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Good Practice Note

Addressing Grievances from Project-Affected Communities

GUIDANCE FOR PROJECTS AND COMPANIES ON DESIGNING GRIEVANCE MECHANISMS

IFC | **International Finance Corporation**
World Bank Group

Cover Photo:

Discussing community grievances at a meeting, Rajasthan Joint Venture project (Cairn India)—see story, page 33 (Photo by Edward Pollett, IFC).

Georgia (Photo by Edward Pollett, IFC).

Addressing Grievances from Project-Affected Communities

The concepts of social risk management and social license to operate have become an integral part of doing business in emerging markets. These dimensions of a company's social and environmental strategy can be achieved with effective stakeholder engagement, based on active participation of and feedback from groups affected by the company's operations. A mechanism to address affected communities' concerns and complaints— a grievance mechanism[1]—is an important pillar of the stakeholder engagement process, since it creates opportunities for companies and communities to identify problems and discover solutions together.

Moreover, it is now clear that credible and effective grievance mechanisms are part of a broader framework for businesses to address human rights issues in their operations. As such, companies should integrate specific principles developed by the Special Representative of the UN Secretary-General on Business and Human Rights: legitimacy, accessibility, predictability, equitability, transparency, and compatibility with internationally recognized human rights standards.

Companies across sectors and through all stages of project development can benefit from understanding community concerns and complaints and addressing them. This Good Practice Note provides guidance on basic principles and process steps that organizations should take into account when creating and implementing grievance mechanisms. Together, these principles and steps constitute a baseline set of considerations and good strategies for designing and implementing procedures appropriate to the project scale and impact. This Note is not intended as a detailed guide for large and complex projects.[2] Instead, it focuses on helping companies create a foundation for successful resolution of concerns and complaints. It does so through examples from private sector projects of IFC clients ranging from oil, gas, and mining projects to manufacturing companies.[3]

This Note does not discuss various internal grievance procedures intended for employees or commercial disputes involving contractors, suppliers, customers or consumers. The Note focuses on grievance management at the level of private sector projects and companies and is not intended to cover aspects of government-, industry-, or international-level grievance mechanisms. Such mechanisms—together with the formal justice system and other independent dispute resolution and accountability bodies—are part of a broader accountability framework for the private sector, and serve as drivers for companies to engage more effectively with communities to preempt escalation of grievances and disputes. Thus, a company's accountability to its stakeholders encompasses more than a project-level grievance mechanism, which is only one of the tools that companies can use to respond to the need for greater accountability, without undermining or limiting communities' rights to use alternative avenues for recourse.

IFC's Approach

Grievance mechanisms are an important part of IFC's approach to requirements related to community engagement by clients under the Policy and Performance Standards on Social and Environmental Sustainability. Where it is anticipated that a new project or existing company operations will involve ongoing risk and adverse impacts on surrounding communities, the client will be required to establish a grievance mechanism to receive and facilitate resolution of the affected communities' concerns and complaints about the client's environmental and social performance. The grievance mechanism should be scaled to risks and adverse impacts of the project, address concerns promptly, use an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, and do so at no cost to communities and without retribution. The mechanism should not impede access to judicial and administrative remedies. The client will inform the affected communities about the mechanism in the course of its community engagement process (PS 1, Paragraph 23).

A grievance mechanism should be able to deal with most of the community issues that are covered by IFC's Performance Standards. Grievance mechanism requirements in relation to affected communities are explicitly stated with regard to security personnel (PS 4, Paragraph 13), land acquisition (PS 5, Paragraph 10), and adverse impacts on indigenous peoples (PS 7, Paragraph 9). Additional guidance is provided in the corresponding Guidance Notes.

IFC client companies will be asked to design the mechanism according to the extent of risks and adverse impacts of the project. Impacts on communities are evaluated within the Social and Environmental Assessment for a project.[4] Based on the results of this assessment, IFC's project sponsors may be required to develop or improve their social and environmental management and community engagement, and to include appropriate steps in their action plans. However, all issues arising over the life of a project cannot be anticipated and preempted during the assessment process. While an upfront comprehensive social and environmental assessment can serve to reduce the likelihood and volume of grievances in the future, the need for a mechanism to address community grievances will always exist.

IFC views grievance management as one of the pillars of stakeholder engagement for all clients. Grievance mechanisms inform and complement but do not replace other forms of stakeholder engagement. Stakeholder engagement also includes stakeholder identification and analysis, information disclosure, stakeholder consultation, negotiations and partnerships, stakeholder involvement in project monitoring, and reporting to stakeholders.[5] If strategically applied throughout the project life, an integrated range of stakeholder-engagement approaches can help build trust, contribute to maintaining broad community support for the project, and ultimately help companies promote the long-term viability of their investments.

As part of the Performance Standards framework, the Compliance Advisor Ombudsman (CAO) responds to complaints from affected communities around IFC-financed projects, and thereby serves as an independent accountability body for IFC. (See Box 1, below.)

This Note is based on IFC's experience in applying its Performance Standards and is nonprescriptive in its approach. It should be used in conjunction with Performance Standards and IFC Guidance Notes, which contain basic requirements to be followed when developing grievance management procedures under the IFC Policy and Performance Standards framework. However, this document does not intend to duplicate existing IFC social and environmental policy requirements.

BOX 1: Compliance Advisor Ombudsman

Recognizing the importance of accountability and that the concerns and complaints of project-affected people should be addressed in a manner that is fair, objective, and constructive, a mechanism has been established through the CAO (http://www.cao-ombudsman.org/) to enable individuals and communities affected by IFC projects to raise their concerns to an independent oversight authority.

The CAO is independent of IFC management and reports directly to the President of the World Bank Group. The CAO responds to complaints from those affected by IFC-financed projects and attempts to resolve them through a flexible problem-solving approach, and to enhance the social and environmental outcomes of projects. In addition, the CAO oversees audits of IFC's social and environmental performance, particularly in relation to sensitive projects, to ascertain compliance with policies, guidelines, procedures, and systems.

Complaints may relate to any aspect of an IFC-financed project that is within the mandate of the CAO. They can be made by any individual, group, community, entity, or other party affected or likely to be affected by the social or environmental impacts of an IFC-financed project.

Source: International Finance Corporation's Policy on Social & Environmental Sustainability, Section 4, www.ifc.org/sustainability.

WHAT'S INSIDE?

Overview: Basic Elements of Grievance Mechanism Design

Figure 1 presents the basic elements of grievance mechanism design. It is based on an integrated approach guided by five principles and five process steps, with adequate resources assigned to them. These basic elements are relevant for all project sizes and industries. However, the processes behind them are context-specific, and the form of the grievance mechanism should be adapted to the needs of both the project and the community.

Grievance mechanisms will respond to project needs better if they are established early as a measure to preempt rather than react to escalation of tensions with surrounding communities. As with other pillars of stakeholder engagement, an adequate social and environmental impact assessment process for the project is essential to the success of a grievance mechanism, because it helps determine how project scale and impact, stakeholder composition, and other project factors will influence the design of the grievance mechanism and resources allocated for implementation.[6]

Project-level grievance mechanisms will work for communities if they perceive it as trustworthy and responsive to their customary ways of resolving problems. If local communities do not understand the process, find it too complex (or, alternatively, too simplistic for the nature of the issues), culturally inappropriate, not easily accessible, costly to them, and nontransparent, they will not see a benefit and will not use the mechanism, turning instead to other resolution methods. To ensure that the grievance mechanism is accepted within the communities, companies can follow the five

principles recommended in Part I of this Good Practice Note. Participation of affected communities early in the mechanism design process can help ensure greater trust and buy-in from the communities. Moreover, active participation from affected communities will also create a sense of shared ownership and responsibility for the outcomes.

The five process steps described in Part II of the Good Practice Note define the generic process—from publicizing the grievance mechanism to monitoring and evaluating its effectiveness—that companies can adapt to their particular situations. The concrete processes behind these steps should reflect the results of assessment of project's scale and impacts, reflect the five principles throughout, and indicate appropriate resources for implementation.

Company resources such as staff, infrastructure, and finances are an important determining factor in shaping a grievance mechanism, as shown in Part III of the Note. Proper allocation of resources ensures that a management system for handling each step of the grievance procedure exists and has clearly defined objectives, assigned responsibilities, timelines, budget, senior management oversight, and regular reporting. This does not mean that every company will need to create a separate infrastructure for managing grievances, so long as it is clear who is responsible for each step of the procedure and how company staff should interact with each other. Additionally, projects of any size and any level of complexity may find it helpful to involve third parties (for example, traditional community structures, local governments, nongovernmental

Regardless of a project's size and impact, basic principles and steps will remain the same. But the concrete processes behind the steps, as well as resources allocated to implement them, are determined by the extent of project impact and interaction with communities.
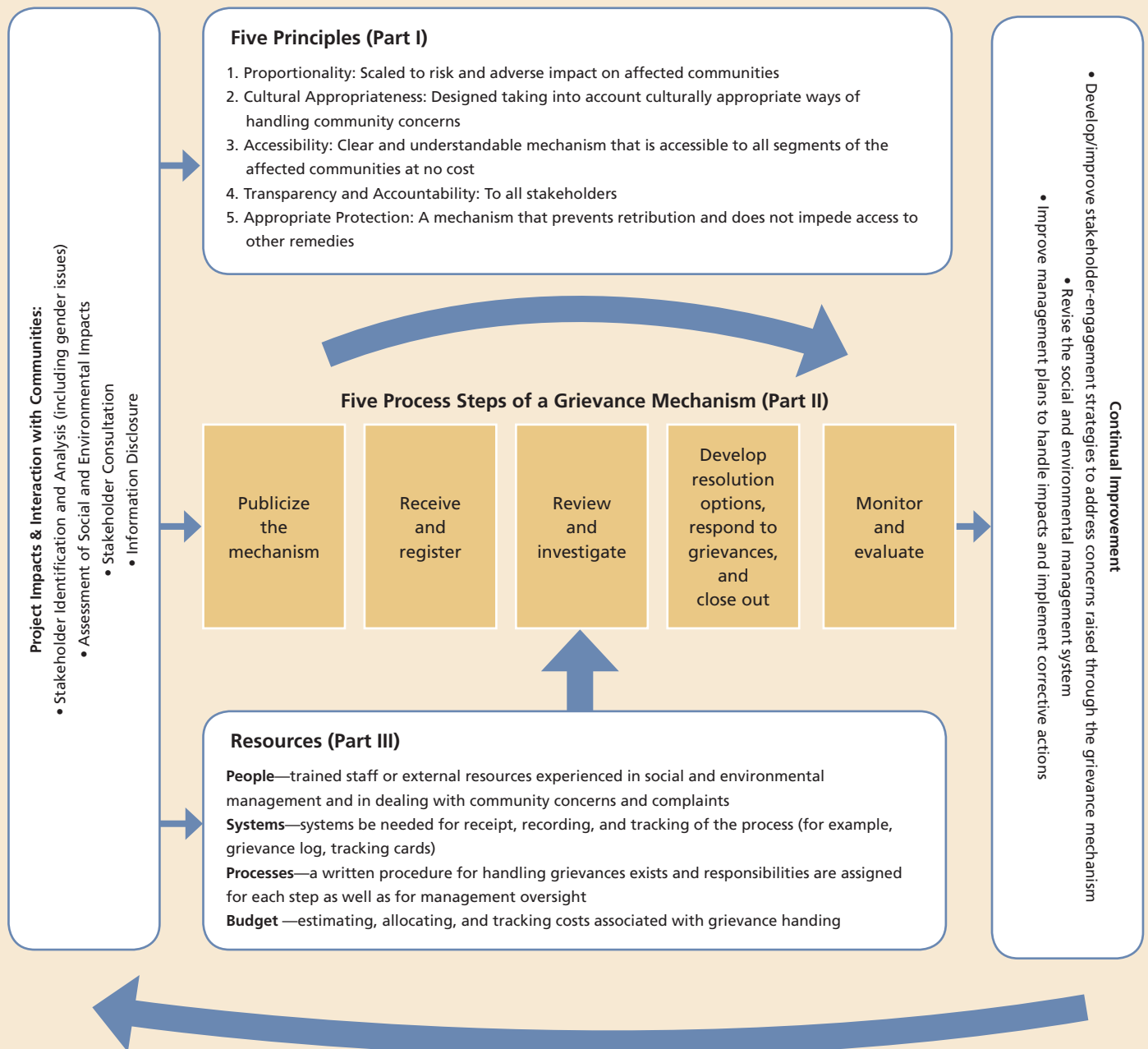
Women's group representative discussing project issues, Rajasthan Joint Venture (Cairn India—see story, page 34. Photo by Edward Pollett, IFC).

organizations) in the implementation of a project-level mechanism. Third parties can help fill internal capacity gaps, engage with communities, build communities' capacity, and monitor performance and fulfillment of project commitments. They can help increase credibility of the process and trust between communities and projects.

Finally, a project-level grievance mechanism serves both as a risk mitigation approach and a barometer of success for other stakeholder engagement processes. It helps evaluate the performance of the social and environmental management system and strengthen project operations by informing the company about necessary improvements. Information about the nature and recurrence of grievances should become part of monitoring project impacts, ongoing stakeholder consultation, and disclosure.

