and Clients, respectively, across all phases of the project cycle. Following the example of the International Finance Corporation (IFC), MDB Safeguards often take the form of a "Policy," which defines the bank's own due diligence requirements, and a set of 8-10 E&S standards applicable to the client. Many private sector DFIs have adopted the IFC Performance Standards. Most MDBs have Safeguards of broad scope, covering most or all of their operational activities and financing modalities (though less commonly, advisory or technical assistance work). But this is not a uniform practice. For example, the World Bank has an Environmental and Social Framework that applies only to investment project financing, and has separate Board-approved policies for development policy and Program-for-Results financing. The first step in the E&S risk mitigation hierarchy for most DFIs is, as a priority, to avoid negative E&S risks and impacts. The IDB's Environmental and Social Policy Framework (ESPF) 2021, para. 4.1 states: "The IDB is committed to the objective of "do no harm" to people and the environment for the projects it supports." The primary purpose of the World Bank's ESF "is to protect people and the environment from the potential adverse impacts of IPFs," while maximising development gains: World Bank Independent Evaluation Group, Implementing the World Bank's Environmental and Social Framework: A Developmental Evaluation (Nov. 6, 2024).

[8] *See* Annex I and see OHCHR, Benchmarking Study of Development Finance Institutions' Safeguard Policies (2023), Chapter IV.

[9] UN Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law (2005).

[10] UN Guiding Principles on Business and Human Rights (UNGPs) (2011). In addition to the UNGPs adopted in 2011, the 2023 update of the OECD Guidelines on Multinational Enterprises strengthened expectations that enterprises contribute to remediation, to the extent that they have contributed to harms. OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023), pp.25-27, esp. para 51.

[11] OHCHR, Remedy in Development Finance: Guidance and Practice (Feb. 2022).

[12] Akosun, I., When the Sacred Is Bulldozed: Why Recognition of Cultural Heritage Harm Rarely Leads to Repair, Accountability Console Newsletter (Aug 5, 2025).

[13] *See* e.g., the EBRD has committed to promoting environmentally and socially sound and sustainable development in the full range of its activities (https://www.ebrd.com/home/who-we-are/ebrd-values.html), the ADB has committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty (https://www.adb.org/who-we-are/about)

[14] The World Bank. Involuntary Resettlement Sourcebook: Planning and Implementation in Development Projects, 2004, p.xxviii.

[15] A more comprehensive list of concerns can be identified through Business and Human Rights Centre, searching under the name of each MDB. There are numerous civil society organizations that monitor DFI policies and projects, and that at times come together in coalitions. See for example, the Coalition for Human Rights in Development and its members.

[16] SOMO, et al, Glass Half Full: The State of Accountability in Development Finance (2016).

[17] *See* Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025).

[18] *See* The Accountability Toolkit.

[19] *See e.g.*, ADB, Environmental and Social Framework (2024), Environmental and Social Standard 10, para. 33. IAMs are usually established under a separate policy and subject to separate procedures.

[20] For example, in relation to IFC, CAO found: "In 70 percent (9 of 16) CAO compliance cases [from 2018 to 2023], IFC did not exhaust available leverage to address outstanding E&S compliance issues." CAO, Advisory Note, Insights on Remedy, The Remedy Gap: Lessons from CAO Compliance and Beyond (Apr. 2023), p.5.

[21] The first draft of the IFC/MIGA Approach to Remedial Action also contained more detailed discussion on contractual clauses, including helpfully on alternative dispute resolution. See IFC/MIGA Approach to Remedial Action (Oct 31, 2022), p. 8.

[22] See OHCHR, Remedy in Development Finance: Guidance and Practice (Feb. 2022), Chapter IIIA on Leverage.

[23] For more explanation of each of these instruments, triggers for when it may be appropriate to use them and advantages and disadvantages of each, see the OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026).

[24] For more explanation of each of these instruments, triggers for when it may be appropriate to use them and advantages and disadvantages of each, see the OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026).

[25] Feyertag, J. & Bowie, B., The financial costs of mitigating social risks: costs and effectiveness of risk mitigation strategies for emerging market investors, ODI report (2021), p. 15.

