



UGANDA CONSORTIUM ON
CORPORATE ACCOUNTABILITY

U C C A

COMMUNITY GUIDE ON INDEPENDENT ACCOUNTABILITY MECHANISMS

TOWARDS GREATER ACCOUNTABILITY
AND REDRESS



CONTENTS

Abbreviations	i
Introduction	1
1. What are International Financial Institutions (IFIs) and Development Financial Institutions (DFIs)?	1
2. What are some of the common examples of IFIs?	2
3. What are some of the projects financed by IFIs in Uganda?	3
4. What are the common safeguard and operational policy violations in IFI-funded projects?	4
5. What options are available for redress?	5
6. How do Independent Accountability Mechanisms work?	7
7. What kinds of remedies can be obtained?	8
8. How do I file a complaint?	8
9. Who can file a complaint?	8
10. What Information is needed?	9
11. Why the Independent Accountability Mechanisms?	9
12. What protection is available in IFI funded projects?	9
13. What aspects do safeguard policies relate to?	9
14. Can affected persons pursue redress through independent accountability mechanisms alongside other Access to Justice avenues?	10
15. What are the key points to remember about IAM processes	10
16. Conclusion	10

ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
IAMs	Independent Accountability Mechanisms
IFIs	International Financial Institutions
IMF	International Monetary Fund
IP	Inspection Panel
IRM	Independent Recourse Mechanism
WB	World Bank
HR	Human Rights
DFI	Development Financial Institutions

Introduction

Communities and investment are two interconnected pillars in shaping the economic and social landscape of any society. However, while investment has the potential to uplift communities and improve standards of living, often times it also carries with it the risk of contributing to or being associated with human rights violations. This leaves communities with diverse access to justice challenges and often, with no recourse due to the high costs involved in court systems. Today, various redress mechanisms exist for many projects financed by International Financial Institutions (IFIs) in case of violations of and non-adherence to the safeguard policies. These provide alternative and complementary paths to the resolution of disputes.

This guide simplifies the various accountability mechanisms and offers concise insights into the avenues available for communities seeking recourse from violations of various safeguards in the implementation of projects. Whether affected by environmental, social, or economic impacts of investment, this resource empowers communities to engage with transparency, ensuring their voices are heard and their concerns addressed. As such, the guide provides a simple and easy reference for project-affected persons, communities, and organizations that seek remedy for project violations.

1. What are International Financial Institutions (IFIs) and Development Financial Institutions (DFIs)?

International Financial Institutions (IFIs) are specialized organizations that provide financial assistance, expertise, and policy advice to support development projects and initiatives in countries around the world.¹

¹ World Bank, "What Are International Financial Institutions (IFIs)?" Retrieved from: <https://www.world-bank.org/en/about/what-we-do/brief/what-are-international-financial-institutions>

Development Financial Institutions (DFIs) are companies or organizations that provide funds to public and private sectors for low-capital projects and are usually owned by the government or charitable institution. Both IFIs and DFIs play a crucial role in mobilizing funds and resources for development and promoting sustainable economic growth.

2. What are some of the common examples of IFIs?

Examples of IFIs include the World Bank Group (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), African Development Bank (AfDB), etc. Each is briefly described below;

i World Bank

The [World Bank](#) is an international development organization owned by 189 countries whose role is to reduce poverty by lending money to governments to improve their economies and to improve the standard of living of their people.² Financing from the World Bank assists countries in supplying safe drinking water, building schools, increasing agricultural productivity, etc.

ii International Monetary Fund (IMF)

The [IMF](#) is a global organization comprising of 190 countries whose objective is to achieve sustainable growth and prosperity of all through supporting economic policies that promote financial stability and monetary cooperation.³

iii Asian Development Bank

The Asian Development Bank is a multilateral financial institution that seeks to help its member countries reduce poverty and improve their people's quality of life through inclusive economic growth, environmentally sustainable growth, and regional integration.⁴ It focuses largely in Asia and Pacific Regions. Its operations in Africa are mainly through partnerships with African countries or other financial institutions.