FIGURE 1: Basic Design Elements of a Project-Level Grievance Mechanism

Project Impacts & Interaction with Communities:
- Stakeholder Identification and Analysis (including gender issues)
- Assessment of Social and Environmental Impacts
- Stakeholder Consultation
- Information Disclosure

Five Principles (Part I)

1. Proportionality: Scaled to risk and adverse impact on affected communities
2. Cultural Appropriateness: Designed taking into account culturally appropriate ways of handling community concerns
3. Accessibility: Clear and understandable mechanism that is accessible to all segments of the affected communities at no cost
4. Transparency and Accountability: To all stakeholders
5. Appropriate Protection: A mechanism that prevents retribution and does not impede access to other remedies

Five Process Steps of a Grievance Mechanism (Part II)

Publicize the mechanism	Receive and register	Review and investigate	Develop resolution options, respond to grievances, and close out	Monitor and evaluate

Resources (Part III)

People—trained staff or external resources experienced in social and environmental management and in dealing with community concerns and complaints

Systems—systems be needed for receipt, recording, and tracking of the process (for example, grievance log, tracking cards)

Processes—a written procedure for handling grievances exists and responsibilities are assigned for each step as well as for management oversight

Budget—estimating, allocating, and tracking costs associated with grievance handing

Continual Improvement
- Develop/improve stakeholder-engagement strategies to address concerns raised through the grievance mechanism
- Revise the social and environmental management system
- Improve management plans to handle impacts and implement corrective actions

What Is a Project-Level Grievance Mechanism, and Why Is It Needed?

What Is a Grievance?

This Good Practice Note defines a grievance as a concern or complaint raised by an individual or a group within communities affected by company operations. Both concerns and complaints can result from either real or perceived impacts of a company's operations, and may be filed in the same manner and handled with the same procedure. The difference between responses to a concern or to a complaint may be in the specific approaches and the amount of time needed to resolve it.

The term "grievance" implies that there may be a problem. In practice, however, the nature of feedback that communities may want to bring to a company's attention will vary, since communities often find it appropriate to use the same channels to communicate not only grievances but also questions, requests for information, and suggestions. Communities may even use these channels to convey what they think the company is doing well.

Companies should keep in mind that unanswered questions or ignored requests for information have the potential to become problems and should, therefore, be addressed promptly. It is good practice to respond to community feedback through the relevant pillars of community engagement, such as disclosure, consultation, and participation in project monitoring. For example, a question about specific benefits the project provides or intends to provide to women in the community can be forwarded to a community liaison or a staff member who specifically deals with gender matters, if such person has been appointed by the project. The person(s) who asked this question are then notified as to who will respond and by when.

What Is a Project-Level Grievance Mechanism?

A project-level grievance mechanism for affected communities is a process for receiving, evaluating, and addressing project-related grievances from affected communities at the level of the company, or project.[7] In the context of relatively large projects, this mechanism may also address grievances against contractors and subcontractors.

Project-level grievance mechanisms offer companies and affected communities an alternative to external dispute resolution processes (legal or administrative systems or other public or civic mechanisms). These grievance mechanisms differ from other forms of dispute resolution in that they offer the advantage of a locally based, simplified, and mutually beneficial way to settle issues within the framework of the company–community relationship, while recognizing the right of complainants to take their grievances to a formal dispute body or other external dispute-resolution mechanisms.[8] It should be noted, however, that complex issues that arise from high environmental and social impacts are seldom resolved in a relatively simple way. In such cases, projects should anticipate involvement of various third parties in the resolution process to achieve solutions with affected communities. These include, but are not limited to, various national and international mediation bodies, independent mediators and facilitators with sector- and country-specific expertise, and independent accountability mechanisms of public sector financiers.[9]

Combined with effective community engagement, a transparent and legitimate grievance mechanism that is a joint effort between the company and communities can increase trust and improve communication.

WHAT IS A PROJECT-LEVEL GRIEVANCE MECHANISM, AND WHY IS IT NEEDED?

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A family of local Nenets indigenous people gather in front of their chum (home) in a remote community of the Yamal Peninsula of Russia to meet with representatives of Novatek, a Russian natural gas producer and IFC client operating in this remote region, accessible only by helicopter (Photo: Roman Novozhilov, IFC).

Who Will Use a Project-Level Grievance Mechanism?

A project's grievance mechanism should be specifically designed with a focus on local communities affected by the project.[10] The task of understanding who will be potentially affected by project operations, and who will therefore use the company grievance mechanism to raise complaints, is not always straightforward and depends on the project's particular circumstances. Thus, it is beneficial to review who may be affected by the project, and the nature of the potential impact, during the broader stakeholder analysis phase of the Social and Environmental Assessment. Early and strategic interaction with communities will help ensure that the grievance mechanism is culturally acceptable to all affected groups within communities, integrates traditional mechanisms for raising and resolving issues, and reasonably addresses accessibility and other barriers that may prevent communities from raising their concerns. Guidance on stakeholder analysis can be found in the IFC Good Practice Note on Social Assessment and the Stakeholder Engagement Handbook.

The focus of the grievance mechanism on the needs of affected communities is substantiated by the fact that they are directly, and in some cases significantly, affected by project operations but often lack viable options or capacity for raising their concerns through formal structures such as the courts. This is especially true for disadvantaged groups within communities. A company grievance mechanism provides a readily accessible means for communities to address issues involving them and the company—directly, rapidly, and at no cost to complainants.

For a grievance mechanism to be effective, all project stakeholders need to understand and support its purpose. Affected communities must be aware of and understand the grievance mechanism's benefits to them. Other stakeholder groups need to understand why the grievance mechanism is not open to them or their issues and concerns (such as commercial or political disputes)—and be informed of the avenues available to them to raise their complaints.

How Does a Grievance Mechanism Benefit Companies and Communities?

A local community member explaining an issue to representatives of Favorita Fruit Co., Ltd., an agribusiness sector company with extensive banana plantations in Ecuador (Photo: Jorge E. Villegas, IFC).

A company's grievance mechanism and its overall community engagement strategy are linked and should be mutually reinforcing. A transparent and legitimate process that is the product of a joint effort between the company and the community enhances their relationship, improves communication, and increases trust. When grievance mechanisms are designed with the participation of all affected groups and enjoy their support, the process is able to address concerns effectively and in a manner that is mutually beneficial to companies and communities.

Properly designed and implemented grievance management processes can benefit both the company and communities by increasing the likelihood of resolving minor disputes quickly, inexpensively, and fairly—with solutions that reasonably satisfy both sides. Grievance mechanisms can also help identify and resolve issues before they are elevated to formal dispute resolution methods, including the courts.

Recognizing and dealing with affected communities' issues early can benefit the company by reducing operational and reputational risks that may result from leaving such issues unresolved. These risks can have a significant and direct business impact. Protests, road and bridge blockages, violence, suspension of operations, and plant closures are just a few examples of how the unsatisfactory handling of community concerns can directly affect a business's bottom line. A grievance mechanism also gives the company access to important information about the project's external environment, and can help the business identify and correct weaknesses in its management systems or production processes. (See story, Fras-le, the Randon Group, below.)

For companies as well as communities, escalation of conflict to courts and other formal tribunals can be lengthy and costly, and will not necessarily deliver satisfactory results for either party. For companies, the negative publicity can cause even greater damage. By creating a project-level structure, the company can address the source of the problem more efficiently. For example:

- Project-level mechanisms offer locally tailored solutions and, unlike many government mechanisms, can cater to local needs and incorporate provisions to accommodate different groups within communities—especially the disadvantaged (such as women, minorities, marginalized groups).

- Where government mechanisms are slow, ineffective, and costly, communities may welcome an opportunity to voice their complaints and receive free, locally based, speedy, and satisfactory resolution.

Sector: MANUFACTURING

Fras-le, the Randon Group, Brazil: Proactive Grievance Mechanism Helps Maintain ISO 14001 Certification

The Randon Group, a mid-sized Brazilian industrial group, is a leading producer of trailers, mainly for trucks, rail transportation, and automotive components. Together with its main operating company, Randon Implementos, the Group has nine industrial plants in Brazil and one in Argentina.

Fras-le, the second-largest entity of the Randon Group, has run an Environmental Management System based on ISO 14001 certification since 1999. Within this management system, implementation of a grievance mechanism helps maintain ISO 14001 certification in good standing and avoid situations that can result in noncompliance with Brazilian legislation. It does so by helping improve operations based on stakeholders' feedback as well as good relations with communities and other parties.

Fras-le implements its grievance mechanism according to ISO 14001 requirements and guidelines for internal and external communication, with the environmental department being the core team responsible for tracking issues resolution and completing necessary actions. Most of the company's workforce comes from the surrounding communities. Communities also act as a neighborhood watch to alert the company to incidents and help prevent or mitigate impacts. For example, after a phone complaint about a bad odor in the neighborhood, Fras-le quickly developed a plan to improve the process by putting gas filters in all gas exits. Engaging actively with communities and providing them with information on social and environmental issues through a variety of methods (for example, celebration of Environmental Day) also helps preempt grievances. Following the same path, Randon Implementos is preparing to receive ISO 14001 certification in 2009 and is implementing a formal procedure for grievances.

Source: Information provided by the Randon Group, Fras-le.

Part I: What Are the Principles of a Good Grievance Mechanism?

Principle 1. Proportionality: A mechanism scaled to risk and adverse impact on affected communities

The scope, form, and level of complexity of a project grievance mechanism should be proportionate to the potential adverse impacts on and interaction with the local communities. In many cases, it has a direct relationship to the number of people affected, but it can be more complex than that.[11] If the groups affected are diverse, or the impacts on them are severe, the nature of interaction with communities can pose serious challenges even where the number of people is relatively small. Therefore, the project's social and environmental footprint as well as social sensitivity should be taken into consideration.

To scale a grievance mechanism to risk and adverse impact on affected communities, projects will use the results of their social and environmental assessment to understand who will be affected and what the impacts on them are likely to be. This analysis will help determine the necessary complexity of the grievance mechanism design features (see Part II for more details) as well as the nature and amount of resources needed for implementation (see Part III for more details). Namely, it will help:

- Develop specific approaches acceptable to communities for raising and resolving grievances, depending on volume and types of grievances that are anticipated, and the remedies the company can offer. In this process, information disclosure and stakeholder consultation with communities are key.

- Determine the level of detail for grievance mechanism procedures (for example, a brief procedure document or an elaborate policy, detailed guidelines for staff, and procedures for contractors).

- Decide on financial resources to invest in procedures for grievance receipt and tracking, such as number and locations of places where grievances can be collected, whether to establish a dedicated telephone line(s), and the type of tracking system to use (for example, a log or spreadsheet or a computerized system).

- Determine the number and requirements of personnel dedicated to collecting grievances and managing or overseeing the entire process, and the expense their training will require.

- Decide whether external resources are required, and how and to what extent to involve independent third parties.

Comprehensive grievance mechanisms—based on a detailed policy, advanced systems, and dedicated staff time and resources—are especially useful in situations where companies anticipate a wide range of grievances due to ongoing risks to or adverse impacts on affected communities, and those where projects result in economic or physical displacement or affect indigenous peoples. Less comprehensive grievance mechanisms may be sufficient where there are very few people affected and impacts are likely to be low. These projects may opt for establishing a straightforward and less formalized mechanism. (See Box 2.)

BOX 2: Project Scale and Grievance Mechanisms

Projects with Potential Significant Impacts. Projects with potential significant adverse impacts that are diverse, irreversible, or unprecedented, and that pose risks to communities, will require a more extensive and far-reaching grievance mechanism. These grievance mechanisms are best established at the outset of the project, and backed up with significant human and financial resources. They may offer multiple options for addressing complaints, including operation or monitoring by third parties.

Projects with Medium Impacts. Adverse impacts of these projects are limited, site-specific, reversible, and readily addressed by mitigation. Even though the impacts may be limited, these projects should establish grievance mechanisms if projects can reasonably expect grievances from local communities. In these projects, the mechanism need not be as complex or extensive as that in a high-impact project.

Projects with No or Minimal Impacts. Even in projects involving minimal or no adverse social and environmental impacts, if the project is located near communities, and sporadic complaints can be expected, establishing a straightforward procedure and designating an individual within the company to act as a point of contact to receive complaints can foster positive engagement when issues arise.

Although project impacts identified at the time of assessment can inform initial design of a grievance mechanism, the mechanism must also deal with types of grievances that have not been anticipated. Continual analysis of community concerns and complaints will help adjust the mechanism's design, if necessary. Projects should periodically review the adequacy of the grievance process, with the participation of communities, and agree on modifications.

Depending on project impacts on local communities, grievances will vary by project stage and, to a somewhat lesser extent, industry sector. In many cases, grievances will be minimal at the preconstruction stage, will peak during construction, and will be comparatively moderate during operation and downsizing or decommissioning. Typically, during the construction stage the scale of impacts is elevated and communities' expectations of economic benefits are on the rise. Some types of grievances are more common and should be anticipated at all times, whereas others occur with specific project circumstances and need a tailored approach, especially in the case of larger and more complex projects and in high-impact industries, as illustrated by the diagram on page 9.

