

Grievance Redress Mechanism

Enterprise Risk and ESG Services



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Setting the context: The role of accountability mechanisms in unlocking sustainable finance opportunities

The context of Grievance Redress Mechanisms (GRMs)

As donor-funded projects adopt a “Do no significant harm (DNSH)” approach in interacting with underserved markets and vulnerable populations, it is imperative to proactively identify, appreciate and respond to community concerns in project-affected areas. GRM is therefore a structured, transparent and accessible system established by organisations (typically, Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs)), governments and/or other project implementers to receive, assess and resolve concerns or grievances.

Consequently, GRM is critical for companies or organisations operating in areas with significant Environmental & Social (E&S) risks and impacts – such as energy and extractives, water and land – which collectively account for most admissible complaints received by the World Bank’s accountability mechanisms (see Fig. 1). Thus, an effective GRM is a cornerstone of responsible project delivery.

The Grievance Redress Service (GRS) of the World Bank, which is an avenue for individuals and communities to submit complaints directly to the World Bank received:

723 complaints in FY24, a 34% increase from FY23

This indicates that communities are **increasingly becoming aware** of their rights **and trusting** of mechanisms to respond.



Number of admissible GRS complaints: By top four (4) World Bank Global Practices

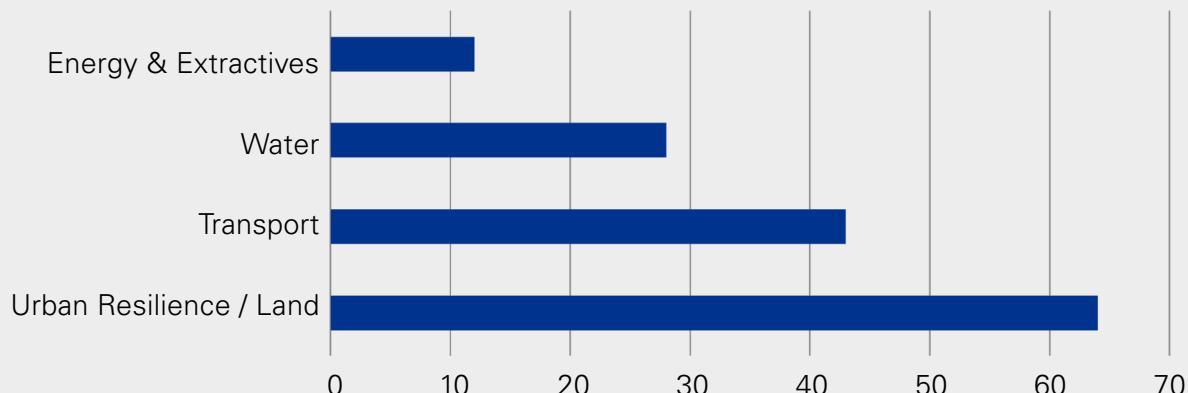


Fig.1

Source: World Bank Grievance Redress Service (GRS): FY24 Annual Report

The Nexus between Sustainable Finance and GRMs

- As of 31 December 2024, AfDB, an implementing entity for Climate Investment Fund (CIF), has approved over 45 projects in Africa, deploying \$1.06 billion in CIF resources and an additional \$2.29 billion in co-financing. The 45 projects cut across wind, solar, geothermal, hydro and coal transition-related initiatives.
- Given the scale, diversity and community impact of MDB-implemented climate finance projects, GRMs address three (3) key imperatives: (1) enhancing risk mitigation and operational continuity by preventing escalations and disruptions; (2) promoting inclusive stakeholder engagement and (3) demonstrating institutional compliance, as lenders like the AfDB and World Bank require GRM systems as part of their funding criteria.

Source: African Development Bank Climate Investment Funds (CIF)

The World Bank's Environmental and Social Framework (ESF), effective 1 October 2018, and which covers **64%** of the World Bank's Investment Project Finance (IPF) portfolio **requires borrowers to provide GRM** to facilitate the resolution of concerns of project-affected parties – **signaling that GRM is no longer optional.**



Our Value Proposition and Approach

As environmental and social (E&S) safeguards are a key requirement for unlocking access to sustainable financing from DFIs, MDBs and other fund providers and operationalising the “Do No Harm” principle in engaging and resolving issues relating to Project Affected Persons (PAPs), the ability to effectively identify and respond to stakeholder concerns is critical to project success and long-term sustainability.



Our Value Proposition

Leverages our ability to blend deep knowledge of development finance standards, sector-specific risk insight and institutional risk management and on-the ground implementation experience (as required) in supporting your company or organisation to achieve its desired objectives.