² https://www.worldbank.org/en/news/feature/2012/07/26/getting_to_know_theworldbank

³ <https://www.imf.org/en/About>

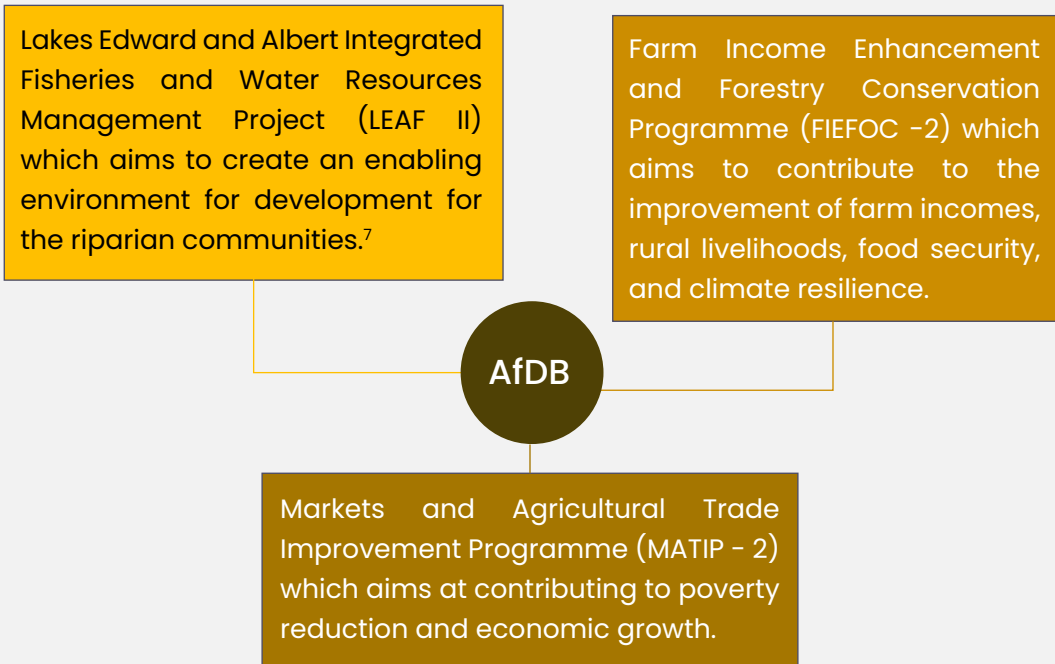
⁴ <https://www.adb.org/who-we-are/about>

iv African Development Bank

The [African Development Bank \(AfDB\)](#) Group is a regional multilateral development finance institution established to contribute to the economic development and social progress of African countries that are the institution’s Regional Member Countries (RMCs).⁵

3. What are some of the projects financed by IFIs in Uganda?

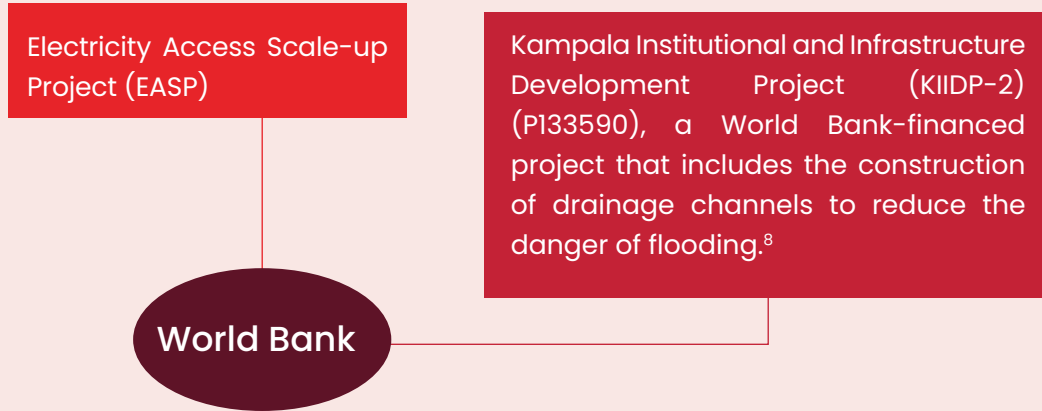
IFIs and DFIs are essential sources of financial resources for both the private and public (government) sectors and are crucial for addressing revenue shortfalls in Uganda. In terms of the public sector, Uganda receives an increased proportion of concessional loans, as key international financial institutions (IFIs) lend significantly increased loan disbursements to Uganda.⁶ As of November 2023, some of the projects funded by IFIs in Uganda include but are not limited to;



