

**Public Consultation on
Proposed IFC/MIGA Approach to Remedial Action and
Draft IFC Responsible Exit Principles**

**Civil Society Organisations' (CSOs) consultation session
Online meeting 30 March 2023**

Following the release of the proposed IFC/MIGA *Approach to Remedial Action*; and the IFCs draft *Responsible Exit Principles* in February 2023, IFC/MIGA launched a global public consultation process to elicit comments and submissions on both documents.

The consultation period began with a hybrid Informational Session on 28 February 2023, and will conclude on 20 April 2023 after a total of nine virtual consultation sessions covering all global time zones. Submissions can also be made by email to accountabilityconsultation@worldbankgroup.org. All details appear on the dedicated consultation [webpage](#).

Facilitators' Summary Report: Final

Introduction:

This Summary Report presents questions, inputs and comments received during a consultation meeting for **Civil Society Organisations (CSOs)** held on 30 March 2023 at 5am Washington DC time. The session was attended by 18 participants and conducted in Arabic with English interpretation.

The session was conducted by a team of professional facilitators. IFC and MIGA representatives provided presentations on the process to date, which covered background to the process, the documents themselves, and next steps towards finalising the documents for consideration by the **Committee on Development Effectiveness (CODE)** of the IFC/MIGA Board of Directors. The goal was to collect as many comments, questions, reflections and recommendations from participants as possible.

This Summary is based on comprehensive notes taken during the meeting by a team of Note-takers. It is divided into themes, some of which may overlap, and inputs intersect. The final Report, at the end of the consultation period, will elaborate on the key points.

The session was divided into two parts: the proposed IFC/MIGA Approach to Remedial Action; followed by the draft IFC Responsible Exit Principles.

A. APPROACH TO REMEDIAL ACTION

1. Scope of the Approach to Remedial Action

- Participants expressed disappointment on reading the Approach. One participant remarked that they were looking for something new but could only see that IFC/MIGA are proposing what they are supposed to be doing already, such as capacity building with clients.

- Specifically, one participant enquired as to what has been happening for the last four years, and underscored the concern that the Approach is indicative that IFC/MIGA has in fact not been doing what they were supposed to be doing.
- Another participant added that it is unclear how IFC/MIGA is going to address the mistakes that happen in a project particularly in relation to human rights and the environment.
- A participant commented that the Approach does not respond to recommendations in the External Review; nor does it set out a holistic approach.
- IFC/MIGA need to define more clearly what constitutes “exceptional circumstances”, at a minimum committing that they or their client will provide remedy to the project in the event that CAO reaches a finding of non-compliance.
- Several participants referred to a lack of detail in the Approach, specifically case studies and examples where the environment and natural resources have been violated and remedy provided. It was further remarked that remedial action should not only be undertaken on the premise of experts but should be designed for the public who are affected by remedial action in such a way that they can all understand.
- According to one participant, the Approach does not meet the needs of the communities; it lacks solutions for remedy for everyone affected by projects.
- The view was expressed that the Environmental and Social Impact Assessment phase is the most important phase in a project and yet the impact component as well as the decision-making components are weak, as is a commitment to communities.
- One participant reported that the Approach has been widely criticised. The participant went on to say that a significant criticism is that the Approach does not reflect the goals of sustainable development. The participant enquired whether the proposed remedy action is addressing environmental and social impacts holistically; and whether it responds to demands for inclusion of the youth; providing transparent information about projects about to be financed; and the effect of these projects on societies and stakeholders.
- A participant remarked that the Approach speaks only to the current and not to the previous projects and wanted to know what IFC/MIGA intend to do about the damage resulting from the past projects.
- In the context of past projects, another participant enquired if the Approach applies a statute of limitation; commenting that it takes time to provide remedy and rebuild, as well as in relation in terms of funding. This view was endorsed by other participants asking that the approach should apply to existing projects and not just look to projects in the future.
- Several participants expressed the view that IFC/MIGA should not only be forward-looking, but also respond to existing and previous harms.
- A participant commented that the Approach does not describe any tools that would be useful in addressing remedy.

- Another participant referred to the breadth of ways to remedy harm that need to be taken into consideration, if they can be more easily accessed, for example: that an apology can bring relief.

