



Statement on Retaliation

May 31, 2022

1. Introduction.

This statement describes how the Asian Infrastructure Investment Bank (AIIB) assesses and manages risks of retaliation under its Environmental and Social Policy (ESP). It does not address risks of retaliation in connection with submissions to the Project-affected People's Mechanism (PPM), which are governed by the Policy on the PPM and related Rules of Procedure of the PPM. Information regarding retaliation in connection with such submissions may be found in the Policy on the PPM.¹

2. Context.

AIIB recognizes and takes seriously the increasing risk of retaliation to stakeholders who express views regarding the environmental and social (ES) risks and impacts of development projects. Where a Project financed or proposed to be financed by AIIB presents such risks to relevant Project stakeholders, the ESP requires that the Client assess its risks and develop measures, if needed, to protect against them. Where there are allegations of retaliation under the Project, AIIB will review them and take action together with the client as it determines to be necessary.

3. What is Retaliation?

Retaliation related to projects supported by AIIB can take many forms and must be assessed on a case-by-case basis. Retaliation can include threats, harassment, violence, or punitive action taken against an individual, group or organization (such as a worker, contractor, community member, Indigenous Peoples leader, activist, human rights defender, or civil society organization (CSO)) that has lodged a complaint or voiced criticism or concerns about a development project proposed for support or for which financing has already been extended.

Examples of such retaliation include anonymous threats against a local community activist for raising concerns about project impacts; threats against community members for raising formal grievances under the project; or violence used by security forces against stakeholders who oppose the project. Such threats do not necessarily have to be physical in nature and can also consist of other disadvantages.

¹ [Policy on the Project-affected People's Mechanism - Operational Policies & Directives - AIIB](#)

The victims of retaliation can be persons involved in implementing the project (for example, project personnel or a contractor's personnel) or they can be persons affected by or interested in the project (for example, community members, activists, or members of a CSO). Note that the terms "retaliation," "retribution" and "reprisal" can be used interchangeably.

Retaliation against those who oppose or criticize a project can negatively affect a project's ability to be successfully implemented and/or operated. Creating a safe, free and open environment for workers and communities to raise ES concerns can help manage risks, as this allows for proactive identification of potential issues and enables the Client to work with affected stakeholders to address these issues effectively before they escalate.

It is therefore important for Clients to assess the risk of retaliation, develop and implement actions to reduce its likelihood, and prepare a plan to respond should retaliation occur, even if the Client already has a policy in place to address risks of retaliation.

4. AIIB Policy Provisions.

The ESP provision addressing the risks of retaliation is as follows:

*"Recognizing the increasing risks of intimidation, coercion, manipulation and retaliation in cases where relevant stakeholders express views regarding the environmental and social risks and impacts of development projects, if the Bank determines that a Project presents such risks to the relevant Project stakeholders, it requires the Client to develop measures to protect against them. The Bank will promptly review allegations of such retaliation in connection with the Projects it supports. If such allegations are substantiated to the Bank's satisfaction, the Bank will discuss with the Client measures to be implemented by the Client to address retaliation risks under the Project. If the Client fails to do so within a reasonable time, the Bank will consider taking appropriate action."*²

5. Measures to Mitigate the Risk of and Address Retaliation.

AIIB works with the Client during its ES due diligence (DD) and oversight of Project implementation to avoid or minimize risks of retaliation.

- (a) During its ES DD, AIIB determines whether the Project presents risks of intimidation, coercion, manipulation, and retaliation to stakeholders. If these risks are identified, it requires the Client to develop and implement measures to protect against them, in a timely manner commensurate with the nature of the risks and their potential impacts. As appropriate, AIIB provides guidance and capacity building to the Client. AIIB also determines whether the Project-level and labor grievance redress mechanisms (GRMs) include provisions: (i) to protect complainants from retaliation, grant them confidentiality and enable them to remain anonymous, if requested; and (ii) to protect those who defend the rights of complainants to make such complaints.
- (b) During Project implementation by the Client, AIIB monitors the functioning of the GRMs. If AIIB Management or staff become aware of any allegations that retaliation has occurred or is occurring under the Project, AIIB promptly undertakes a review of these allegations. If Management is satisfied that the allegations have been substantiated, it requires the Client to take appropriate time-bound measures to

ESP (2021), Section 74, Addressing Retaliation

address the matter. Should the Client fail to take these measures within the time frame indicated, AIIB may take appropriate action, including exercise of its contractual remedies. In all cases involving allegations of retaliation, AIIB will be attentive to the need for preserving the confidentiality of the information provided to it.

6. Additional PPM Guidance. Given the seriousness of possible risks of retaliation and the likely need for confidentiality in the specific context of submissions to the PPM, the PPM Policy and related Rules of Procedure include a detailed discussion of these risks and special handling procedures to minimize them.³

³ See PPM Policy, Section 9, Confidentiality and Retaliation; PPM Rules of Procedure, Section 9, Confidentiality; Retaliation and Attachment 4, Implementing Retaliation Risk Mitigation Measures.