BTC Liaison officer recording a complaint in the field in Turkey—see story, page 12 (Photo: Edward Pollett, IFC).

A mechanism is scaled to a project's risk and impact when specific processes behind basic grievance-handling steps, as well as associated resources, are adequate to deal with the volume and types of grievances anticipated during the project's impact assessment.

Sector: MANUFACTURING

Tecnofil, Peru: Enhancing Grievance Management as Houses Move into the Industrial Zone

Tecnofil S.A. is one of Peru's producers of copper and copper alloy semifinished and finished products (bus bar, flat wire, and bars). Originally a family-owned business, the company has maintained a clear strategy of expanding and diversifying its products and markets to become a mid-sized operation today. Tecnofil was originally located in the industrial zone, with no large communities nearby that could be adversely affected. However, as urban dwellings started extending into the area, the company found itself with a number of houses very close to the plant's walls.
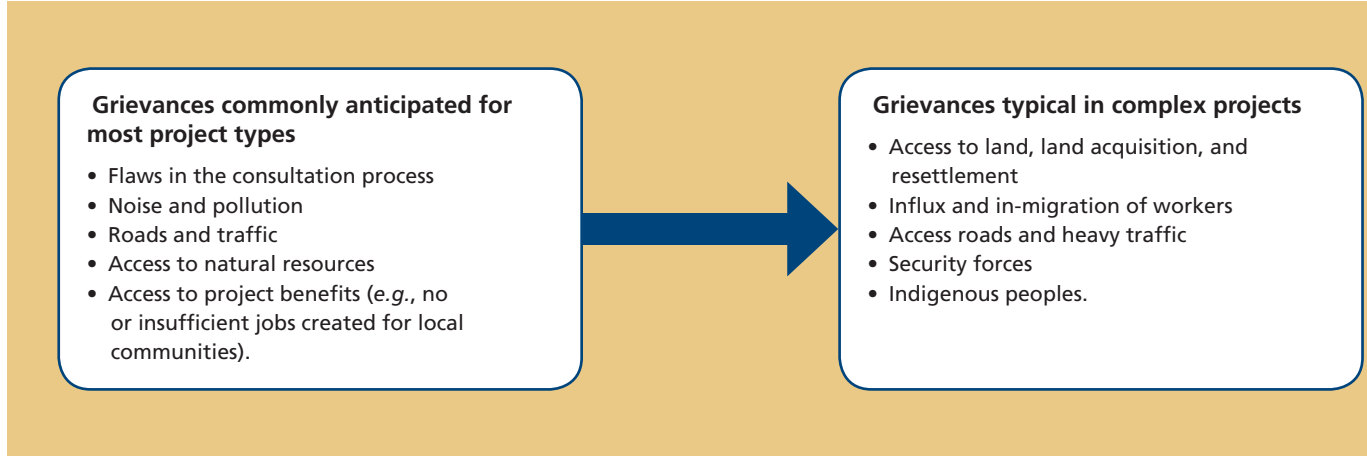
Proactive Interaction with Neighbors
Having determined that a new affected community had emerged, Tecnofil proactively engaged in improving its dialogue with the residents. The company appointed a coordinator within its Quality, Environmental, Safety & Occupational Health department whose task is to maintain a relationship with the community, including collecting and addressing their concerns. The company implemented a simple, yet effective, grievance mechanism, which includes periodic meetings with neighboring residents to monitor their concerns related to noise, vibration levels, and fumes from the plant's furnace. Since most of the houses are open and do not have glass in their windows, these issues can cause a lot of discomfort. The meetings take place periodically and have proven to be the most appropriate means to collect concerns and provide answers. To build confidence among community members, senior management always attends these meetings, and the community is invited to discuss each complaint with people who are in charge of making decisions. Tecnofil tells people what has been done to reduce negative impacts, and the residents provide feedback.

Follow-Up Actions
Following this interaction, the company has made significant improvements to its operations to reduce impact, and has had much to report back to the community. For example, the motors have been covered with noise-protective enclosures, and insulation of the plant's walls has been improved. The company also invited people to see the plant's operations.

Source: Information provided by Tecnofil.

Grievances commonly anticipated for most project types

- Flaws in the consultation process
- Noise and pollution
- Roads and traffic
- Access to natural resources
- Access to project benefits (*e.g.*, no or insufficient jobs created for local communities).

Grievances typical in complex projects

- Access to land, land acquisition, and resettlement
- Influx and in-migration of workers
- Access roads and heavy traffic
- Security forces
- Indigenous peoples.

Principle 2. Cultural Appropriateness: Designed to take into account culturally appropriate ways of handling community concerns

A project-level grievance mechanism should be designed to take into account specific cultural attributes as well as traditional mechanisms for raising and resolving issues—to ensure that the concerns of significantly different groups and subgroups are received and addressed. To achieve this, projects should: 1) seek input on culturally acceptable ways to address grievances from significantly different groups within affected communities, including different ethnic or cultural groups within the project-affected area; 2) understand cultural attributes, customs, and traditions that may influence or impede their ability to express their grievances, including differences in the roles and responsibilities of subgroups (especially women) and cultural sensitivities and taboos; and 3) agree on the best way to access grievance mechanisms, taking into consideration the ways communities express and deal with grievances. (See Table 1.)

Cultural appropriateness will be enhanced if grievance mechanisms build on and complement other community engagement processes. Companies should take advantage of existing community engagement venues and establish a clear link to their grievance-handling procedures. For example, Newmont's Ahafo project in Ghana (see the story on page 31) set up a Women Consultative Committee that consists of 85 members and holds meetings each quarter to discuss issues affecting women, such as employment, access to credit, and scholarships for children's education. Ahafo also ensures that women have fair representation on all its committees. Resolving Officers responsible for Ahafo's grievance mechanism explain how the raised issues are dealt with, and committee members then meet with other women to give feedback. If the issue cannot be resolved at the meeting, it is channeled through to Ahafo's grievance procedure.

If the project affects stakeholder groups with significant cultural differences, tailored approaches may be needed to ensure that each group is able to raise concerns.

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TABLE 1: Cultural Attributes and Grievance Mechanisms

AREA	KEY STRATEGIES
Societies with Segregation of Roles and Responsibilities	In different societies there may be political, religious, or social biases, giving some groups power and preferential treatment over others. Where institutionalized forms of segregation exist, ensure equal access to grievance mechanisms by all subgroups to avoid the perception of bias. In particular, where the roles and responsibilities of subgroups inhibit their access to and potential use of proposed grievance mechanisms, ensure that the design of the mechanism allows for their participation (e.g., additional effort is made to establish access points and venues for these subgroups). If contact points for collecting grievances are members of the local community engaged or hired by the company, it is important that those individuals be respected by the community, and that selection not be biased in favor of a particular subgroup or ethnic group. Where this is not feasible, contact persons should be designated from each such subgroup or ethnic group within the community.
Women's Access and Participation in the Grievance Process	Established forms of gender segregation and defined roles and responsibilities may affect women's access to and use of a grievance mechanism. Women may also be inhibited or hindered from complaining about specific incidents (e.g., harassment, inequality in getting employment). In some communities, women may have lower literacy rates than men and be less familiar with formal processes. Companies should ensure that consultation on design of the mechanism provides for inclusion and participation of women, and that its implementation facilitates women's access. Companies should ensure that staffing of the company grievance mechanism includes female staff who are aware of and sensitive to the role of women in local society and the issues they face. Train personnel in the handling of gender-sensitive issues. If third parties are involved in the implementation of the mechanism, their representatives should also include women. Companies should seek the advice of a gender expert to identify potential gender issues and to ensure that the design of the mechanism is responsive to gender.
Hierarchical Societies	Hierarchical societies with established leadership and representation roles may inhibit full and active participation of all affected individuals. To ensure development of an appropriate mechanism, discuss the objectives of a grievance mechanism with key community leaders, and seek their support and input upfront. At the same time, determine whether community leaders represent the interests of all community groups, including disadvantaged and marginalized groups. If they do not, make additional efforts to reach out to these groups.
Indigenous Peoples (IPs)	Grievance mechanisms need to make a clear distinction between procedures used for mainstream local population and those for indigenous peoples. IPs have unique attributes, including language, culture, and political, economic, and social institutions. They are also more sensitive to issues such as alienation of customary land rights, claims to natural resources, and impacts on cultural property. In addition, IPs may be politically marginalized and unfamiliar with (or do not trust) engagement processes used by the mainstream society. Identify the established forms of representation and contact that exist between IP communities and government, community leaders, and civil society, and determine what mechanisms exist to promote transparent, respectful dialogue with IP groups.

Companies should have clear procedures that make filing grievances easy for communities with various levels of literacy and access to infrastructure.

Principle 3. Accessibility: A clear and understandable mechanism that is accessible to all segments of the affected communities at no cost

If people perceive the grievance process to be unclear, difficult, or inappropriate, they are less likely to use it. Grievance procedures work only if they present no (or low) barriers to access by communities. Accessibility depends on: 1) clear communication—availability of easy-to-understand information about the grievance process and how the mechanism works; and 2) ease of use—simple, convenient, culturally appropriate means for filing complaints, at no cost to complainants (this may involve encouragement and assistance for affected communities to make complaints when problems arise).

When designing the mechanism, companies should assess its accessibility to communities from the following angles:

Physical locations of surrounding communities and access to transportation and roads. Projects should make sure that places and persons designated for receiving complaints are accessible to communities. These locations may be onsite or offsite, or both, depending on whether communities are dispersed or concentrated in one place, whether they are located in hard-to-reach and isolated regions, and the nature of their access to roads and transportation. In-person methods can be effective in a wide range of communities. Having staff regularly present to take complaints in the local community puts a human face on the community's relationship with the company and engenders trust. If possible, projects should appoint a representative who can live in the community or visit it on a regular basis. Consider the following strategies:

- Localize and communicate the points of contact (venues, locations, staff, and contact information).

- Put up a grievance booth or office outside the company's gate, or within communities.

- Take advantage of local means of transportation (bikes, bull carts, dog sleds), if roads and traffic present a challenge.

- Put up petition collection boxes in easily accessible places (see story, Tamanneftegaz), being sure to communicate a clear policy on anonymous complaints, provide an intake form for complaints, and promptly acknowledge receipt of each complaint.

Sector: INFRASTRUCTURE

Tamanneftegaz (Russkiy Mir Group), Russia: Enhancing Accessibility of the Grievance and Inquiry Mechanism

The Russkiy Mir Group, a large private owner of railroad tank cars in Russia, is developing a mid-sized oil terminal and port—Tamanneftegaz (TNG)—on the Black Sea. TNG established a written Mechanism for Community Grievances, Suggestions, Inquiries, and Requests as part of the Policy for Community Engagement on Social and Environmental Matters.

Explaining the Process to Communities and Ensuring Access
TNG developed not only a standard submission form, but also a booklet providing a simple overview of the process, including examples of issues people may raise, means of submission (mail, community liaison, email, phone), review procedure, underlying legislation, and timing for response. TNG has a designated community liaison manager who informs communities and disseminates submission forms and booklets in public places. Submission forms and booklets are also available at TNG's project information stands in local government buildings, its local office, and during community consultation meetings. They are also mentioned in project announcements in local newspapers. During the initial stages of the project, TNG also had an information stand and submissions collection box in a Sberbank office in the surrounding communities to further ensure communities are well informed and can access the mechanism. (Sberbank, the largest Russian bank, has an extensive retail branch network throughout Russia's rural areas and is one of the most visited places in the two communities surrounding TNG.)

Initiating Proactive Dialogue
TNG staff know the procedures for receiving complaints and suggestions, and they direct interested parties to the company's central point of contact—TNG's General Director's office, which assigns responsibility for dealing with an issue to appropriate departments. A written response prepared by the community liaison manager usually contains contact information for further questions, and an invitation for a face-to-face discussion with the concerned person or group. As one of the ways to enhance accessibility to project information, TNG works to organize broadcasts at the local TV station on the project's environmental and social impacts. Community members participate in the broadcasts.

Source: Information provided by TNG.

- If company premises must remain secure at all times, arrange for a place(s) to accept grievances outside of the secured premises.

- Have separate locations or accommodations for men and women, if appropriate, depending on the host country culture and customs.

Literacy and education levels. Access of communities to grievance mechanisms can be impeded by lack of information, even if a company has a well-documented grievance procedure. The most vulnerable groups (for example, the poorest community members or women) typically have the least access to education and the infrastructure required for proper understanding of the redress options available to them, and the least understanding of how to file complaints through conventional channels. Consider the following strategies:

- Make sure that processes for submitting grievances are simple enough not to require assistance of others to complete.

- Consider methods that can be used by people who cannot read or write—for example, provide assistance in writing down oral complaints or using drawing instead of writing when the complainant is not literate.

- Provide information on grievance procedures (and on the project and its impacts) in written or illustrated format as well as orally in areas where literacy levels are low.

- Create an open forum or conduct open houses with the parties concerned, for collection and follow-up on grievances (see story, Tecnofil, page 8).