2. Roles and responsibilities in the remedy ecosystem

- A participant questioned why IFC/MIGA describes itself as acting as a consultant in projects, and not as a party, because the IFC is at the same time financing the project and looking for benefits.
- A participant commented that the Approach proposes to address remedy on a case-by-case basis but will not deliver remedy to those already harmed. The criteria should be inclusive to provide remedy to all types of harm.
- Further comments referred to the need for IFC/MIGA to be clear that they will share the responsibility for remedying any harm flowing from a project in which they have invested, pointing out that there is a legal principle at play: whoever contributed to harm should contribute to remedy. Whether through grants, loans or investment, the IFC is a contributor to the project and should therefore do more than merely act in an advisory role to clients. When contributing to the harm, IFC/MIGA must contribute directly to remedy.
- Another participant made the point that because IFC profits from the projects, that they must also take responsibility for addressing the problems that arise from those projects. Thus, IFC needs to contribute to remedial action.
- A participant recommended that, based on previous experience, IFC needs to participate in project pre-execution consultation with communities.
- One participant sought clarification in the Approach as to how IFC/MIGA policy would help to contain or mitigate regional issues such as: inflation and risk of poverty, political instability, increase in migration, in addition to climate change and droughts which further exacerbate these problems and can lead to instability. It was suggested that, not only as a funding party but also as an investing party, development organizations create policy and need to consider how to contain or mitigate these issues.

3. Preparation, Facilitate and Support for Remedial Action

- IFC/MIGA must have funding available to finance remedy.
- Another participant remarked that one of the most important demands is to increase transparency regarding the project financing process and to make environmental and social reporting available as well as to improve them.
- One participant noted that the Approach does not include the establishment of a fund to support remedial action as recommended by the External Review Panel. This view was endorsed by another participant who remarked that several other recommendations of the External Review Panel had been excluded.

- It was suggested by a participant that pre-project execution, IFC/MIGA need to require more than the current practice of basing reports around old projects and collecting sparse information.

4. Access to Remedial Action

- One participant commented that the Approach needs to make it clear whether the purpose of company-level **Grievance Mechanisms (GMs)** is to receive complaints, or whether it is to provide a channel for access to remedy.
- It was pointed out by one participant that communities do often despair with challenges in trying to contact companies.
- Concern was expressed by another participant that, although GMs are available during the construction period, the Approach makes no guarantee that affected communities have a means by which they can communicate directly with the local IFC office prior to the start of project.
- A participant shared a perspective that IFC is currently limited in following up and addressing issues immediately on receipt of a grievance. The participant went on to recommend that there should be a mechanism to ensure that the community has a way of communicating directly to IFC, and not just through the client; and not just through the construction period - but for the first five years of operation.
- One participant commented that there must be an easy way to facilitate communication between communities and IFC, whether via a website or the provision of open channels with the IFC regional office.
- A participant requested clarification where the Approach refers to “things” that should have been done in the past, such as a grievance mechanism that would receive complaints (not referring to CAO).
- A participant commented that the Approach is unclear as to how IFC/MIGA will deal with complaints when it says: “we are going to address the grievance mechanisms” and, at the same time, says that when complaints are lodged, they will be addressed on a case-by-case basis.

5. Process

- A participant remarked that the consultation process in Arabic is based on a PowerPoint presentation and not the complete documents. No draft in Arabic has been made available that would allow full understanding of the Approach or the Responsible Exit Principles.
- One participant remarked that the consultation process is not clear on whether the inputs are going to be included or not in a final document and requested to see a second version of

the Approach; a view which was supported by other participants wanting to ensure that their comments would be included in a second version.

- It was requested by several participants that IFC/MIGA share a second draft with stakeholders before any report goes to the Board.
- A participant expressed the hope that there would be an easier way to communicate with the IFC on the Approach and the Responsible Exit Principles besides the website.

6. Other Comments

- A participant wanted to draw attention to studies (conducted by specialists) that they considered inaccurate, saying that they had received several complaints concerning reporting and evaluation. The participant made the point that problems can arise over inaccurate records; and that the specialists can and may choose to meet with people connected to the project in some way, or not. The participant commented that these specialists are consultants providing services and will be inclined to side with those who have contracted them and speak with people who are supportive of the project.
- Another participant expressed the view that IFC has projects in several countries; and that IFC's response to problems is always that 'everything's great.' The participant suggested IFC follow local news closely through their local offices to identify issues before complaints are lodged.

B. RESPONSIBLE EXIT PRINCIPLES

- A participant commented that the Responsible Exit Principles do not state explicitly that IFC will not exit until remedies are addressed/implemented, nor while CAO cases are active. The participant said that it is not possible for IFC to exit responsibly while there is an ongoing case with CAO as it is IFC's responsibility to resolve the issues before exit.
- Another participant commented that one way to ensure a safe/responsible exit is for IFC to repay the loan by the investor.
- The importance of conducting an assessment prior to exit was underscored by participants, in order to review social and environmental norms and consider how to address any harm to stakeholders and the local community.
- A participant commented that, regarding piloting the Responsible Exit Principles, the document refers to effective therapeutic measures, but no details or examples of this are provided.
- One participant sought clarification over whether IFC is committed to implementing the Responsible Exit Principles strictly and systematically in their processes and projects, commenting that it may be difficult to implement the Responsible Exit Principles effectively where administrative departments, local institutions, laws and legislation are weak.

- A participant wanted to understand how IFC would deal with a negative impact on local communities or the environment in the event that implementation of the Responsible Exit Principles were to be problematic.