⁵ <https://www.afdb.org/en/about-us/frequently-asked-questions>

⁶ Development initiatives, July 2021. Analysis of aid flows to Uganda before and during Covid-19. Available at: <https://www.devinit.org/f398eb>

⁷ See: <https://projectsportal.afdb.org/dataportal/VProject/show/P-Z1-AAF-006>



4. What are the common safeguard and operational policy violations in IFI-funded projects?

Common violations in IFI-funded projects include;

- Lack of compensation.
- Pollution (air, water, and land).
- Lack of meaningful consultation and stakeholder engagement.
- Lack of appropriate consideration for indigenous people and vulnerable groups.
- Involuntary resettlement, *et cetera*.

5. What options are available for redress?

IFIs and DFIs have developed recourse mechanisms to address any potential or actual breach of their safeguard and operational policies. Some of these redress mechanisms include but are not limited to;

- ◆ **World Bank Group:** This established the Inspection Panel (IP), an independent complaints mechanism for people and communities who believe that they have been or are likely to be adversely affected by a World Bank-funded project. More information on this can be accessed via: <https://www.inspectionpanel.org/>

⁸ Uganda - Second Kampala Institutional and Infrastructure Development Project (KIIDP-2) (English). Washington, D.C: World Bank Group. <http://documents.worldbank.org/curated/en/504911468115450273/Uganda-Second-Kampala-Institutional-and-Infrastructure-Development-Project-KIIDP-2>

- ❖ ii The Compliance Advisor Ombudsman (CAO). This is the [independent accountability mechanism](#) of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) established to address complaints related to IFC/MIGA Projects and to enhance environmental and social outcomes of these Projects.
- ❖ iii African Development Bank (AfDB): The AfDB has an [Independent Recourse Mechanism \(IRM\)](#) which has both compliance review and problem-solving processes.⁹ More information on this can be accessed via: <https://irm.afdb.org/>
- ❖ iv International Monetary Fund (IMF): The IMF does not have a dedicated redress mechanism similar to the Inspection Panel or the AfDB IRM.
- ❖ v Asian Development Bank: [Accountability Mechanism](#). This provides a forum where people adversely affected by ADB-assisted projects can voice and seek solutions to their grievances.¹⁰
- ❖ vi The Green Climate Fund Independent Recourse Mechanism. The Green Climate Fund (GCF), integral to the Paris Agreement, is the [world's largest climate fund](#) dedicated to aiding developing countries in achieving their low-emission and climate-resilient goals. Under the [Procedures and Guidelines of the Independent Redress Mechanism](#), the IRM aims to handle grievances or complaints by a person, group of persons or community that may have been adversely impacted by a GCF funded project fairly, effectively, and transparently.
- ❖ vii Independent Complaints Mechanism (IKI ICM). The [International Climate Initiative \(IKI\)](#) is a key aspect of the German government's global climate finance efforts, implemented since 2022 aimed at supporting the implementation and enhancement of Nationally Determined Contributions (NDCs) in developing and emerging countries in alignment with the Paris Agreement. The IKI [Independent Complaint Mechanism \(IKI ICM\)](#) is intended to enable people who suffer (potential) negative social and/or environmental consequences from IKI projects, or who wish to report the improper use of funds, to voice their complaints and seek redress.

