



THE PROJECT-AFFECTED PEOPLE'S MECHANISM



ASIAN INFRASTRUCTURE
INVESTMENT BANK

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WHAT IS THE PROJECT-AFFECTED PEOPLE'S MECHANISM?

The Project-affected People's Mechanism (PPM) provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by the failure of the Asian Infrastructure Investment Bank (AIIB) to implement its Environmental and Social Policy (ESP) when their concerns cannot be addressed satisfactorily through Project-level grievance redress mechanisms or AIIB Management's processes. The PPM is guided by the Policy on the PPM (PPM Policy) and Rules of Procedure of the PPM (PPM Rules of Procedure).

The Complaints-resolution, Evaluation and Integrity Unit (CEIU) is responsible for the functioning of the PPM. It reports directly to the Bank's Board of Directors and is independent of AIIB's management.

WHO CAN FILE A SUBMISSION?

Two or more Project-affected people (Requestors) may file a submission. They may authorize an in-country representative (Authorized Representative) to file a submission on their behalf. In exceptional situations, when in-country representation is unavailable, the Requestors may designate an individual or organization outside of the country as their Authorized Representative to file a submission.

WHAT IS THE PROJECT PROCESSING QUERY FUNCTION?

A Project Processing Query (PPQ) is designed to enable Project-affected people to obtain **rapid resolution of their concerns about simple matters** that arise during AIIB's environmental and social due diligence of a Project and do not require dispute resolution (see next question). Due diligence includes screening, categorization and assessment of the environmental or social impacts of the Project. Examples of concerns that may be suitable for a PPQ include inquiries about the consultation process related to a Project or requests to address environmental nuisances such as dust, noise or mobility restrictions experienced during Project preparation. For further details on when a PPQ may be appropriate and how the process is conducted, please see Sections 3 through 6 (especially 6.5) of the PPM Rules of Procedure.

WHAT IS THE DISPUTE RESOLUTION FUNCTION?

Requests for Dispute Resolution (RDR) allow the PPM to seek to facilitate and coordinate the resolution of a dispute that has arisen over measures required to mitigate known and quantifiable, potential or actual material adverse environmental and social impacts that arise during AIIB's due diligence of a Project or during Project implementation. The parties to the dispute typically include the Client and the Requestors, but they may also involve Management and/or contractors or other parties involved in the Project processing or implementation. The aim of this process is to reach a time-bound and monitorable dispute resolution agreement between the parties concerned on actions to mitigate these impacts. Under this process, the PPM explores with the concerned parties mutually acceptable dispute resolution methods. This process may include consultative dialogue, information sharing, joint fact finding, creation of a mediation mechanism or other methods. For further details on when an RDR may be appropriate and how the process is conducted, please see Sections 3 through 6 (especially Section 6.6) of the PPM Rules of Procedure.





WHAT IS THE COMPLIANCE REVIEW FUNCTION?

The process under a Request for Compliance Review (RCR) involves an investigation by the PPM of allegations by Project-affected people that AIIB has failed to comply with its obligations under the ESP in its environmental and social due diligence of a Project during Project preparation, or its oversight of the Project during implementation, thereby causing or being likely to cause material adverse environmental or social impacts on the Project-affected people. If the allegations are substantiated, the process includes a review of any action plan proposed by Management to address these impacts.

Unlike the PPQ and RDR processes, an RCR requires that the PPM assess whether AIIB is in compliance with its ESP. The PPM reviews whether:

1. The facts alleged in the RCR are substantiated.
2. A direct causal link exists between the adverse impact and alleged AIIB noncompliance with the ESP.
3. The alleged adverse impact is material.
4. Management has adequately explained its actions pursuant to the ESP.
5. The actions proposed by Management to resolve the issues raised in the submission are appropriate.

If the PPM determines that there has been noncompliance with the ESP, AIIB Management prepares a Management Action Plan (MAP) to address the PPM's findings of noncompliance. The PPM submits its findings to AIIB's Board of Directors. The MAP is subject to approval by AIIB's Board of Directors. The PPM also submits to AIIB's Board of Directors its review of monitoring reports prepared by AIIB's Management on implementation of the MAP.

For further details on when an RCR may be appropriate and how the process is conducted, please see Sections 3 through 6 (especially Section 6.7) of the PPM Rules of Procedure.