[26] Davis, R. & Franks, D., Costs of Company-Community Conflict in the Extractive Sector, Corporate Social Responsibility Initiative Report No. 66 (2014), p. 10. *See also*, Brennan, G., A Launchpad for Deeper Analysis into the Business Case for Respecting Human Rights in Land-Based Investments, Columbia Center for Sustainable Investment Blog, (June 18, 2025).

[27] *See* for example analysis from just one IAM about the percentage of exits that occur during complaint handling. CAO, Advisory Note: Insights on Remedy. The Remedy Gap: Lessons from CAO Compliance and Beyond (April 2023). Other DFIs and IAMs are encouraged to make a similar analysis.

[28] OHCHR, Remedy in Development Finance: Guidance and Practice (Feb. 2022), see Table 2, pp. 86-87.

[29] This Policy Brief does not cover updates to Access to Information Policies, nor the details of stakeholder engagement requirements given the existing length of the Brief but notes the importance of access to information as a key preventive dimension of harm. Transparent, timely, and culturally appropriate information enables communities to understand, anticipate, and engage with development projects that affect them. Conversely, the lack of access to information—while not always producing direct material harm—can generate social tensions, erode trust, and weaken the social fabric of communities.

[30] *See* IFC discussion below. This important principle is reflected in a number of bilateral DFI policies but was noticeably absent from the recent Safeguard policy updates of the major MDBs. *See* Accountability Counsel, EBRD Safeguards Break New Ground, but Remedy and Accountability Concerns Remain (10 January 2025).

[31] For an example of the latter *see* ANZ Human Rights Statement (June 2025), p.4.

[32] Equator Principles, EP4 (2020), pp. 3 & 8.

[33] Equator Principles Association & Shift, Tools to Enhance Access to Effective Grievance Mechanisms and Enable Effective Remedy (2022).

[34] IFC/MIGA Interim Approach to Remedial Action (2025). Consultations by IFC and MIGA on an initial draft remedial actions framework attracted inputs from over 200 individuals and organizations: Summary of Formal Public Consultations from February 21 – April 20, 2023 and Feedback on the proposed IFC/MIGA Approach to Remedial Action and draft IFC Responsible Exit Principles. The CAO carried detailed studies on remedy and responsible exit in support of this process: CAO Resources on Remedy | Office of the Compliance Advisor/Ombudsman.

[35] *See* IFC Approach Paper for the Update of IFC's Sustainability Framework (2025), para. 21.

[36] IFC Approach to Remedial Action (Oct. 31, 2022).

[37] The 2025 update of the IFC Environmental and Social Review Procedure now includes measures on costing ESAPs but for clarity purposes (see section 4.2.6), this could have been referred to in the RAF.

[38] IFC's Approach to Responsible Exit (2024).

[39] IFC/MIGA Interim Approach to Remedial Action (2025), para. 27.

[40] Interestingly, the RAF highlights a number of factors for IFC/MIGA to consider when deciding to support remedial action, but IFC/MIGA used two concepts from earlier debates on remedy in the commercial banking context put forward by Thun Group of commercial banks that were rejected by the Special Representative of the UN Secretary General on Business and Human Rights, John Ruggie. The factors include: (i) type of investment; and (ii) proximity to harm. See Ruggie response to Thun Banks (2017).

[41] The RAF set out a six-month deadline which expired in October 2025. At the time of publication these key performance indicators have not been made public.

[42] https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html

[43] https://re-course.org/wp-content/uploads/2026/01/Statement-on-the-newly-updated-Project-Affected-Peoples-Mechanism-Policy.pdf

[44] Statement by the Office of the United Nations High Commissioner for Human Rights on the Asian Infrastructure Investment Bank's Project-Affected People's Mechanism (March 2026).

[45] External Review of the Accountability Mechanism for the Asian Development Bank (June 2024), Section 5.3.4, 7.1.

[46] Asian Infrastructure Investment Bank Project-Affected People's Mechanism External Review (May 2024), Sec 7.1.

[47] *See* EBRD, Project Accountability Policy page.

[48] OHCHR, Remedy in Development Finance: Guidance and Practice (February 2022), Annex II.

