



The Compliance Function

Enhancing transparency and accountability

EBRD is committed to promoting sustainable development in all of its investments. To ensure that the environmental, social and transparency practices of Bank-financed projects meet EBRD standards, the Bank requires that Projects comply with its Environmental and Social Policy and Access to Information Policy.

As a last resort, the **Independent Project Accountability Mechanism** of EBRD independently reviews issues raised by individuals and organisations concerning Bank-financed projects, which are believed to have caused, or to be likely to cause, harm. It does this through two functions: problem solving and compliance review.

- **What is the purpose of the Compliance Function?**

The purpose of the Compliance function is to determine whether EBRD, has complied with its Environmental and Social Policy and/or the project-specific provision of its Access to Information Policy in respect of an approved Project.

- **What happens during a Compliance process?**

Once a request has been registered and found not eligible for problem solving, the IPAM head designates a member of the team as responsible for the case throughout its processing under the Compliance function. There are three main stages: i. Compliance Assessment, ii. Compliance Review and iii. Monitoring. See the **Step-by-Step Process** for details and timelines.

- **What is the outcome of a Compliance Review process?**

If the Compliance Assessment finds the request eligible for a compliance review, an investigation will be undertaken by IPAM. Its outcome is a Compliance Review Report that will present the findings. If any non-compliance with the ESP and/or the AIP in respect of a Project are identified, the Compliance Review Report will:

- Identify the specific actions or inactions of the Bank that led to the finding of non-compliance
- Provide Bank Management with specific recommendations to address the findings:
 - o At the project-level, identifying actions to bring the Bank into compliance and address the harm
 - o At the procedural and systemic level, identifying changes to EBRD practices, procedures, guidance to avoid recurrence.
- Describe Management Action Plan Monitoring to be initiated following the approval by the Board of the Management Action Plan.

- **How do Parties participate in the Compliance process?**

At various stages of the Compliance process, the Parties (requesters, Client and Bank Management) have the opportunity to provide their inputs and comment on draft reports.

- **What are the limitations of a Compliance process?**

IPAM recommendations cannot include an award of compensation to the requesters beyond that which may be expressly provided for in the Environmental and Social Policy.

STEP BY STEP GUIDE TO THE COMPLIANCE PROCESS

Step 1. Compliance Assessment Its purpose is to assess if a request is eligible for a Compliance Review.			Duration 60 business days
Criteria A case is eligible if: i. It appears that the project may have caused, or may cause, direct or indirect material harm to Requesters or Project-affected people ii. There are indications that the Bank may not have complied with the ESP or the AIP	What does IPAM do <ul style="list-style-type: none"> Appraise the Case considering the document and information collected during the Assessment, as well as any publicly available information. Engage with Parties for further insights Consider Management's and Client's written responses if any 	Output A Compliance Assessment Report that will include terms of reference if proceeding with an investigation. This report is public.	Possible Outcomes IPAM may either recommend: <ul style="list-style-type: none"> proceeding with a Compliance Review or; closing the case.
If IPAM recommends proceeding with a Compliance Review, then:			
Step 2. Compliance Review Its purpose is to determine whether the Bank, through its actions or inactions, has failed to comply with the ESP and/or AIP in respect of an approved project. Where IPAM concludes that the Bank has not complied, it will recommend remedial changes related to the actions or omissions.			Duration 140 business days
What does IPAM do On the basis of the Compliance Review Terms of Reference, IPAM will: <ul style="list-style-type: none"> Appraise the Case considering the document and information collected during previous stages, as well as any new Project-specific or publicly available information. Engage with Parties for further insights Undertake a site visit and/or Engage consultants on specific technical matters. 		Output A Compliance Review Report presenting the findings. If IPAM finds the Bank to be non-compliant, the Report will identify the specific actions (or inactions) of the Bank that led to the finding of non-compliance and provide Bank Management with specific recommendations.	
Outcome If findings of non-compliance, the Report will include recommendations to return the project to compliance and address the harm. IPAM will send the Compliance Review Report to Bank management for the preparation of a Management Action Plan.		A Management Action Plan will include project specific actions designed to bring the project back to compliance, proposed changes to EBRD practices, as well as timelines & expected costs.	
If IPAM finds non-compliance, a Management Action Plan will be produced, then:			
Step 3. Monitoring IPAM will monitor the implementation of approved Management Action Plans, in the context of the findings of non-compliance identified in the Compliance Review Report until it considers all actions have been completed.			Duration Dependant on full implementation of actions.
Criteria i. Plans and commitments are effectively carried out ii. Timetables are met	What does IPAM do <ul style="list-style-type: none"> Consult with requesters, Client and Bank management Consider project documentation, monitoring updates Undertake site visits Engage consultants 	Output A Monitoring Report , at least bi-annually, providing updates on the implementation of the MAP, until IPAM determines that full implementation has been achieved.	
For further information on IPAM, visit our website at https://www.ebrd.com/project-finance/ipam.html . You can also contact us via email ipam@ebrd.com or by mail sent to EBRD Independent Project Accountability Mechanism, Attn: Victoria Marquez-Mees, Chief Accountability Office, One Exchange Square, London EC2A 2JN, United Kingdom			