Our Approach

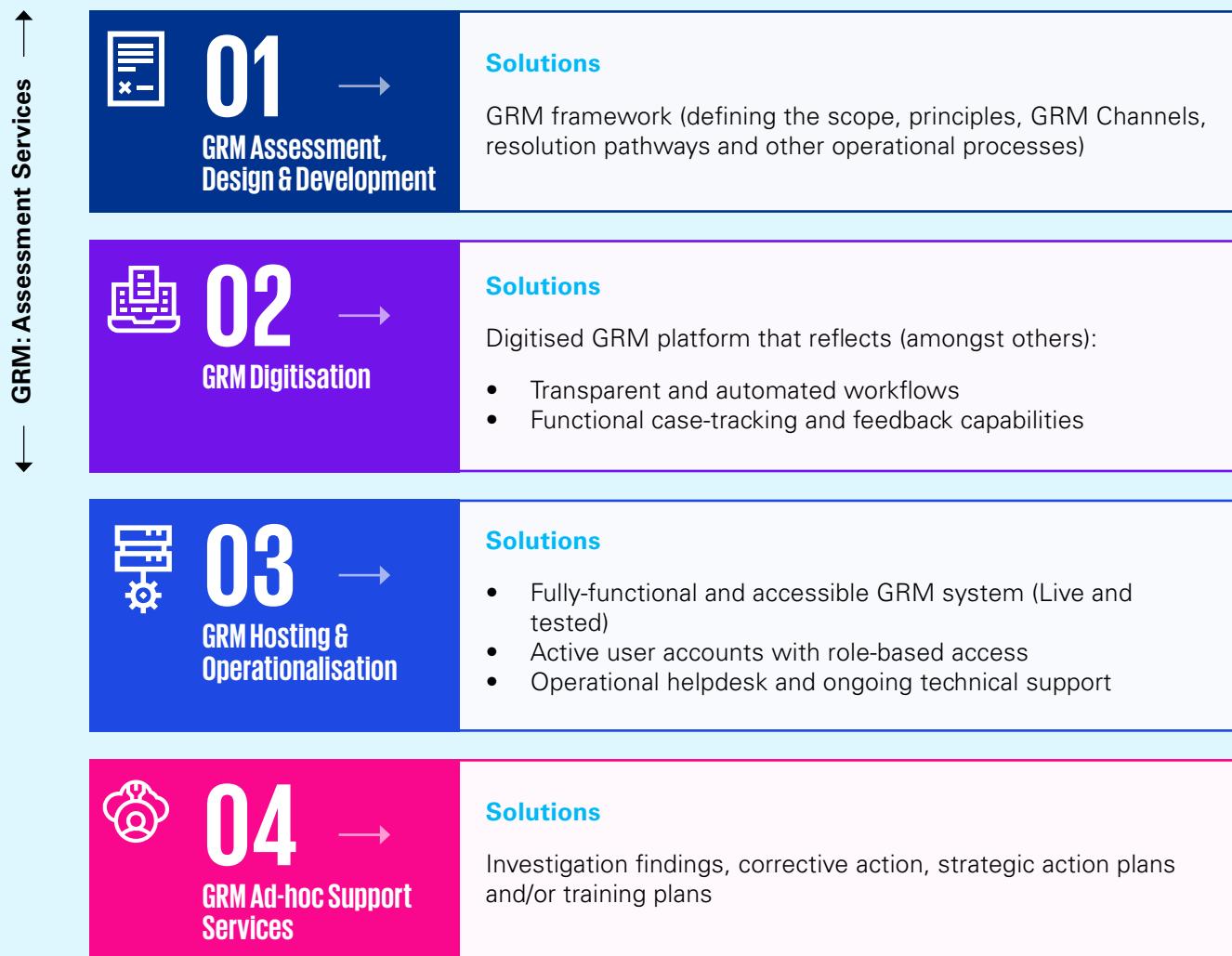
Combines diagnostic assessments to evaluate existing GRM effectiveness, benchmarking against international best practices, and tailoring solutions to an organization's specific E&S safeguards and context, while deploying both digital and community-based tools to ensure inclusiveness, transparency, and scalability.



How KPMG can help - Assessment, Design and Deployment

We offer a comprehensive suite of GRM service: Assessment, Design and Deployment Services, with solutions ranging from design and digitisation to capacity building, which are customisable to fit specific operational contexts, risk exposures and diverse stakeholder engagement needs.

GRM Services: Assessment, Design & Deployment Services



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