⁹ Independent Recourse Mechanism, 2022 Accountability Report

¹⁰ ADB's Accountability Mechanism <https://www.adb.org/who-we-are/accountability-mechanism/main#:~:text=ADB's%20Accountability%20Mechanism,ADB's%20operational%20policies%20and%20procedures.>

- ❖ **viii** The Independent Accountability Mechanism. The [Independent Accountability Mechanism](#)—previously the Office of Accountability—is an independent office within the US International Development Finance Corporation (DFC) that addresses concerns, complaints, or conflicts about environmental or social issues that may arise around DFC-supported projects. The office provides project-affected communities, project sponsors, and project workers an opportunity to have concerns independently reviewed and addressed in a manner that is accessible, fair, objective, and transparent.
- ❖ **ix** Examiner for Environmental Guidelines (EEG). [Established to receive complaints](#) regarding projects of the Japan Bank for International Cooperation (JBIC), the EEG is as an organ independent of JBIC’s departments responsible for international financial operations and environment analysis operations. The process they follow in handling complaints is called the Objection Procedures. JBIC introduced objection procedures simultaneously with the implementation of its Guidelines for Confirmation of Environmental and Social Considerations (the "Environmental Guidelines")
- ❖ **x** Netherlands Development Finance Company. The Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), is an international Dutch entity, specifically the development bank of the Netherlands, with a focus on private sector development in developing countries. The FMO has an [Independent Complaints Mechanism \(ICM\)](#) which allows external parties to file a complaint concerning projects financed by FMO. The Mechanism ensures the right to be heard for Complainants who feel affected by an FMO-Financed Operation in order to enable resolution of disputes and assist FMO in drawing lessons learned for current and future operations.
- ❖ **xi** Project Complaint Mechanism (PCM). The European Bank for Reconstruction and Development (EBRD) [established the PCM](#) as part of its commitment to the transparency and accountability of its operations. It deals with disputes arising out of projects that the EBRD has financed or has expressed an intention to finance and the complainant believes that project has caused or is likely to cause harm.
- ❖ **xii** Independent Consultation and Investigation Mechanism. [MICI](#) is an office of the Inter-American Development Bank (IDB) Group, independent of the

Bank's management and project teams, which addresses the environmental and social grievances of communities potentially affected by the Group's operations. All complaints are managed through a process governed by the MICI-IDB and MICI-IDB Invest policies, which define our scope of action and our processes to ensure objective, transparent, effective, and impartial management for all parties.

6. How do Independent Accountability Mechanisms work?

Different IAMs may have variations in their redress mechanisms. However, these mechanisms often work independently through established procedures and timelines. Here is a general overview of how these redress mechanisms work.

■ *Identification of Grievances*

Individuals, communities, or organizations affected by an IFI-funded project may submit a complaint if they believe the funded project has adversely affected them and is in contravention with the operational safeguards and policies.

■ *Eligibility Criteria*

Each redress mechanism usually has specific eligibility criteria, defining who can submit a complaint. This may include affected communities, local NGOs, or other stakeholders directly impacted by the project.

■ *Submission of complaints*

Complaints may be submitted through a designated channel, which may include email, online platforms, or physical. Complaints filed undergo various processes and timelines until their final resolution. Some of the online links to filing a complaint are;

- i) For the AfDB Independent Recourse Mechanism, the link for submission of the complaint is <https://irm.afdb.org/en/page/file-complaint/complaint-form>
- ii) For the World Bank, the link to filing a complaint is <https://www.inspectionpanel.org/how-to-file-complaint>
- iii) For the Asian Development Bank, the link to filing a complaint is <https://www.adb.org/who-we-are/accountability-mechanism/how-file-complaint>

- ***Initial Review***

Upon receiving a complaint, the redress mechanism conducts an initial review to determine whether it meets the criteria for further consideration.