CONFIDENTIALITY AND RETALIATION

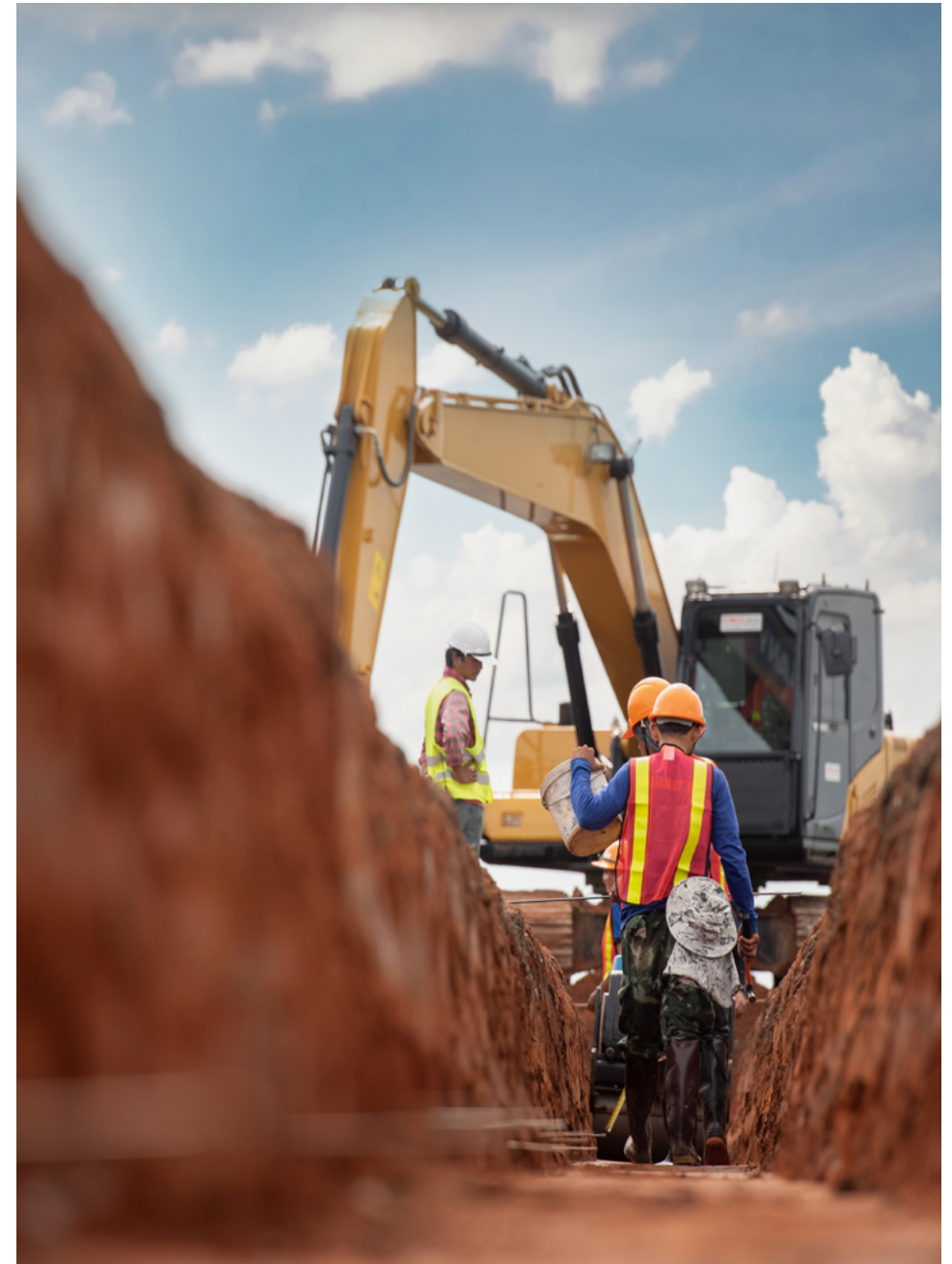
Requestors may ask for confidentiality. The request for confidentiality and the reasons for the request can be provided with the Requestors' submission.

The PPM considers any request for confidentiality and makes all reasonable efforts to grant the confidentiality requested.

In reviewing any request for confidentiality, the PPM assesses the risk of retaliation in connection with the submission. If the review identifies a risk of retaliation, the PPM notifies AIIB's Management and discusses actions Management may take to avoid increasing the risk to the safety of the Requestors, their families, in-country Authorized Representative and other relevant persons.

If confidentiality becomes an impediment to submission eligibility assessment or effective resolution of issues raised, the PPM advises the Requestors of these concerns and seeks to agree with the Requestors on how to proceed. Failing such agreement, the PPM may terminate review of the submission.

For further details on how the PPM handles confidentiality and retaliation, please see Sections 6.4.3 and 9 and Attachment 4 of the PPM Rules of Procedure.





WHEN CAN SUBMISSIONS TO THE PPM BE MADE?