[49] GCF IRM, Self-Assessment Report of the Independent Redress Mechanism (2022). *See also* Lehmann-Grube, K. & de Silva, L., At the crossroads: Independent accountability mechanisms' reforms (Apr. 22, 2020). The UNGPs "effectiveness criteria" are also part of the framework for analysis in World Bank, Fostering the Inclusion of Disadvantaged and Vulnerable Individuals or Groups in Project-Level Grievance Mechanisms (2021).

[50] Accountability Counsel *et al*, Good Policy Paper: Guiding Practice from the Policies of Independent Accountability Mechanisms (January 2024).
[51] *See also* CEE Bankwatch, Holding EIB and EBRD Accountable – Are their Grievance Mechanisms Effective? (Nov. 2024), for additional comparisons.
[52] G20, G20 Roadmap Towards Better, Bigger and More Effective MDBs (Oct. 2024), pp. 5-6.
[53] Five mutual reliance frameworks were signed in the first half of 2025: World Bank Group Press Statement, Heads of Multilateral Development Banks Commit to Strong Joint Action on Development Priorities (June 28, 2025).
[54] World Bank, ADB and World Bank Group Partner on Full Mutual Reliance Framework to Increase Development Impact, Press Release (Feb. 20, 2025).
[55] UN Working Group on Business and Human Rights, Letter to World Bank President Mr. Banga, (29 April 2025).
[56] Asian Development Bank and World Bank: Full Mutual Reliance Framework, pp. 16-17.
[57] *See* Accountability Counsel benchmarking table summarizing differences for a brief overview of the key differences.
[58] Accountability Counsel, *et al*., Written Submission on ADB-WB Proposed Full Mutual Reliance Framework and *see* Accountability Counsel benchmarking table summarizing differences for a brief overview of the key differences.
[59] Accountability Counsel, *et al*, Letter to Maninder Gill (June 26, 2025). The eight areas cover deadlines, eligibility criteria, evidence of direct harm, evidence of a link between non-compliance and harm, no Board approval for dispute resolution, allow for compliance review after dispute resolution, Consult communities on MAPs. Independent monitoring mandate for all cases.
[60] World Bank, Chair Summary, Asian Development Bank – World Bank Full Mutual Reliance Framework and Proposed World Bank Policy on Full Mutual Reliance Framework with the Asian Development Bank Chair Summary (January 28, 2025).
[61] EIB, EIB signs an agreement with EBRD to strengthen impact of projects around the world (May 7, 2025).
[62] CEE Bankwatch, *et al*, CSOs letter to the EIB and the EBRD on Mutual Reliance and Cooperation Agreement.
[63] Agreement on Accountability Arrangements Between EIB-CM AND EBRD-IPAM Concerning the Mutual Reliance Projects (July 2025).
[64] Examples include the World Bank, IFC, ADB Managing Grievances: Good Practice Note (2025) and New Development Bank, Project-level Grievance Redressal Mechanisms: Good Practices and Recommendations (2025).
[65] An excellent example is CAO's Grievance Mechanism Toolkit.
[66] World Bank, Global Review of Grievance Mechanisms in World Bank Projects (2014); *and* World Bank, A Global Stock-Take of Country-Owned Grievance and Feedback Mechanisms: Trends and Good Practices - Case Studies (2022).
[67] World Bank, Gaining Traction or Spinning the Wheels? Factors Influencing the Effectiveness of Grievance Mechanisms in World Bank-Financed Projects (2021); World Bank, Fostering the Inclusion of Disadvantaged and Vulnerable Individuals or Groups in Project-Level Grievance Mechanisms (2021); World Bank, Human-Rights-Based Assessment Tool for Country-Level Grievance Mechanisms (2022), and Assessing Project-Level Grievance Redress Mechanisms Using a Human-Rights-Based Approach : Tips and Tools (2022). The World Bank has also produced guidance on GRMs to support implementation of Environmental and Social Standard 10 (stakeholder engagement) of its ESF.
[68] "What these scenarios illustrate is that by reporting zero external grievances to the EBRD without contextual information, the effectiveness of the FI's grievance mechanism and the reasons for the lack of grievances may be called into question." EBRD, Environmental and social management system – stakeholder engagement and external grievance mechanism, Environmental and Social Risk Management System for Financial Intermediaries (Undated).
[69] UN Guiding Principles on Business and Human Rights (UNGPs) (2011), principle 31.
[70] IFC, E&S Complaints submitted to IFC: FAQs (undated).
[71] IFC, E&S Complaints submitted to IFC: FAQs (undated).
[72] For example, in relation to IFC, CAO found: "In 70 percent (9 of 16) CAO compliance cases [from 2018 to 2023], IFC did not exhaust available leverage to address outstanding E&S compliance issues." CAO, Advisory Note, Insights on Remedy, The Remedy Gap: Lessons from CAO Compliance and Beyond (Apr. 2023), p.5.
[73] The World Bank Grievance Redress Service noted that had shared lessons learned on running such a mechanism with a variety of other multilateral and bilateral DFIs. World Bank Grievance Redress Service, Annual Report (2024).
[74] *See* e.g., ADB, "The Accountability Mechanism is the cornerstone of the ADB's commitment to transparency, accountability, and responsiveness in its operations." https://www.adb.org/who-we-are/accountability-mechanism/overview.
[75] For a rapid and usefully visual comparison of existing MLGMs to UNGP effectiveness criteria for grievance mechanisms, *see* Accountability Counsel, Effectiveness Shortcomings of Management Grievance Mechanisms (September 2024).
[76] In dispute resolution cases, the parties can request that the details of their agreed resolution are not disclosed but IAMs typically provide a general summary.
[77] The GRS annual reports provide a very limited (1-2 paragraph) summary of outcomes for one identified project per region.
[78] *See* https://www.iadb.org/en/who-we-are/file-complaint/grievances-portal.
[79] *See* e.g., GRS procedure which notes that "solutions and timeline proposed to complainants," https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service.
[80] *See* Accountability Counsel, Effectiveness Shortcomings of Management Grievance Mechanisms (September 2024).
[81] These criteria are: a) Legitimate; b) Accessible; c) Predictable; d) Equitable; e) Transparent; f) Rights-compatible; g) A source of continuous learning; h) Operational-level mechanisms should also be based on engagement and dialogue. OHCHR Accountability and Remedy Project: Meeting the UNGPs' Effectiveness Criteria.
[82] *See* https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/submitting-environmental-social-complaints-to-ifc.
[83] *See* https://www.ifc.org/content/dam/ifc/doc/2023/responding-to-environmental-and-social-complaints.pdf.
[84] *See* https://www.iadb.org/en/who-we-are/file-complaint/grievances-portal.

