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Effectiveness Shortcomings of Management Grievance Mechanisms

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Increasingly, development finance institutions (DFIs) have established, or have considered establishing, grievance redress mechanisms housed within bank management. These mechanisms have been touted as potentially faster and more efficient at resolving grievances than independent accountability mechanisms (IAMs) by connecting complainants directly to the project teams that can work with the client to implement solutions. However, compared to IAMs, management-level mechanisms fall short of effectiveness criteria for non-judicial grievance mechanisms as set out in the UN Guiding Principles on Business and Human Rights:

- Legitimacy
- Accessibility
- Transparency
- Predictability
- Equitability
- Rights Compatibility
- Informed by dialogue
- Source of continuous learning

While IAMs do not have a perfect track record on these effectiveness criteria, they outperform management-level grievance mechanisms, especially on transparency. As a result, IAMs have tended to offer more predictable processes for project-affected communities, and a greater level of accountability for the financial institution.

Below is a comparison of a sample IAM, the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation, against 4 major management grievance mechanisms:

- The Grievance Redress Service (GRS) of the World Bank
- The Stakeholder Grievance Response Mechanism (SGR) of the International Finance Corporation
- The Grievances Portal (GP) of the Inter-American Development Bank
- The Management Grievance Mechanism (MGM) of IDB Invest

Comparison of Management-Level Grievance Mechanisms vs. IFC's CAO:

	CAO	GRS	SGR	GP	MGM
Legitimacy					
Developed its operational procedures through public consultation	✔	*			
Accessibility					
Website describes how to file a complaint	✔	✔	✔	✔	✔

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Transparency					
Website publishes number of complaints received	✔				
Website publishes number of complaints found eligible	✔				
Website specifies which projects generated complaints	✔	✔			
Website publishes information about the environmental and/or social impacts complained about in each project	✔				
Website publishes relevant documents, such as complaint summaries, action plans, and monitoring reports	✔				
Publishes an annual report	✔	✔		✔	✔
Annual report publishes number of complaints received	✔	✔		✔	✔
Annual report publishes number of complaints found eligible	✔	✔		✔	✔
Annual report mentions specific projects that generated complaints	✔	✔			
Annual report publishes information about the environmental and/or social impacts complained about in specific projects	✔	✔			
Predictability					
Eligibility criteria available online	✔	✔	✔	✔	✔
Mechanism staff names and biographies available online	✔				
Mechanism shares some information about all complaint outcomes (not just positive ones)	✔			✔**	✔**
Rights Compatibility					
Website and/or procedures mention that complaints may also be brought to the IAM	n/a	✔	✔	✔	✔
Transfers complaints to the IAM upon request	n/a			✔	
Complainants not required to have prior engagement with a project-level mechanism or bank management	✔	✔	✔	✔	✔
Website and/or procedures acknowledge retaliation risk	✔				

Has procedures to prevent and respond to retaliation	✔				
Allows complainants to decide whether they would like confidentiality	✔				
Source of Continuous Learning					
Mechanism reports on changes made to projects as a result of complaints	✔	✔			
Mechanism reports on changes made to bank policy or implementation as a result of complaints	✔				
Mechanism reports on changes needed to improve its own processes	✔			✔	

*GRS held public consultations in 2016 on a draft policy. However, its procedures were updated in 2021, and then again in 2023, without public consultation.
** This information on complaint outcomes is presented in general terms, without identifying the specific projects, and is found only in the mechanisms' annual reports.