Local languages and their diversity. All information about grievance procedures, grievance forms, and responses should be available in languages readily understandable to the local population. If there are several languages, documents and/or oral forms of communication should be available in all of them. Consider the following actions:

- Engage translators, employees with appropriate language skills, or native speakers to explain the grievance process and assist with filing complaints.

- Develop procedures for making complaints by proxy (that allow one person to raise grievances for another).

Access to conventional communication infrastructure (phone, mail, Internet). Carefully consider all methods that imply remote access to filing and following up on complaints, depending on availability of appropriate infrastructure among communities; in particular:

- Where communication infrastructure is limited, consider using in-person methods.

- Choose methods of remote access to the grievance mechanism (such as telephone numbers) that are commensurate with local infrastructure and do not cause communities to incur costs.

- If the use of telephone or Internet is appropriate for receiving pagcomplaints, "hotline" telephone numbers, email addresses, and Web sites should be widely publicized through brochures, at meetings, via posters on a gate, and so on.

Access to the mechanism should be free of cost to communities. Companies should inform communities that use of the company grievance mechanism is free of charge, and the design of the mechanism should ensure that this promise is kept. However, use of a grievance mechanism can be undermined by "hidden costs" when people must pay for the means to access it. If such costs are likely, the proposed methods of access should be revisited and adjusted. Where associated costs for using the grievance mechanism are unavoidable (primarily with larger projects), resource assistance may be the solution for providing communities with all necessary information and means to file complaints.

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It is important to build communities' confidence that their grievances are taken seriously and treated fairly.

Principle 4. Transparency and Accountability to All Stakeholders

All complainants want to be sure that they are being heard, taken seriously, and treated fairly. They expect consistency and predictability in the process. Institutionalizing grievance systems creates an expectation that the project will be responsive to the needs and concerns of the community—and an obligation for the company to meet this expectation. A grievance mechanism should provide a way for the community to hold the company accountable, to be sure it takes community inputs seriously, deals with them through a clear and transparent process, follows through with actions, and communicates with the community.

A grievance mechanism is transparent when members of the affected community: 1) know who in the organization is responsible for handling complaints and communicating outcomes, and who is in charge of the mechanism oversight; 2) have input into its development; 3) possess sufficient information on how to access it; and 4) have power to ensure that the process is adhered to by those directly responsible for managing it.

If communities have confidence in the grievance mechanism, they will use it with respect and discretion. Sometimes the process is just as important as the outcome. Even if people are not satisfied with the decision, the company can reduce the risk of escalation by ensuring that people are treated with respect and that they understand how the decisions are made. When companies demonstrate that they take grievances seriously and are transparent about their process and decision making, they can benefit from improved trust and reputation and a mutually respectful relationship with communities. In addition, measures that assure transparency and accountability can enhance the quality of a grievance mechanism and strengthen safeguards against internal conflicts of interest attributed to company-managed mechanisms.

Companies may consider the following good practices in the institutional setup of their grievance mechanisms:

- Increase emphasis on community participation in the process (see story, Monte Rosa, page 25), and engage communities in monitoring and verifying compliance with promises and commitments made under the grievance mechanism.

Sector: OIL AND GAS

BTC Pipeline: Ensuring Grievance Mechanism Transparency

The Baku-Tbilisi-Ceyhan (BTC) Pipeline Project, operated by BP, entailed the construction of a 1,768-kilometer oil pipeline that traverses Azerbaijan, Georgia, and Turkey. The construction of this pipeline impacted over 500 villages along the route.

Community Liaison Officers
In each country, CLOs—who are knowledgeable about their assigned regions and speak local languages—visit the surrounding villages regularly and are prepared to document each complaint on the spot. Oral complaints are recorded on a standardized intake form; the officer then explains what he or she has written, and the complainant provides a signature to confirm that it is correct. A copy of the complaint form, signed by the complainant and the project staff, is also provided to the complainant.

BTC also engaged a nongovernmental organization in the grievance mechanism and gave communities the NGO's contact details. The NGO visits the communities to verify effective closeout of the complaints, inform affected people about their rights, and play a bridging role between complainants and the BTC team.

Disclosure for Greater Transparency
Liaison officers are supported by detailed grievance management procedures and a Complaint Tracker system where CLOs are able to keep track of the types of complaints filed, who has complained, and the status of each complaint. A grievance database (including records of closed cases) and a clear internal line of reporting help maintain transparency and disclosure. The information regarding grievances is also on a Web site (except in Georgia, where information was regularly provided to an NGO that monitored the closeout of complaints), and the villagers can check this information at computer stations in the villages. The project discloses the implementation of each country's grievance mechanism in its Environmental and Social Reports. For example, the 2007 report stated that, in Georgia, 99 of 110 complaints received were resolved and 11 were pending. It also provides a breakdown of the number of complaints by category (land compensation, household and community infrastructure, employment, and so on). In addition, the independent Social and Resettlement Action Plan Panel has undertaken a biannual review of social issues on behalf of the lenders, including verification of effective operation of the grievance mechanism through direct interviews with CLOs and complainants.

Source: Information provided by the project sponsor.

A group of women in Georgia reporting a complaint related to BTC project—see story, page 13 (Photo: Edward Pollett, IFC).

- Use stakeholder evaluation of the grievance mechanism (see story, China Glass, page 26).

- Engage third parties to help raise confidence in the impartiality of the process and create a level playing field in cases where significant imbalances in knowledge, power, and influence exist (see more on third-party engagement in Part III of the Good Practice Note).

- Proactively disclose information about the process, as well as the results of resolution in individual cases (see story, BTC, page 13), to assure communities and minimize repeat grievances; also, encourage consultation on ways to improve the company grievance mechanism.

- Commit to a certain timing of response in the policy, and reiterate this commitment in each particular case.

- Create an internal culture of accountability by preparing an operational manual or procedure description for staff to use in handling grievances; include clear descriptions of accountability, and monitor compliance with them; create internal decision-making bodies that include representation from across levels (for example, internal grievance committee) to reduce the gap between staff and senior leadership, who are often seen as the only decision makers.

- Monitor fulfillment of agreements achieved through the grievance mechanism: Companies should be able to know the rates of success in grievance resolution, measured by numbers of satisfactorily resolved complaints, reduction of recurring complaints, decreases in new complaints, and so on.

- Report back to communities regularly on actions taken to resolve their concerns, publicize successful complaint resolution, and ensure that communities' feedback is captured.

Principle 5. Appropriate Protection: A mechanism that prevents retribution and does not impede access to other remedies

A grievance mechanism will work when communities are encouraged to share their concerns freely, with the understanding that no retribution will be exacted for participation. Coming out with a complaint can pose risks for people, especially if it concerns such issues as corruption, misconduct, or monetary compensation, or if it interferes with local social norms, including gender norms (see Principle 2). A mechanism free of retribution will consider potential dangers and risks to complainants and incorporate ways to prevent harm. These precautions include a clear policy of nonretaliation, measures to ensure confidentiality and physical protection of complainants, safeguarding of personal data collected in relation to a complaint, and an option for complainants to submit anonymous grievances where necessary (see Part II for methods).

Even if a company offers a well-designed and well-communicated grievance mechanism, affected communities may still choose to rely on a dispute resolution mechanism that they are more familiar with, and that they trust. Project-level mechanisms should not negatively impact opportunities for complainants to seek recourse through other available mechanisms, including the courts.[12] Apart from litigation, options to seek resolution exist at community, national, industry, regional, and international levels.[13]

The community must be fully informed of avenues to escalate their complaints or grievances, and of their rights to use alternative remedies if they choose to do so without turning to a project-level mechanism first or if they are not satisfied with the response of the project to their complaints. In this context, a project grievance mechanism can be considered as "first level," while external mechanisms outside of the legal system are "second level." The most formalized mechanisms, such as courts, would be a "third level." For example, the grievance mechanism of Newmont's Ahafo project in Ghana (see the story on page 31) recognizes three means by which complaints can be resolved: an Internal procedure, when Ahafo deals with a complaint through its grievance mechanism; a Second Order mechanism, when the Resolving Officer determines that the grievance will be best addressed by using a third party that is outside of Ghana's legal system; and a Third Order mechanism, in which a complainant takes the grievance to either the Human Rights Commission or the court system of Ghana.

Companies have a range of ways to let affected communities know about the external routes of redress available to them—from simply including information about external options in a response to a grievance to providing assistance to those who choose to use judicial conflict resolution systems. For example, when BTC (see the story on page 13) realized that local stakeholders lacked official title to their lands or the titles were not clear, it provided help (including a fund for legal support for judicial cases) to people who needed to turn to local government and the court system to address this issue. In Azerbaijan, the BTC project provided a grant to a local NGO, the Center for Legal and Economic Education (CLEE), to act as a third-party arbiter when direct negotiations were unsuccessful. CLEE also provides free legal services to complainants who wish to take their cases to court. BTC also works with the Institute of Architecture and Azerbaijan's National Oil Company to provide external assessments for technical disputes.

Appropriate protection of complainants can be ensured through company policy and a culture of nonretaliation—and respect for a community's choice to seek alternative avenues for raising complaints.

Part II. What Are the Process Steps for Grievance Management?

Handling grievances encompasses a step-by-step process as well as assigned responsibilities for their proper completion. Companies establishing grievance mechanisms will follow the process steps discussed in this section.

Step 1: Publicizing Grievance Management Procedures

When and how the grievance mechanism is introduced to affected communities can have significant implications for its effectiveness over time. Guiding principles for publicizing a company grievance mechanism should be in line with cultural characteristics and accessibility factors discussed in Part I of the Good Practice Note. The information should include at least the following:

- What project-level mechanisms are (and are not) capable of delivering and what benefits complainants can receive from using the company grievance mechanism, as opposed to other resolution mechanisms

- Who can raise complaints (affected communities)

- Where, when, and how community members can file complaints

- Who is responsible for receiving and responding to complaints, and any external parties that can take complaints from communities

- What sort of response complainants can expect from the company, including timing of response

- What other rights and protection are guaranteed.

Ideally, as part of their first interactions with company representatives, communities should be informed of a company's intention to establish a grievance mechanism, and continue to be reminded of this mechanism on a regular basis during project implementation. Companies should emphasize the objectives of the grievance system and the issues it is designed to address. (See Box 4.) A company's community liaison officers, grievance officers, or individuals working in analogous positions, should be responsible for publicizing the procedure through appropriate methods. (See Table 2.)

Step 2: Receiving and Keeping Track of Grievances

Once communities are aware of the mechanism and access it to raise grievances, the company needs to process them. Processing includes: 1) collecting grievances; 2) recording grievances as they come in; 3) registering them in a central place; and 4) tracking them throughout the processing cycle to reflect their status and important details. (See Figure 2.)

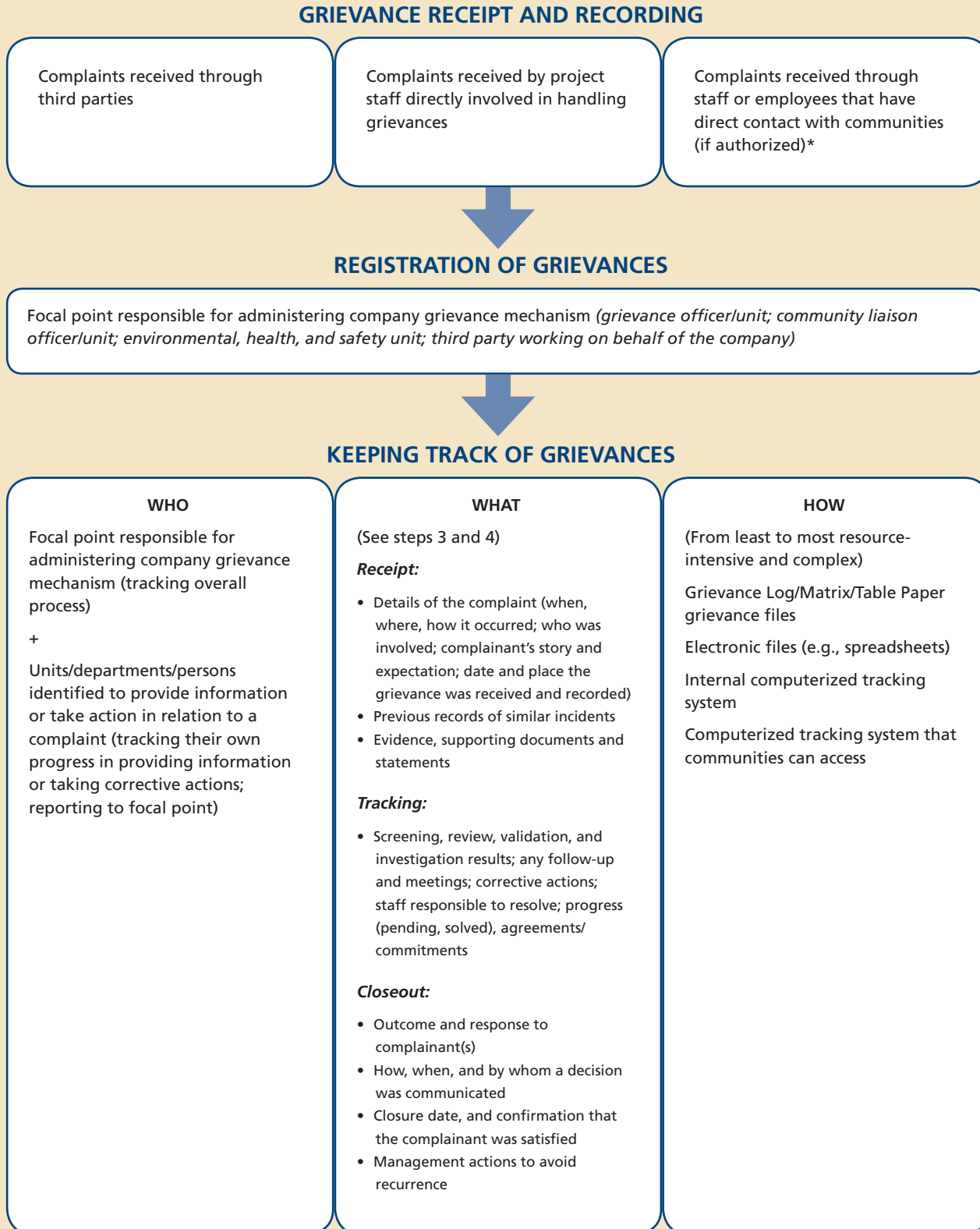### RECEIVING CONCERNS AND COMPLAINTS

Below are simple rules that any receipt procedure for grievances should follow:

- All incoming grievances should be acknowledged as soon as possible. A formal confirmation—with a complaint number, or other identifier, and a timeline for response—assures the complainant that the organization is responding properly, and it gives the project a record of the allegation. If a complaint is received in person, a good practice is to acknowledge it on the spot. (See story, BTC, page 13.)