[85] *See e.g.*, https://www.iadb.org/en/who-we-are/file-complaint/grievances-portal/environmental-and-social-grievance-protocol-form.

[86] *See* https://idbinvest.org/en/how-we-work/engagement-and-response-platform.

[87] See https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. And World Bank, Bank Procedure (BP): Grievance Redress Service (2023).

[88] Accountability Counsel, EBRD Safeguards Break New Ground, but Remedy and Accountability Concerns Remain (Jan. 10, 2025).

[89] *See* Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025) for an analysis of follow through on commitments.

[90] As IFC has noted, "[r]esponding to E&S complaints raised by external stakeholders is critical to achieve positive E&S outcomes and to demonstrate IFC's commitment to accountability." *See* https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/submitting-environmental-social-complaints-to-ifc.

[91] For further illustrations prior to 2022 *see* OHCHR, Remedy in Development Finance: Guidance and Practice (February 2022), Boxes 5 and 7.

[92] For a systematic classification of remedy commitments across IAM cases see Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025) and see, Packmann, M. Access to remedy and dispute resolution: contributions to the conversation based on MICI's experience (2023), CAO, Advisory Note: Insights on Remedy. The Remedy Gap: Lessons from CAO Compliance and Beyond (April 2023) and CAO, Advisory Note: Insights on Remedy: The Role of Dispute Resolution in Remedy (Feb 2023).

[93] *See* in particular, Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025).

[94] https://mici.iadb.org/en/news/tacana-indigenous-people-achieve-titling-more-270000-hectares-culminating-25-year-claim.