- ***Investigation***

Upon confirming that the complaint meets the criteria, an independent investigation is done to ascertain the veracity and extent of the grievances.

- ***Dispute Resolution***

On completion of the investigation, and where grievances are ascertained the redress mechanism makes a report. Usually, redress mechanisms may also solve disputes through dialogue and mediation.

- ***Recommendations and remedies***

Based on the findings of the investigation and any attempts for dialogue and mediation, the redress mechanism then issues recommendations for remedial actions.

Throughout all these processes, regular reports on the status of complaints, investigations, and resolutions may be published to ensure accountability.

7. What kinds of remedies can be obtained?

IFI redress mechanisms usually limit themselves to recommendations to the specific IFI. As such, remedies may include compensation, and project modifications, among other measures.

8. How do I file a complaint?

The complaint to an IFI redress mechanism shall be in writing and shall state all relevant facts, including steps already taken to deal with the issue, as well as the nature of the alleged actions or omissions.

9. Who can file a complaint?

Any person, group, or community who believe they have been, or maybe harmed by a project funded by any IFI or DFI including those under consideration may file a complaint.

10. What Information is needed?

Complaints should generally provide the following information;

- i) Name and contact details of the person(s) or community filing the complaint
- ii) A brief description of the IFI/DFI funded project
- iii) A description of the actual or potential Harm or Impact of the Project
- iv) If submitted as a representative, a letter from the affected person(s) or community allowing the representative to file the complaint.

11. Why the Independent Accountability Mechanisms?

The Independent Accountability Mechanisms help affected persons, and communities to address project-related grievances in a timely, fair, and independent manner.

12. What protection is available in IFI funded projects?

Most IFIs have established safeguard policies to ensure the prevention of and mitigation of undue harm during the development process. These standards ensure sustainable development and greater attention to the rights of the people while enhancing positive impacts.

13. What aspects do safeguard policies relate to?

Most safeguard policies provide general requirements for borrowers (usually the state) to identify, assess, and manage the potential environmental and social risks and impacts of a project, including climate change issues. While the phrasing and formats of safeguard policies vary, the issues considered by these policies are mostly similar. These policies relate to;

- The environment, particularly on aspects around land use, biodiversity, and conservation.
- Indigenous people
- Natural habitats and Resources
- Involuntary resettlement
- Safety and pollution
- Consultation and consent for project implementation
- Gender and Vulnerability issues

- Stakeholder participation
- Social risks, et cetera

14. Can affected persons pursue redress through independent accountability mechanisms alongside other Access to Justice avenues?

Yes. Independent accountability mechanisms merely offer an alternative and complementary avenue for dispute resolution, particularly with regard to non-compliance with safeguard policies and procedures.

15. What are the key points to remember about Independent accountability Mechanism processes?

Always remember to;

- i) Keep proper records of all communications with the Independent accountability mechanism. This includes emails, meetings, and phone calls.
- ii) Prepare and compile a list of the safeguard policies you believe have been violated.
- iii) Remember to attach any photos, maps, diagrams, or other evidence concerning the grievance complained about.
- iv) Monitor the implementation of recommendations.

16. Conclusion

IFIs and DFIs have independent accountability mechanisms aimed at providing affected parties with fair and accessible processes for addressing their concerns and ensuring greater accountability in project implementation. This guide is intended to be an important and simple reference tool for all people, communities, and organizations that may be affected by IFI and DFI funded projects.



UGANDA CONSORTIUM ON
CORPORATE ACCOUNTABILITY

U C C A

UCCA SECRETARIAT

Initiative for Social and Economic Rights (ISER)

Plot 60 Valley Drive, Ministers' Village, Ntinda

P. O. Box 73646, Kampala - Uganda

Telephone: +256 414 581 041

Website: www.ucca-uganda.org