- If a more complex investigation is required, the complainant should receive an update explaining the actions required to resolve the complaint, and the likely timeline.

- The company should explain up front what claims clearly are outside the scope of the mechanism and what alternative avenues communities can use to address these potential issues (see Box 4).

TABLE 2: Examples of Communication Methods

METHODS	WHAT TO CONSIDER
Face-to-Face Meetings (group or individual)	Group meetings work especially well where each impact of operations on communities affects at least several people. Individual meetings would be more appropriate when an issue is specific to one person. They are also helpful when it is difficult to organize a group meeting and communities are relatively small but dispersed. Face-to-face interaction is also effective where literacy levels are low. Take advantage of community social gatherings, town meetings, elders meetings. Make use of audiovisual channels, theatrical performances. Use project-related public consultation to publicize the mechanism.
Printed Materials, Grievance Forms (for written complaints)	Printed materials are suitable for projects of all sizes. They should be visually engaging and easy to understand (e.g., consider drawings in lieu of text), especially where literacy levels are low. Grievance forms for written complaints can also include key facts about the procedure.
Displays (stands, wall mounts, billboards)	Displays are useful to show key facts about the grievance mechanism or to publicize contact information for grievances. Larger projects need to be sure displays are easily accessible to all affected communities, especially if they are geographically dispersed. Where communities live in close proximity to operations, use company premises and equipment to hold displays. Consider asking permission to put displays in public places that community members frequently visit.
Company Representatives (grievance officers, community liaison officers, employees)	Establish a personal connection with communities through a local presence or visits by company representatives responsible for handling grievances. Communicating through employees or workers is especially effective if they come from the affected communities. Equip employees with necessary information about grievance procedures; where grievance procedures are fairly complex, consider providing training for employees.
Third Parties (community structures, NGOs, local governments, contractors)	Make sure third parties communicate messages correctly and do not engage in negotiations with communities without company approval and oversight. In the materials the company provides to communities, include information about third parties that are authorized to speak on the company's behalf.
Online (Web site)	If information about the mechanism is provided on the company Web site, then publicize the Web site to communities through methods described above.
Training Sessions (for communities)	Consider bringing project management staff (e.g., environmental division, project operations management) and communities together during training sessions to facilitate understanding of project operations.

FIGURE 2: Receipt, Registration, and Tracking of Grievances

GRIEVANCE RECEIPT AND RECORDING

Complaints received through third parties	Complaints received by project staff directly involved in handling grievances	Complaints received through staff or employees that have direct contact with communities (if authorized)*

REGISTRATION OF GRIEVANCES

Focal point responsible for administering company grievance mechanism *(grievance officer/unit; community liaison officer/unit; environmental, health, and safety unit; third party working on behalf of the company)*

KEEPING TRACK OF GRIEVANCES

WHO	WHAT	HOW
Focal point responsible for administering company grievance mechanism (tracking overall process) + Units/departments/persons identified to provide information or take action in relation to a complaint (tracking their own progress in providing information or taking corrective actions; reporting to focal point)	(See steps 3 and 4) *Receipt:* • Details of the complaint (when, where, how it occurred; who was involved; complainant's story and expectation; date and place the grievance was received and recorded) • Previous records of similar incidents • Evidence, supporting documents and statements *Tracking:* • Screening, review, validation, and investigation results; any follow-up and meetings; corrective actions; staff responsible to resolve; progress (pending, solved), agreements/ commitments *Closeout:* • Outcome and response to complainant(s) • How, when, and by whom a decision was communicated • Closure date, and confirmation that the complainant was satisfied • Management actions to avoid recurrence	(From least to most resource-intensive and complex) Grievance Log/Matrix/Table Paper grievance files Electronic files (e.g., spreadsheets) Internal computerized tracking system Computerized tracking system that communities can access

*Except in cases raised informally and addressed on the spot by authorized field staff.

Table 3 shows methods for receiving grievances, from least to most formalized. Companies will choose one or several of methods, depending on their particular situations. (See story, Tecnofil, for an example.)

KEEPING TRACK OF CASES

Keeping good records helps a company track cases, respond to grievances in a timely manner, check the status of complaints and track progress, measure effectiveness, and report on results. Depending on project scale and complexity, systems underlying a grievance mechanism can range from simple grievance logs to computerized records systems for recording, tracking, and aggregating the information. Below are two examples (basic and more complex) of tracking processes. (See also Figure 2.)

Grievance log. One of the least complicated tracking methods is a grievance log maintained by the responsible person or team. Using a simple table format or a matrix to keep track of grievances and commitments, the company can avoid leaving open any issues with communities, and can identify opportunities to correct or improve operations. Upon receiving a complaint, the company creates a record (or data card) that contains details of the incident, the division(s) responsible for resolving the incident, and process-tracking fields (receipt date, status, result date). The process coordinator tracks the resolution status, coordinates it with the division(s) responsible for corrective actions, and maintains a record of progress (for example, pending or solved). Once the complaint is resolved, the coordinator presents a final report on the incident to management. The coordinator also presents to management an aggregated monthly report on the status of complaints.

Database. Where larger social impacts are expected, the company may benefit from using a database for entering information about each grievance. The database (which works best using information technologies) will include information provided on the grievance intake forms, plus other information pertaining to corrective actions and associated documentation.

TABLE 3: Methods for Grievance Receipt, from Least to Most Formalized

LEVEL OF FORMALIZATION	EXAMPLES
Least formalized: Oral complaints received face to face	Staff charged with collection of grievances (e.g., grievance officer, community liaison, or field staff authorized to take grievances) or designated third party writes down complaints at group or individual meetings, during field visits, or at designated locations. (See Box 3.)
Somewhat formalized: Oral complaints received through remote-access methods[14]	Staff or designated third party accepts grievances through a designated telephone line, a "hotline" (open outside of business hours), or a call center (if large numbers of people are affected). This method works well in communities where telephone infrastructure is well developed.
More formalized: Written complaints received face-to-face	Staff or designated third party accepts written submissions from an individual or a group at group or individual meetings, during field visits, or at designated locations.
Most formalized: Written complaints received through remote-access methods	Complaints come in via regular mail, Internet (Web site, email), or grievance collection boxes (consider having multiple locations). Complainants submit written grievances to third parties (to be forwarded to the company or the third party designated to administer the company grievance mechanism).

Step 3: Reviewing and Investigating Grievances

For a grievance mechanism to work, all complaints should be handled as promptly as possible, depending on the nature and complexity of the matter. The central unit or person responsible for grievance handling should organize the process to validate the complaint's legitimacy and arrange for investigation of details.

Depending on the circumstances of the complaint, various units or departments may need to get involved, including senior management if their direction and decision is required by the established procedures and division of responsibilities. To begin this process, establish the nature of the grievance to determine the measures needed for review and investigation.

All grievances will need to undergo some degree of review and investigation, depending on the type of grievance and clarity of circumstances. For example:

Minor, straightforward issues may only need screening before proceeding to the next step (resolution options and response). Review of minor issues, especially those related to a complainant's request for information, can generally be handled easily by providing information on the spot, or referring the person to community liaison personnel. If there is any possibility that deeper underlying issues may exist, always take time to look into the complaint further.

Less clear, more problematic, or repetitive issues, or group complaints may need a more detailed review prior to action. Staff involved in handling grievances may need to seek advice internally, and in some cases turn to outside parties to help in the validation process, especially in cases of damage claims. One option to help determine legitimacy is an internal committee—comprising staff who will be involved in the operation, staff involved in supervision of the grievance mechanism, and managers from the project departments whose activities are likely to result in claims. For example, the committee might consist of a community liaison officer and an operations manager. This committee can also provide initial recommendations on resolution options. (See story, Ahafo, page 31.)

BOX 3: Collecting Community Grievances Through Open Community Meetings

Engaging communities in a group face-to-face meeting to hear their complaints and concerns has multiple benefits, although it should be clear that these forums can only inform and not replace the entire process of grievance handling. Additionally, a forum for addressing grievances and the process of stakeholder consultation should not replicate each other.

Face-to-face meetings are well suited for collection of grievances in certain circumstances, as they help articulate project-related issues faced by communities as well as maintain good communication with and regular presence in communities. They are usually easily accessible, encourage community participation, solve literacy concerns, and provide for information sharing where the same issue is a common grievance for a number of people or a group (See story, Tecnofil, page 7).

However, group meetings to voice complaints are not likely to be effective where company–community relations have deteriorated and there is an obvious risk of conflict. Additional drawbacks of this approach include lack of anonymity and unequal access by all groups. Thus, where there is social stigma attached to complaining, or there is fear of retribution for openly voicing complaints, the company should consider a neutral or anonymous location to avoid observation by others. Certain groups, in many cases women, will often not speak in an open forum. Moreover, women tend to be more time-constrained than men, given their household responsibilities, and may not be able to participate in forums at certain times of day/week.

Here are a few simple rules for conducting a group meeting:

- Establish "house rules" (being on time, giving everyone an opportunity to speak, techniques for dealing with anger, and so on.)
- Announce a session early and publicize it well, to encourage people to prepare grievances in advance.
- Provide contact information of persons responsible for organizing the session, and of those who can provide assistance.
- Identify several issues to be discussed, ideally with the communities' participation; sessions are more effective when issues affecting a group or the entire community are given priority over individual complaints.

Complex issues with multiple parties involved are more likely to occur in projects with high social and environmental impacts. Investigation can be organized internally, or the company may designate third-party experts to investigate when impartiality is important or when complex technical matters are involved. If an extensive investigation is found to be necessary, it should be initiated swiftly before circumstances change or the conflict escalates further.

GET A COMPLETE PICTURE

If a response to a grievance is not based on the findings of a thorough and fair process of its review, there is no way of telling whether the outcome is equitable. Some examples of failure to provide a thorough and fair assessment include using responses to previous complaints to decide the legitimacy and outcome of a current complaint without looking into its particular circumstances; taking complaints by women and

other vulnerable groups less seriously; and making no attempt to find and hear witnesses to an incident.

WHERE AN EXTENSIVE INVESTIGATION IS REQUIRED

An extensive investigation may be required when grievances are complex or widespread and cannot be resolved quickly. As a way to conform to the principle of "no cost to communities," the company should take full responsibility for investigating the details of grievances coming through its grievance mechanism. However, in cases of sensitive grievances—such as those involving multiple interests and a large number of affected people—it may help to engage outside organizations in a joint investigation, or allow for participation by community structures, civil society organizations or NGOs, or local authorities, if the complainants agree to this approach.

BOX 4: Which Claims Should Be Directed Outside of Project-Level Mechanisms?