[95] Juaneda, C, "Historic Land Titling Victory in Bolivia, Tacana II Indigenous People secure the title to protect their land," Bank Information Center (Nov 6, 2025).

[96] World Bank, Management Report and Recommendation in Response to the Inspection Panel Investigation Report of the Tanzania Resilient Natural Resource Management for Tourism and Growth (REGROW) Project (P150523) (Feb 28, 2025), p. 34.

[97] *See generally* Inspection Panel case page Tanzania: Resilient Natural Resource Management for Tourism and Growth (P150523), and in particular, World Bank, Management Report and Recommendation in Response to the Inspection Panel Investigation Report of the Tanzania Resilient Natural Resource Management for Tourism and Growth (REGROW) Project (P150523) (Feb 28, 2025), para xxviii. *See also* Choat, I., World Bank announces multimillion-dollar redress fund after killings and abuse claims at Tanzanian project, *The Guardian* (Apr 3, 2025).

[98] Oakland Institute, Setting the Record Straight about the World Bank's Management Action Plan for the REGROW Project in Tanzania (April 2, 2025).

[99] CAO case page Liberia: Salala Rubber Corporation (SRC)-01/Margibi & Bong Counties.

[100] IFC, Management Report in Relation to the CAO Compliance Investigation Report on Salala Rubber Corporation Liberia – Africa (Project No. 26510) (March 14, 2025). In August 2025, however, community representatives expressed concerns about implementation: V. Schneider, Liberian Communities Await Justice at Salala Rubber plantation after World Bank complaint, *Mongabay* (Aug 29, 2025).

[101] ICM, Barro-Blanco-Third-Monitoring-Report-English.pdf (Oct 4, 2022) (p.20, recommendation 6).

[102] Agreement reached between FMO, DEG, and the communities affected by the Barro Blanco hydro project (June 24, 2025).

[103] CAO case page Guinea: NedBank Tier II-01/Kintinian.

[104] IDI, AngloGold Ashanti Agrees to Financial Settlement with "Area One" Community Displaced by its Guinea Mine, (Oct 9, 2024).

[105] AfDB-IRM, Compliance Review Report: Lakes Edward & Albert Integrated Fisheries and Water Resources Management (LEAF II) (Complaint RQ 2021/4) (June 2023).

[106] AfDB, Management Response in Relation to Compliance Review Report of the Independent Review Mechanism Relating to Lakes Edward & Albert Integrated Fisheries and Water Resources Management (LEAF II), Complaint No. RQ2021/4 (Final) (2024).

[107] https://mici.iadb.org/en/cases/MICI-CII-CO-2018-0133.

[108] Compliance review report.

[109] IDB Invest Principles for Responsible Exit. See also Mareña Renovables Wind Project, where the case served as important inputs for IDB's updated E&S Framework. https://mici.iadb.org/en/cases/MICI-ME-2012-053

[110] https://cambodia.un.org/en/302100-joint-statement-third-nbc-un-high-level-multi-stakeholder-convening-microfinance-cambodia

[111] *See* Honduras: Dinant-01/CAO Vice President Request | Office of the Compliance Advisor/Ombudsman, *and* Honduras: Ficohsa-01/CAO Vice President Request.

[112] EarthRights International, Historic Settlement in Case Alleging International Finance Corporation Abetted Murder in Honduras (Oct 3, 2024).

[113] Packmann, M., Access to remedy and dispute resolution: contributions to the conversation based on MICI's experience (2023).

[114] CAO, Advisory Note: The Role of Dispute Resolution in Remedy (Feb 2023).

[115] Dutch Banking Sector Agreement Working Group on enabling remediation, Discussion paper Working Group enabling remediation 2019 and - Recommendations for enabling remediation 2019 (The Hague, Social and Economic Council of the Netherlands, 2019).

[116] https://aconsole-static.s3.amazonaws.com/media/public/cases/accountabilityinactionorinaction.pdf

[117] *See* the The Accountability Toolkit which provides a thematic analysis of complaints brought across DFIs.

[118] See e.g. Fitch, Supranationals Rating Criteria (effective April 2023 to Oct 2024).