Figure 1: PPM Submission Processes and Timeframes: Sovereign-backed Financings

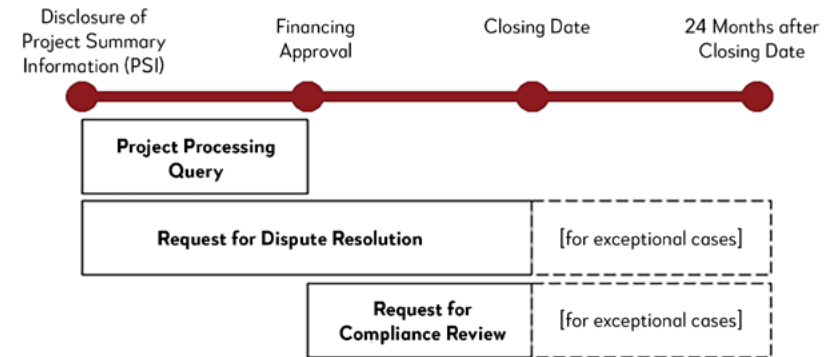
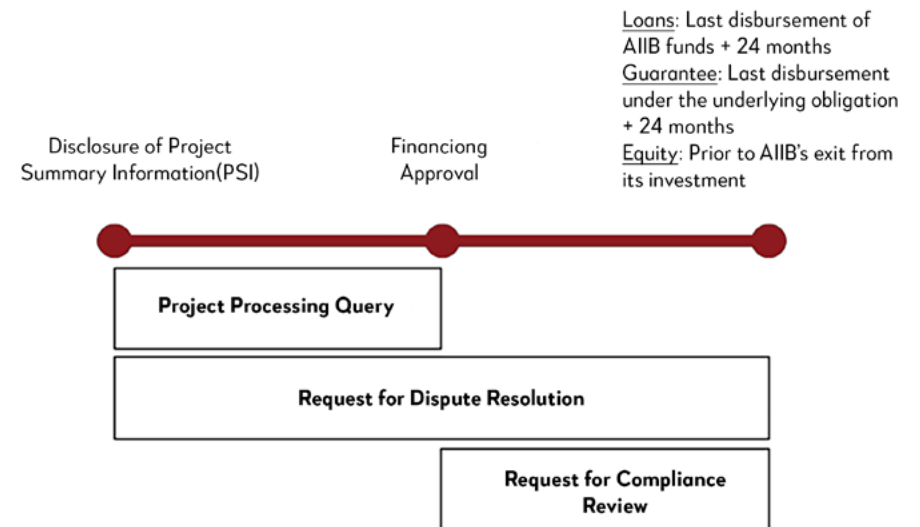


Figure 2: PPM Submission Processes and Timeframes: Nonsovereign-backed Financings



WHAT MATTERS ARE NOT ELIGIBLE FOR SUBMISSION TO THE PPM?

A submission is not eligible to be considered by the PPM if:

- It does not relate to a Project that has been approved for financing by AIIB or in relation to which a Project Summary Information has been disclosed;
- It is anonymous;
- It raises allegations of Prohibited Practices or relates to procurement;
- It relates to any AIIB policy other than the ESP;
- It relates to the adequacy of the ESP;
- The Project is cofinanced with another multilateral development bank (MDB) or bilateral development organization and AIIB has agreed to the application of the environmental and social policies and procedures and to rely on the Independent Accountability Mechanism (IAM) of such institution;
- It is filed outside of the time limits set out in the Policy on the PPM;
- The Requestors have not made good faith efforts to resolve the issues with the Project-level grievance redress mechanism and with AIIB management or have not indicated to the satisfaction of the PPM why they have been unable to do so;
- It raises issues that have already been considered by the PPM, unless there is new evidence or circumstances not known at the time of the previous submission; or
- It has been filed fraudulently, with frivolous, malicious or improper intent or to gain undue competitive advantage.

In addition, a request for Compliance Review is ineligible to be considered by the PPM if:

- It relates to actions or inactions that do not involve AIIB's failure to comply with the ESP or otherwise raises issues unrelated to AIIB's failure to comply with the ESP;
- It relates to activities, parties or impacts beyond the reasonable control of AIIB (including the conduct of the Client or any third party, unless that conduct is directly relevant to assessment of AIIB's compliance with the ESP);
- It relates to laws, policies, or regulations of AIIB's Member government, unless they directly relate to AIIB's compliance with the ESP;
- It relates to matters concurrently under arbitral or judicial review, save when the Board of Directors authorizes the PPM to process such request; or
- It relates to the subject matter of an ongoing Project Processing Query or a Dispute Resolution.





HOW TO FILE A SUBMISSION?

The PPM has prepared a standardized optional PPM sample submission form to guide Requestors in preparing their submissions. The submission form is available on the PPM website at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>. This form is being progressively translated into the official and national languages of AIIB Members where AIIB is currently financing Projects. Updates will be listed and accessible on the PPM website.

You can also contact the PPM Secretariat for guidance on how to correctly file your submission at:

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