Generally, all claims from affected communities should be accepted and no judgment made prior to investigation, even if complaints are minor. However, several types of claims deserve special consideration and possible redirection to other mechanisms:

- **Complaints clearly not related to the project:** It is sometimes difficult to determine which issues are related to the project and which are not. If in doubt, employees designated to receive grievances should accept the complaint and assess its legitimacy. Making upfront agreements with communities as to which types of claims are and are not project-related will help avoid misunderstandings in individual cases.
- **Complaints constituting criminal activity and violence:** In these cases, complainants should be referred to the formal justice system.
- **Labor-related grievances:** A separate mechanism should be established through human resources policies or pursuant to collective bargaining agreements.*
- **Commercial disputes*:** Commercial matters should be stipulated for in contractual agreements and issues should be resolved through a variety of commercial dispute resolution mechanisms or civil courts.
- **Issues related to governmental policy and government institutions:** The private sector is under pressure to address the accountability gap created by weak government regulations, especially where communities are exposed to human rights violations, environmental degradation, and poverty. It is not uncommon for communities to use company grievance mechanisms to bring complaints related to aspects of project implementation that are a responsibility of, and implemented by, public institutions and their officials—for example, issues related to the resettlement process handled by local governments for the project needs. Many companies face a dilemma regarding their role in solving issues between complainants and local authorities. Communicating clearly to communities about the role, responsibilities, and limitations of a company mechanism is a must, but it may not suffice in practice. Governments may not have enough capacity (either resources or processes) to handle grievances, or they may be inaccessible to affected communities. At a minimum, such grievances can be captured through the company system, then the companies may choose to pass the grievances along to authorities and let the communities know how to follow up. Companies may provide support or advice to local authorities or devise a joint grievance mechanism in the case of complex projects. However, it is advisable to refrain from a direct mediation role in community-authority negotiations, since conflicts of interest may arise. A monitoring role may work better. For example, in Turkey, BTC established and managed a Resettlement Action Plan (RAP) Fund to compensate those who are not eligible for compensation according to local laws, such as fishermen and squatters on public and private lands and common lands belonging to the state. Approximately 65 percent of all actual land users (informal) were paid from the RAP Fund in Turkey.**

* These mechanisms are outside the scope of this Guidance Note.

** Information provided by BTC.

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The following are some good practices for conducting investigations:

- **Involve senior management.** Since extensive investigations are usually needed in more complex and severe cases, senior management should be fully informed and should assign responsibilities and time frames for handling investigations.

- **Appoint the right investigation team.** If an investigation team is formed internally, make sure there is no conflict of interest—that is, people investigating grievances should have no material, personal, or professional interest in the outcome and no personal or professional connection with complainants or witnesses. It may be advisable to explicitly seek disclosure of such interests from the investigators. In more complex cases, a team can consist of managers and investigators and, in some cases, observers, interpreters, and outside experts. As a rule, investigators should have the authority to gather information and commit to the time frame for investigation, but not make promises regarding the outcomes of a complaint. Consider the size of the team, qualifications, gender composition, and budget.

- **Develop clear tasks and responsibilities.** Develop a clear list of tasks and outcomes that an investigation is expected to achieve. Investigators would be expected to develop an investigation plan, assess the needs for safety and confidentiality, collect evidence, and produce an investigation report.

- **Conduct meetings with complainants and visit the site.** Site visits and inspections are useful for a grievance resulting from a physical incident. Gathering physical evidence of the complainant's story may help clarify the particular circumstances of the incident. Site visits are most useful at the beginning of an investigation—to avoid any change in physical evidence that may happen over time—and should be documented. (See Box 5.) A prompt corrective action may be necessary if an incident is of a serious and harmful nature.

Step 4: Developing Resolution Options and Preparing a Response

Once the grievance is well understood, resolution options can be developed taking into consideration community preferences, project policy, past experience, current issues, and potential outcomes. Figure 3 shows the basic flow of grievance handling at the stage of developing resolution options and preparing a response.

BOX 5: What If a Claim Appears to Be Unfounded?

In some cases complaints may appear to be frivolous, exaggerated, or fabricated. Such complaints may be motivated by desire for monetary compensation or political reasons. Individuals or groups may lodge complaints of a frivolous or insubstantial nature or produce an excessive volume of complaints.

Real-life examples of such claims include quickly switching to crops that promise higher compensation for loss of agricultural land, replanting unrooted trees from outside the project-affected area to claim compensation for clearing them, building temporary huts on the land to be taken over by project construction, letting livestock out on purpose, and claiming that uncultivated land is agricultural.

These claims can draw resources away from dealing with legitimate issues as they can be costly to investigate. Nevertheless, investigation into grievances to ensure they have sufficient basis protects both the complainants and the company. In addition to assessment of the facts by companies or independent third-party investigators, techniques include robust socioeconomic baseline studies documenting current conditions, including photographs of landscape, properties, and so on); leaving no gaps in time before the actual project start; and clear communication to communities on what is reasonable, through explicit criteria and expectations management. For example, communities along the BTC pipeline filed complaints stating that construction caused cracks in people's homes. Although it was not documented whether cracks existed prior to construction, tests done after complaints were filed did not rule out this possibility in a number of locations. Therefore, BTC had to provide compensation to a number of property owners.*

* Source: CAO, Annual Report 2006–07.

DEVELOP RESOLUTION OPTIONS COMMENSURATE WITH THE NATURE OF GRIEVANCES

General approaches to grievance resolution may include proposing a solution 1) unilaterally (the company proposes a solution); 2) bilaterally (the company and the complainant reach a resolution through discussion or negotiation); 3) through a third party (either informally or formally through mediation); or 4) through traditional and customary practices. A more complex discussion of approaches to resolution of community grievances is outside the scope of this document; for detailed advice on resolution methods, refer to the *Guide to Designing and Implementing Grievance Mechanisms for Development Projects* (CAO, 2008).

Resolution of grievances caused by a one-off breach of environmental standards, or by a single traffic incident, will differ significantly from complex and repetitive community grievances. More complex and controversial issues, especially those raised by large groups of people, usually involve overlapping issues, with no single point of origin or obvious solution. Resolution of these issues may benefit from access to independent bodies that can provide the credibility that comes with impartiality—and can foster dialogue and collaboration between companies and affected communities as they undertake the often lengthy process of exploring resolution options.

Even within the same project, approaches to resolving grievances of various types should be different, depending on the nature of the issue, frequency of occurrence, and the number of complainants. (See Table 4.)

One of the potential advantages of a grievance mechanism is its flexibility. Rather than prescribe a specific procedure for each particular type of complaint, it may be helpful to establish a "menu" of possible options appropriate for different types of grievances, so that company personnel and community members have models for action when a dispute arises. Options include altering or halting harmful activities or restricting their timing and scope, providing monetary compensation, providing an apology, replacing lost property, revising community engagement strategy, and renegotiating existing commitments or policy.

TABLE 4: Types of Grievances and Examples

TYPES OF GRIEVANCES	EXAMPLES
Relatively minor and one-time problems related to company operations	Company equipment causes damage to an individual's livestock One-time disagreement between a contractor and a laborer over working conditions
Relatively minor but repetitive problems related to operations	Noise and dust complaints during the construction phase, brought up by a group of people or repetitively raised by individual complainants Destruction of landscape, local greenery Project traffic blocks the local access roads
Significant, larger problems related to operations	During construction, company uses some land beyond the initial agreement with a community for temporary land use Misconduct of in-migrant workers (do not pay for local services, such as hotels, restaurants, shops; damage crops)
Major claim, significant adverse impact on a larger group or several groups	Employment opportunities do not meet expectation of local communities (no clarity regarding employment policies) Significant water contamination (less fishing, unclean water, and so on), water shortage Violence against women due to shifting power roles in the community
Major allegations regarding policy or procedure	Allegations of systematically inadequate land compensation Communities not provided with disclosure of project information and fear, uncertainty, or rumors leading to civil unrest and violence

Source: Adapted from CAO, 2008. The Office of the Compliance Advisor Ombudsman: *A Guide to Designing and Implementing Grievance Mechanisms For Development Projects*.

FIGURE 3: Developing Resolution Options, Preparing a Response, and Closing Out

COMPLAINTS ASSESSMENT RESULTS

| Complaint accepted wholly or in part | Complaint rejected |

PRELIMINARY RESPONSE

Assign responsibility for completing the actions, and establish the schedule for completion:
- Personnel involved in grievance management
- Operations managers
- Senior management
- Third-party/ contractors

| Dialogue, corrective actions, time frame, and implementation responsibilities agreed to by company and complainants | Communication to complainant, advising of findings and the outcome |

| Outcome accepted by complainants | Outcome not accepted by complainants |

Re-assess: Make sure all alternatives within the company–community framework are explored before referring to external mechanisms

FINAL RESPONSE

WHO

Central unit/person responsible for administering grievances

Senior management (for serious issues)

| Close out and document:
• acceptance by complainants
• evidence of negotiation efforts or corrective actions taken | Close out and refer to remedies outside of company grievance mechanism |

The approach to the resolution process is just as important as the outcomes. Acknowledging the issues and initiating a dialogue with communities in formal or informal settings is also part of the solution. If problems are complex and solutions are not simple and straightforward, ongoing discussion and joint monitoring of issues with communities will help prevent a conflict from escalating and will add transparency and legitimacy to the system. (Also see Part I, Principle 4.)

PREPARE AND COMMUNICATE A CLEAR RESPONSE

Regardless of the outcome, a response should be provided to all complainants. Responses can be either oral or written, depending on whether the grievance was received orally or in writing. At the time of first interaction between the company representative and complainant(s), there are two possible scenarios:

The claim is rejected and no further action will be taken. If a claim is rejected upfront, it is either ineligible or clearly does not have a basis. (See Box 5.) If the response is that the grievance does not require action by the company to resolve it, all considerations should be documented and included in both the response and the company systems for grievance tracking for further reference. Companies should be diplomatic when telling community members that no further action will be taken, since they are likely to be disappointed. But including a detailed and respectful explanation, together with compelling evidence of why it cannot be accepted, usually keeps a conflict from escalating.

The claim is accepted. The response procedure would include two general steps:

1. **A preliminary response** should be provided within a stipulated period of time and should propose the next steps and actions to be taken for resolution. Let complainants know the results of the assessment and the status of their claims, and encourage and invite further discussion with

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Sector: AGRICULTURE

Monte Rosa (Pantaleon), Nicaragua: Company and Community Jointly Identify Issues and Act on Solutions

Monte Rosa is a wholly-owned subsidiary of Pantaleon, a leading Central America sugar manufacturer. Monte Rosa supplies raw sugar from its mill and plantations to the domestic and world markets, and its cogeneration facilities supply electricity for sale to the national power network in Nicaragua. Monte Rosa has assessed its social and environmental impacts well, including those that affect communities—impacts ranging from aerial application of herbicides to issues with rental of land and working with local sugarcane suppliers and expectations of work by community members during the mill expansion. The company's recognition of its role in the community has contributed to Monte Rosa's becoming a leader in corporate social responsibility for the local sugarcane industry in Nicaragua.

Communities and Local Administration Are Part of the Company's Grievance Management Process
Monte Rosa's written, step-by-step system to deal with external queries, concerns, and grievances is well understood and used locally. The company's Office for Environmental Protection and Sustainable Economic Development (OPMADES) handles, among other responsibilities, the grievance procedure, which is simple and ensures prompt response. Procedures articulate that any community member, leader, or juridical representative can submit a complaint. Monte Rosa organized a committee—composed of representatives of the company, local community, and nearby town administration—that works to identify queries and complaints and establish their legitimacy. OPMADES then verifies incidents onsite within three days and, if it is found that the incident has been caused by Monte Rosa operations, initiates the process to document, route, track, and report on the resolution.

Community Participation in Incident Resolution
Decisions on issue resolution are carried out in collaboration with communities. For example, to ensure a good labor relationship with sugarcane cutters, the company is working directly with local community leaders to organize the crews. A fair procedure was also established for the problem of free-moving cattle in the sugar fields. If such incidents occur, before taking legal measures Monte Rosa attempts to resolve the problem by meeting with owners and community members, as well as with local administration and enforcement, to find a compromise. This procedure reduces damages and costs to the company as well as to cattle owners. Issues that otherwise might have arisen about the company's impact on the communities are proactively addressed by means of a wide range of strategic alliances with civil organizations and government departments in the areas of environmental management, HIV/AIDS, and water shortage. Monte Rosa has supported forest conservation, school programs, a local home for young mothers from the countryside, medical volunteer programs, local trash recycling, and community infrastructure.

Source: Information provided by Monte Rosa, Pantaleon.

complainants (to obtain additional arguments, collect more evidence, conduct further investigation, and launch a dialogue). If complainants are not likely to be satisfied with the outcome the company is considering, schedule group or individual meetings, as needed, to discuss the findings and further clarify the position of the company and of the complainants; and, in more complex cases, have management participate in such meetings, since they are perceived to be the legitimate decision makers. (See story, Tecnofil, page 8.) In more complex projects, it may be advisable to create an internal body that can deal with grievances that go beyond the authority of those directly responsible for resolution, or an external body with participation of communities and third parties. (See stories, Ahafo, page 31, and Monte Rosa, page 25.)

2. **A final response** should be given to document the final proposed resolution. Communicate the proposal, stipulate mutual commitments, and ask for the complainants' agreement. If the complainants are not satisfied with the proposed resolution, or the outcome of the agreed corrective actions, they should be free to take their grievances to a dispute resolution mechanism outside of the company grievance mechanism.

CLOSE OUT CASES ONLY WHEN AN AGREEMENT WITH COMPLAINANTS IS REACHED

Following completion of the agreed-upon corrective actions, it is a good practice to collect proof that those actions have taken place. For example:

- Take photos or collect other documentary evidence to form a comprehensive record of the grievance and how it was resolved.

- Create a record of resolution internally, with the date and time it took place, and have responsible staff sign off.

- Have a meeting with the complainants to get a collective agreement to close out the claim.