[119] *See e.g.*, S&P, Credit Rating 2024 International Finance Corp. (2024), p.3: "IFC has implemented accountability mechanisms to ensure environmental and social compliance on related projects, which we view as strong and transparent." *See also* Moody's,

Credit Opinion 2025 International Finance Corporation - Aaa Stable, (2025) p. 8: "The IFC extensively uses public consultation processes to ensure buy-in from key stakeholders, and has outstanding community and stakeholder outreach."

[120] *See* OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026), Drafting Consideration 1.

[121] In the Jam *v. IFC* case the underlying legal contracts were made public as part of the legal proceeding. The community plaintiffs and their counsel were reportedly surprised to see the numerous legal clauses included in the contract with the client that IFC had apparently not invoked. Harrison, M. and Marcoux, Will IFC's "Approach to Remedial Action" confront barriers to remedy or dodge accountability? Lessons from Jam v. IFC, EarthRights Blog (February 17, 2023).

[122] In its 2022 draft RAF, IFC noted that it "allocates the amount of USD$15 million annually to cover legal costs associated with litigation cases." However, it is unclear how these funds are spent and what kinds of cases it covers (employee claims, property cases, E&S claims), and what percentage is set aside for E&S claims. IFC/MIGA Approach to Remedial Action (Oct 31, 2022), para 31.

[123] Global Emerging Markets Risk Database (GEMs) Factsheet (Nov 2025).

[124] American Bankers Association guidance: "But that same legal input and advice must be viewed in the context of what are often much larger business considerations and what impact that advice may have on events outside the legal subject of the lawyers' advice. The old adage, "Experts should be on tap, not on top" may be overstating the point, but some perspective as to the roles is still helpful." Avoiding potential litigation issues and defending banks in an age of increased scrutiny (Aug 31, 2023).

[125] Both cases involved IFC. The first, Jam v. IFC went up to the US Supreme Court, 586 U.S. ___ (2019). The second, Doe I et al. v. IFC Asset Management Co., LLC & Int'l Fin. Corp., C.A. No. 17-1494 (D. Del.) IFC settled so it did not proceed to full litigation. *See* https://earthrights.org/media_release/historic-settlement-in-case-alleging-international-finance-corporation-abetted-murder-in-honduras/.

[126] The case is against FMO. The case was brought by the family of Beata Cáceres and the indigenous organization COPINH for the Agua Zarca hydropower project in Honduras, Cortez et al. v. FMO (The Netherlands, District Court of The Hague). There is very little in the public domain so the status is unclear.

[127] US Supreme Court, Jam v. International Finance Corp., 586 U.S. ___ (2019), pp. 13-14. And see, Amy Howe, Opinion analysis: Judges hold that international organizations do not have near-complete immunity, *SCOTUSblog* (Feb. 28, 2019).

[128] These include financial and resource constraints, jurisdictional constraints, procedural and evidential obstacles, substantive legal barriers, jurisdictional hurdles, and retaliation among other barriers.

[129] Harrison, M., Marcoux, S., Legal Risk and Accountability in Development Finance: Lessons from Jam v. International Finance Corporation (2024). *Perspectives*. 28, p. 9, "The *Jam* lawsuit, for example, would not have been filed if IFC had taken remedial action – as the CAO repeatedly recommended – to address the harm to the project's neighbors. Nor would litigation have been necessary if IFC used its extensive contractual authority to compel the borrower to prevent, mitigate, or remedy the harm."

[130] Bradlow, D., Using A Shield as a Sword: Are International Organizations Abusing Their Immunity? *Temple International & Comparative Law Journal* 31(1): 45-67 (April 2017).

[131] NYU Law School International Organizations Clinic, Lender Liability and Due Diligence for Environmental and Social Harm: A Comparative Analysis (2021).

[132] This option was included in the 2022 draft IFC RAF, in the section on revised contract clauses "participation in alternative dispute resolution (e.g., IFC/MIGA would observe developments related to arbitration and consider testing relevant provisions related to arbitration between the client and affected communities or individuals);" IFC/MIGA Approach to Remedial Action (Oct 31, 2022), para 17(c).

[133] IFC, Management's Discussion and Analysis and Condensed Consolidated Financial Statements December 31, 2024 (Unaudited).

[134] AIIB, Financial Statement 2024.

[135] IDB, Annual Report 2023 Financial Statements (2023).

[136] External Review of IFC/MIGA E&S Accountability, including CAO's Role and Effectiveness Report and Recommendations (June 2020).

[137] *See* https://www.worldbank.org/en/country/uganda/brief/uganda-transport-sector-development-project-fact-sheet, discussed in OHCHR, Remedy in Development Finance (2022), Box 5.

[138] *Id*.

[139] *See e.g.,* IFC/MIGA Approach to Remedial Action (Consultation Draft) (Oct. 22, 2022), para. 30. Note that this concern was expressed in a draft for consultation has was subsequently replaced by the IFC/MIGA Interim Approach to Remedial Action (2025).

[140] *See* OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026).

[141] United Nations & World Bank, Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict (2018).

[142] Unresolved grievances that affect potential projects would also be an important contextual risk to consider.

[143] Kemp, D., Warden, S. & Owen, J., Differentiated social risk: rebound dynamics and sustainability performance in mining, *Resources Policy*, vol. 50 (2016).

[144] *See* OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026).

[145] International Finance Corporation Additionality in Middle-Income Countries.

[146] IFC/MIGA Approach to Remedial Action (Consultation Draft) (Oct. 22, 2022), p.1.

[147] *See* e.g., the UN Principles for Responsible Investment work on human rights, Investor Alliance for Human Rights.

[148] *See e.g.*, S&P, Credit Rating 2024 International Finance Corp. (2024), p.3: "IFC has implemented accountability mechanisms to ensure environmental and social compliance on related projects, which we view as strong and transparent." *See also* Moody's, Credit Opinion 2025 International Finance Corporation Aaa Stable, (2025) p. 8: "The IFC extensively uses public consultation processes to ensure buy-in from key stakeholders, and has outstanding community and stakeholder outreach."

[149] IFC/MIGA Approach to Remedial Action (Consultation Draft) (Oct 31, 2022), p.7.
[150] *Id*.
[151] For example, the IDB Environmental and Social Guidelines refer to compensation over 200 times, the IFC Guidance Notes accompanying its Performance Standards refer to compensation 177 times.
[152] Offsetting is anathema insofar as human rights and related social impacts are concerned (see UNGPs, principle 11), and has come to be viewed critically even in the context of carbon emissions and biodiversity impacts. The E&S Policies of a number of DFIs and commercial banks, including the Equator Principles banks, have amended their E&S risk mitigation hierarchies to remove the option of offsetting for social harms, and some have explicitly added the more comprehensive concept of "remedy."
[153] *See generally* Appadurai, A., The Capacity to Aspire: Culture and the Terms of Recognition, in Walton, M. & Rao, V. (eds), *Culture and Public Action: A Cross-Disciplinary Dialogue on Development Policy* (World Bank, 2004), pp.59-84.
[154] *See* UN, Guidance Note of the Secretary General, Reparations for Conflict-Related Sexual Violence (2014), p. 1; See also, Violence Against Women and Children Helpdesk, Making the case for the provision of reparations to survivors of SEAH: lessons and opportunities (2024). The International Commission of Jurists has noted that "all persons affected by a violation of their human rights also have an individual right to reparation, which cannot be circumvented by collective reparation." International Commission of Jurists, The Right to a Remedy and Reparation for Gross Human Rights Violations (2006), p. 42.
[155] See also, Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMs (2025) for more detailed recommendations.
[156] *See* OHCHR Guide to Contractual Provisions for Remedy in DFI Financing (March 2026).
[157] Accountability Counsel, Accountability in action or inaction? An Empirical Study of Remedy Delivery in IAMS, p. 57.
[159] Relevant policy provisions from IADB, IDB Invest, EIB, GCF and the World Bank were noted in the 2022 OHCHR publication, OHCHR, Remedy in Development Finance: Guidance and Practice (February 2022), Chapter II. These institutions have not updated their E&S Safeguards since that time. The updates for IFC are noted in the main Analytical Brief.
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