- If the issue was resolved to the satisfaction of the complainants, get a confirmation and file it along with the case documentation.

Sector: MANUFACTURING

China Glass Holdings: Stakeholder Satisfaction Surveys Help Ensure Effectiveness and Internal Accountability

China Glass Holdings (CGH) is a successful flat-glass company in China with six production facilities across provinces. During its rapid growth, the company is striving to attain international standards and practices in the areas of energy efficiency and environmental management. An Environmental and Social Management system is part of CGH official policies and includes a Grievance and Communications Management Process. As part of this process, CGH conducts stakeholders' satisfaction surveys on an annual basis with the goal to improve quality, environment, and occupational safety and health management systems and demonstrate to the community that CGH takes feedback seriously. In addition to the affected communities, the Survey seeks feedback from government institutions, suppliers, and staff on the same issues.

To receive grievances, CGH keeps open phone, Web site, and email channels that are publicized on a large outdoor advertisement board on the company building. CGH staff also visits communities to inform them about the company's procedures and policies as well as to disseminate "stakeholders' satisfaction questionnaire" forms.

Through the survey, the company seeks feedback from communities on how effectively their issues are being resolved. Investigation and analysis of survey results are conducted by the planning department, and reported in the management review meetings. The surveys also help ensure internal accountability of the units involved in handling grievances and taking corrective actions. For example, CGH's Production Department has an Accident Unit that is held responsible for acting on environmental impact complaints in conformance with the company's Accident Investigation and Handling Process as well as Correction & Prevention Measures and Control Process.

CGH believes that a grievance mechanism helps organize environmental management more proactively and keep up as people's general awareness on environmental issues rises. Seeking stakeholders' input and feedback, as opposed to fixing issues under pressure, ensures smooth operations and helps build a good public image. For example, when a complaint was received regarding dust fallout from the raw materials plant resulting in lower harvest in a nearby orchard, the grievance-handling and corrective action procedures facilitated immediate action on dust-collector maintenance and enclosure of plant windows and doors. The complainant was satisfied with the outcome.

Source: Information provided by China Glass Holdings.

Step 5: Monitoring, Reporting, and Evaluating a Grievance Mechanism

Monitoring and reporting can be tools for measuring the effectiveness of the grievance mechanism and the efficient use of resources, and for determining broad trends and recurring problems so they can be resolved proactively before they become points of contention. Monitoring helps identify common or recurrent claims that may require structural solutions or a policy change, and it enables the company to capture any lessons learned in addressing grievances. Monitoring and reporting also create a base level of information that can be used by the company to report back to communities. Although internal monitoring is usually sufficient for smaller projects, in the case of projects with significant impacts, or where the facts surrounding the grievance are contentious, monitoring by a neutral third party can enhance the credibility of the grievance mechanism.

TRACK GRIEVANCE STATISTICS TO ASCERTAIN EFFECTIVENESS

Depending on the extent of project impacts and the volume of grievances, monitoring measures can be as simple as tracking the number of grievances received and resolved, or as complex as involving independent third-party evaluations. (See Table 5.) Apart from reviewing each grievance and analyzing effectiveness and efficiency, companies also can use complaints to analyze systemic deficiencies. Grievance records should provide the background information for regular monitoring, both informal and formal. Therefore, even a simple tracking system should provide an opportunity to aggregate information and recognize patterns in the grievances the company receives, and how they are being resolved.

ADAPT THE MECHANISM TO CORRECT INEFFICIENCIES

The final objective of monitoring is to ensure that the design and implementation of the grievance mechanism adequately respond to the stakeholders' needs in a cost-effective manner.

To maintain the mechanism's effectiveness, the company must design the mechanism and assign responsibilities to allow for policies and practices to improve efficiencies in the receipt and resolution of grievances. These objectives can be met only through ongoing adjustments to the mechanism, facilitated by support from the management. For example:

- If communities strongly prefer one of several channels offered to submit grievances, focus company resources on that channel to lower the costs of methods that communities do not use.

- If only one subgroup in the community raises complaints (for example, women, elderly), determine whether this phenomenon is the result of a particularly high impact of operations on that specific group or an accessibility issue.

- If a large number of grievances do not get resolved through the mechanism, a major change may be required in how the company approaches resolution, rather than focusing efforts on resolving individual issues.

- If the grievances allege that the mechanism lacks transparency, adjust the policy and methods used to publicize it, put more emphasis on inviting the community to participate in decision making through the grievance mechanism, and consider involving third parties.

USE MONITORING RESULTS TO REPORT BACK

Lessons learned throughout the process of handling grievances can help ensure continual improvement of the company's operations. The company can also use monitoring to report back to the community on its implementation of the mechanism. In addition, the company can designate personnel responsible for translating lessons learned from its monitoring into concrete policy and practice changes for the company. A community meeting to explain the results of such reports is also effective, and may lead to a mutually respectful relationship between the company and the community.

Table 5: Examples of Monitoring Measures Commensurate with Project Impacts

PROJECT SIZE AND IMPACT	MONITORING PARAMETERS
Projects with No or Minimal Impacts	The person(s) in charge of administering the grievance mechanism should analyze information and report to management regularly on all or some of the following: types of grievances received, causes of or reasons for grievances, number of grievances received, profile of complainants, number of complaints resolved or not resolved, specific actions taken by the company, and people referred to external remedies and mechanisms. Consider preparing and reviewing a summary of grievances received and resolved, for routine project review meetings.
Medium-Impact Projects	A company should put the current mechanism under periodic review, not just monitor individual grievance resolution. This review may also mean inclusion of issues of accessibility, transparency, and cultural appropriateness of the mechanism into monitoring parameters. The review will help determine whether there are any recurring grievances that point to a need for changes in grievance policies and procedures. Keep track of the number and status of cases, if any, filed at local courts. Management can request and review on a regular basis summary grievance reports prepared by the responsible staff, and conduct random follow-up interviews with individual complainants. Monitor the number of complaints received through various methods to determine which works best; track the number of complaints received from various subgroups to determine the best ways to reach out to them.
Projects with Potential Significant Impacts	Grievance mechanisms should include monitoring points at different levels of project management. Periodically review the grievance-handling process to ensure that the system meets requirements established by the company as well as the expectations of all stakeholders. Track all matters significantly affecting company policy or requiring legal review. A company may consider having the implementation of a grievance mechanism monitored by an external group (such as an NGO) who are experts on grievance mechanism evaluation. Include statistics on grievance handling and redress in action plans and annual reporting. Conduct a cost-benefit analysis that will quantify resources spent on administering a grievance mechanism as contrasted with avoided costs that otherwise would have been incurred due to operations disruption or litigation.

Part III: What Resources Are Needed to Manage a Grievance Mechanism?

Resources for Grievance Mechanisms

Grievance mechanisms will be effective if adequate resources—people, systems and processes, and associated financial resources—are assigned to implementation, and if responsibilities are clearly defined. Grievance management should be recognized as a business function with clearly defined objectives, assigned responsibilities, timelines, budget, senior management oversight, and regular reporting. For these reasons, grievance mechanisms should be placed within a larger context of a social and environmental management system and should serve as one of the indicators of whether the system is functioning properly. The ultimate responsibility for designing, implementing, and monitoring project-level grievance mechanisms should lie with senior management.

To make better decisions about the design of a grievance mechanism, all companies, regardless of size, need to answer three major questions: *Who should be responsible for implementation? Is the internal capacity sufficient? When should third parties be involved?*

Who Should Be Responsible for Implementation?

For a grievance mechanism to function effectively, it is important to determine a governance structure and assign responsibilities for the mechanism's implementation. The following basic preparations should be taken into account when evaluating resources and allocating responsibilities for grievance mechanism implementation:

- Make sure that the role of senior management is clear—in what cases and at what stage in the handling of a complaint their decision will be required, and who will be responsible for strategic oversight of grievance management. Senior management has final authority to ensure that commitments to affected communities are met, and clear reporting lines must be established between senior management and those implementing the grievance mechanism.

- Identify personnel or a unit responsible for administering the grievance mechanism (recording complaints, arranging for collection of additional information, consulting relevant departments or persons within the organization, tracking progress, aggregating and forwarding feedback to complainants, reporting). It may be a new or existing unit or person within an organization. Who is best suited to handle these tasks is sometimes determined by the nature of community grievances. Larger projects are likely to have a separate grievance officer (often full-time) or unit as a central point. Projects with fewer and more discrete impacts and lower social sensitivity are likely to assign this responsibility to staff normally responsible for other functions, such as a community liaison or an administrative assistant, to serve as an entry point to receive and log complaints. Keep in mind that frequent turnover of staff assigned to grievance handling and community liaison can adversely impact the perception of the mechanism.

- Make sure that other community engagement tasks do not take the place of handling grievances, particularly if a community liaison officer is also assigned to handle the grievance process.

PERU LNG project: Negotiation with rural Andean community in Huancavelica, Peru— see story, page 35 (Photo: Jorge E. Villegas, IFC).

Community members visit Fras-le premises in 2007 with a focus on treatment of industrial effluents—see story, page 6 (Photo: Courtesy of Fras-le, The Randon Group).

- Where possible, separate the functions of grievances handling and project management, and assign clear accountability for each, so as to avoid decisions that favor the interest of the company only. In smaller organizations, however, it may not be possible to separate these functions entirely. In such cases, safeguards should be implemented to mitigate such risks. Safeguards can include clearly defining the authority and decision-making responsibilities of people involved in administering the grievance mechanism, as well as making sure that senior management is ready to intervene.

Concrete suggestions on assigning responsibilities for managing the overall process, as well as separate steps (receipt, recording and tracking, investigating, and responding), are provided in Part II of the Good Practice Note.

Is Internal Capacity Sufficient?

Developing internal capacity may require hiring the right personnel or developing staff skills through training and awareness-raising efforts. Although larger projects are the ones most likely to hire dedicated personnel (see story, Ahafo), projects of any size will benefit from relevant skills of personnel

who are involved in grievance handling. Consider developing capacity of personnel who will:

- Assist users of the mechanism throughout the process and make sure the company's policy is carried out adequately.

- Develop and maintain good working relationships with each segment of affected communities, understand local languages and cultures, and be aware of issues facing vulnerable groups, in particular gender issues. When stakeholder analysis indicates significant gender disparities, it is advisable to make female staff available to assist with various stages of the grievance process.

- Have a working knowledge of environmental and social issues and how they are dealt with, understand project operations and the full array of potential grievances, and know how to identify different types of grievances.

- Have practical grievance-handling skills and experience with communication, negotiation, and conflict-resolution techniques.

- Be proficient in record keeping.

A grievance mechanism that relies on internal resources will ensure a greater understanding of the project, and facilitate prompt and clear responses. Company senior management will be able to exercise greater leadership in implementation, due to greater influence on staff through direct reporting. However, purely internal mechanisms may be less transparent. Moreover, if the staff or team is not devoted full-time to grievance handling, it may cause conflicting priorities and workload issues. An internal mechanism's structure could be either centralized (at the headquarters level or at the field level) or multilevel (across levels of the project). Each of these structures has its own set of strengths; ultimately the project must decide on a structure that is manageable.

When developing internal capacity, companies should also consider investing in training and awareness raising for staff involved in grievance handling, managers with oversight of the grievance mechanism, and employees that are not directly involved in handling community grievances. Employees need to be aware of the company's grievance mechanism, be able to explain it to communities when and where necessary, and know the course of action they are expected to take in such situations. Larger companies may find it useful to invest in training field employees to take complaints, and also to offer on-the-spot resolution of (usually relatively minor) issues within their authority.

When Should Third Parties Be Involved?

WHY ENGAGE THIRD PARTIES?

Third parties—such as nongovernmental organizations, community-based organizations, local governments, local community and religious organizations and councils—can sometimes be involved in companies' grievance mechanisms. They can serve as process organizers, places to bring a complaint to be passed on to the company, or as facilitators, witnesses, advisors, or mediators. In some cases, it may be beneficial to place part of the responsibility for the process on external entities—formed within the communities themselves or acceptable to them—while the company maintains ultimate responsibility and accountability for the process. Third parties can help increase the level of trust from communities as well as overcome certain limitations of project-level mechanisms, such as lack of transparency, insufficient company resources, possible conflict of interest, and biases, provided that they themselves are perceived to be unbiased and impartial relative to both the company and the communities.

Sector: MINING

Ahafo Gold, Ghana: Investing in Human Resources and Processes for Effective Grievance Handling

Ahafo Gold mine is developed by Newmont Ghana Gold Ltd. It is a subsidiary of Newmont Mining Corporation. The mine employs 1,525 staff and 1,977 contractors, and is expected to operate for up to another 20 years.

Detailed procedures for grievance and complaint management are part of Ahafo's Standard Operating Procedures. They contain separate step-by-step guidance for handling oral and written complaints. Ahafo has a well-established Management Information System for capturing complaints and grievances in a database that stores the number and categories of grievances received, and notes the method of resolution and the time taken to reach resolution.

Ahafo has two full-time Grievance Officers with clearly defined responsibilities and roles in receiving and coordinating the resolution of grievances. Grievances are divided into categories such as environment, employment, and resettlement, and each Grievance Officer is responsible for a subset of the categories. The Grievance Officers collaborate closely with the Community Relations Team, which includes 10 Community Liaison Officers based in Community Information Centers in the five affected communities. The front desk of a Community Information Center is the first point of contact for the community, and complaints and grievances received there are forwarded to Grievance Officers, who collate information, determine appropriate responses, and enter the details into the central database.

Ahafo has also established a grievance committee comprising members of the external affairs management team including the Community Relations Superintendent, the Principal Communications Officer, Monitoring and Evaluation Manager, the External Affairs Administrator, the External Affairs Manager, and specialists as required. The primary function of the committee is to oversee the complaints and grievance process, and to ensure that resolutions are made at an appropriate level of authority within the company.

In addition, Ahafo has a number of community programs, such as a stakeholder forum formed from community representatives, including a women consultative committee. The forum is composed of 65 members from the 10 near-mine communities and the company. The role of the forum is to seek solutions to issues affecting both parties, including determining and implementing culturally appropriate mechanisms for resolving potential conflicts.

Source: Information provided by Newmont Ghana.

Villagers from a community near Newmont's Ahafo project in Ghana voice their concerns at a public meeting—see story, page 31 (Photo: John Nicolas Middleton, IFC).

Companies of all sizes and impacts may choose to engage external parties for several reasons:

1. **Third-party facilitation.** Projects may engage third parties to increase communities' confidence in project-level grievance mechanisms and gain a better reputation with and greater trust from stakeholders. Involvement of third parties can bring impartial, credible, and efficient dispute resolution. Where companies find ways to cooperate with community structures or traditional authorities, NGOs, and local governments within the framework of project-level mechanisms, it is more likely that they succeed in gaining communities' buy-in and acceptance. Involvement of third parties as facilitators typically includes an independent forum to hear complaints, leaving the company less vulnerable to accusations of insufficient transparency and accountability. For example, The Oxfam Mining Ombudsman, an independent service, assisted in resolving grievances related to the Tintaya open-pit copper mine in Peru by helping establish a Mesa de Diàlogo (a dialogue table) that involved local communities, NGOs, and the company in a long-term consultation process regarding the mine and its impacts.[15]

2. **Supplementing internal capacity.** Involving third parties also may be a cost-efficient way to supplement internal resources. With an externally managed (contracted or outsourced) mechanism, a third party that is acceptable to communities implements the process—or a part of the process—and works independently of the project hierarchy and management. It can bring objectivity and greater credibility, provided that the company maintains ultimate responsibility for the mechanism's effectiveness and full commitment from the project's management is in place. Companies operating projects with medium- to high-level impacts may consider seeking external oversight and assistance with monitoring grievances and guiding the company's responses.

Negative aspects of outsourcing include high costs, lack of awareness of commitments made on the company's behalf, the external agency's relative lack of information about the project, and delays due to the need for coordination among multiple parties. External parties often have no authority to change the company's operations. When opting for outsourcing of grievance handling or some part of it, the company is still accountable for the final outcomes. The company needs to ensure full commitment and cooperation by senior management, and should closely monitor the third parties' interactions with and commitments to the affected communities.

WHAT ARE SOME OPTIONS FOR THIRD-PARTY ENGAGEMENT?

To have an effective project-level grievance mechanism, companies need to understand the roles of third parties before engaging them. For example:

- **Community self-governance structures** (such as village councils, elders councils, tribal councils). Take these into account when developing a grievance mechanism—to ensure cultural appropriateness, community involvement in decision making, and efficient and effective use of existing community resources. (See story, Monte Rosa, page 25.)

- **Local and international NGOs.** Identify those that are active in the area of project or company operations, learn about their interactions with the affected communities, determine what contribution they can make to effective resolution, and discuss options for an NGO to administer the

Public Hearing Meeting, Tamanneftegaz (TNG)—see story, page 11 (Photo: Courtesy of TNG).

Sector: INFRASTRUCTURE (POWER GENERATION)

Bujagali Energy, Ltd., Uganda: Witness NGO Helps Ensure Fairness and Transparency in the Process

Bujagali Energy Limited (BEL) is constructing a 250-megawatt run-of-the-river power plant on the River Nile. The project, which also includes construction of a 100-kilometer transmission line, required extensive land acquisition. In 2001, when the government first tried to implement the project with the private sector, the project's economic underpinning as well as its potential social and environmental impacts became the subject of extensive public scrutiny, particularly among local and international NGOs. Recognizing this, the original project undertook an early consultation program, including development of a grievance mechanism that was maintained by the new sponsor.

An NGO to Witness and Participate in the Grievance Mechanism
The prominence of BEL's grievance management approach is that the witness NGO, InterAid, participates in and monitors the process as well as provides advice for fair and transparent resolution. InterAid also supports project contractors in implementation of adequate grievance procedures. Once complaints from affected people are received, either directly by BEL or referred to BEL by InterAid, they are documented by BEL in the grievance database. InterAid and BEL keep a written track record of all grievances received verification of legitimacy and investigations of complaints how grievances were dealt with and corrective measures. Responses and corrective actions are communicated by BEL and InterAid to the complainant(s).

Grievance Committee: Inclusion of Stakeholders to Ensure a Transparent Process
Knowledge of the local culture allows BEL to build important elements into its grievance management approach. Following the validation process, BEL can respond to straightforward issues directly or, for more complex issues, organize a meeting of the grievance mediation committee. This committee includes a community development officer (CDO) from the local subcounty administration, a BEL representative, and three representatives from among the affected people. The representatives of the affected communities are chosen among community-based organizations, elders, and customary (traditional, religious) authorities. At least one of them should be a woman. The CDO is responsible for mediating family issues in the community and can help where disputes within the community over project compensation are involved (for example, spouses' complaint that husbands take a lion's share of compensation, family abandonment).

InterAid sits on the grievance committee, advises on the process, and monitors its impartiality. Since one of the InterAid team members usually has some legal training, he or she can provide an independent opinion. To determine whether the decisions agreed to have been acted upon, InterAid monitors the process through regular meetings with BEL staff responsible for grievance matters, and through independent visits to affected communities.

For issues that cannot be easily resolved, the aggrieved persons are also referred to lawyers or family clans for advice. The outcomes are communicated to BEL for further action. Complainants also maintain the right to resort to the courts at any time.

Source: Information provided by BEL and InterAid.

project's grievance mechanism or a part thereof. Sometimes NGOs can also represent local communities and help them build their capacity to understand the process and its benefits, participate in decision making, and articulate grievances and bring them to the attention of companies. Such organizations can be viewed as a voice of communities, and companies should be prepared to deal with grievances brought by NGOs on behalf of communities. (See story, Bujagali Energy.)

- **Local government authorities.** Communities sometimes bring their project-related complaints to local governments. In cases where this is the established practice, consider partnering with local authorities to facilitate receipt of grievances from communities. Local governments can also be a resource to help companies resolve complaints, since local authorities may have an established relationship with the communities. They can participate as third parties and advisors in company-initiated resolution processes. (See story, Rajasthan Joint Venture.)

Third parties—viewed as facilitating constructive dialogue between companies and affected communities— can supplement internal capacity, improve trust between companies and communities, and promote credibility.

Sector: OIL AND GAS

Rajasthan Joint Venture, India: Local Government Participation in a Grievance Mechanism

The Rajasthan Joint Venture (JV) project of Cairn India Limited (a subsidiary of Cairn Energy PLC, United Kingdom) has made significant discoveries in northwest India (Rajasthan) since its establishment in 2004, and includes construction of crude oil processing facilities, development of an approximately 600-kilometer crude-oil pipeline, and transport terminals.

Since the project start, Cairn has worked to establish ongoing community engagement through its Consultation and Disclosure Plan Framework, which governs its communications programs and ongoing stakeholder engagement and includes a process for handling grievances. With the expansion of the company infrastructure in 2006, the framework has been expanded to accommodate more complex engagement with communities, including complex land acquisition issues along the pipeline route.

Cairn engaged with the local government in Rajasthan early in its stakeholder engagement planning, particularly regarding the grievance mechanism and its focus on land acquisition issues. The local authorities serve as one of the channels to receive project-related grievances as well as on the Grievance Redressal Committee (GRC). The District Collector of Barmer (chief administrative officer and also the magistrate in the district) nominated the GRC that reports to the collector on all matters related to community grievances arising from Rajasthan JV operations. The GRC includes representatives from the district magistrate, the company, and the community, and a special Land Acquisition Officer nominated by the Rajasthan government as officer in charge of all matters related to land for Rajasthan JV.

Cairn's grievance procedure consists of a six-step system: receipt of grievances, preliminary assessment, acknowledgement of grievances, investigation and resolution, closeout, and followup. The first three steps are the primary responsibility of Cairn, and most of the matters related to a specific department or operation of Cairn are resolved at this level, and the decision is communicated to the complainants. If complainants are not satisfied with the investigation result, the matter is taken up in the GRC. The GRC then investigates the underlying cause of the grievance and may introduce changes required to internal systems to prevent recurrence of a similar grievance. In parallel and where necessary, the GRC holds meetings or other appropriate communication with the complainant, with the aim of reducing any tensions and preventing them from escalating. During closeout, the GRC seeks to confirm that its actions have satisfied the complainant. During the followup the GRC, with the assistance of Cairn's manager of community development (field), investigates the root causes of major or symptomatic grievances, where necessary, to ensure that the grievance does not recur.

Source: Information provided by Cairn India.

Are Grievance Mechanisms Needed for Projects Implemented by Contractors?

Although a company generally differentiates between the actions of its own employees and those of contractors and subcontractors, local communities tend to see no difference and will attribute actions of contractors and subcontractors to the company. This is the case even if contractors are in the country only for a short period of time. For example, 70–80 percent of complaints and informational queries handled by the Yanacocha Gold Mine in Peru are filed against contractor and subcontractor organizations regarding issues such as failure to pay bills or salaries, improper working conditions, and damages caused by traffic and other accidents. The company uses payment and procurement contract terms to ensure that these entities take action to resolve grievances.[16]

Companies need to anticipate grievances that may arise from the actions of suppliers or contractors, and implement a policy and management tools—such as regular monitoring—to govern their behavior and actions, including provisions for coordinated management of grievances and key indicators that help evaluate the effectiveness of contractors' policies and tools.

Where a project has a small number of contractors, it may be feasible for the contractors to establish and manage their own grievance mechanisms. Companies will need to make sure that these mechanisms do not conflict with the company mechanism or those of the other contractors by establishing clear guidelines and ensuring oversight. (See story, PERU LNG, below.) Where contractual relationships are more complex or numerous, companies may wish to have all grievances directed to the company's mechanism, regardless of whether they relate to the company or its contractors or subcontractors.

Sector: OIL AND GAS

PERU LNG, Peru: Harmonizing Grievance Management among Project Contractors

The PERU Liquefied Natural Gas (PERU LNG) project is a key strategic element in Peru's energy plan and is expected to generate $800 million in annual hard currency revenues. The PERU LNG project consists of construction and operation of an LNG plant, a marine loading terminal, and a 408-kilometer pipeline. PERU LNG executes a large number of contracts—for example, for the engineering, procurement, and construction of the plant, terminal, and pipeline, and the related mining operation. To ensure that contractors conform to PERU LNG's social and environmental requirements, including grievance resolution, the company implements a comprehensive contractor management system and Contractor Management Plans.

Monitoring Complaints in the Land Acquisition Process

As with many pipeline projects, land acquisition is one of PERU LNG's largest impacts. Its Pipeline Compensation Management Plan (PCMP) includes a commitment to compensate for unplanned impacts and damage, and is complemented by the Stakeholders' Engagement Plan and the Project Grievance Procedure. PERU LNG is responsible for ensuring consistent implementation of its PCMP. PERU LNG's community relations officers and land and easement team accompany the contractor's staff during negotiations for additional land, and maintain an active field presence during construction and operations.

Establishing Clear Responsibilities for Contractors within the Grievance Procedure

The Project Grievance Procedure establishes specific objectives and performance indicators for participation, effectiveness, resolution, recurrence reduction, and influence, and provides for trend monitoring. It states the responsibilities of PERU LNG and contractor personnel, defines complaint types, and specifies detailed procedures covering items such as mechanisms to identify and receive complaints, complaints center and registry, centralization and systematization of complaints, and complaint analysis. The procedure also discusses the review and resolution of complaints and appeals, responsibilities for resolution, resolution time, and monitoring. The goal is to satisfactorily address most grievances and claims within 15 days (first review), or to provide for ombudsman or specialized organization participation (part of the second review). Specific contractor responsibilities regarding the grievance mechanism include:

- Following all company policies
- Being proactive and available to participate in PERU LNG's public consultation and disclosure activities
- Articulating and executing their own grievance mechanisms in accordance with PERU LNG grievance procedures
- Handling complaints resolution themselves, through their own community relations teams, and coordinating with the PERU LNG community relations
- Reporting to the PERU LNG community relations team on a daily basis regarding the processing of complaints
- Not making any direct agreements on resolution with local communities without coordinating with PERU LNG
- Proposing alternative resolution methods to stakeholders.

Source: Information provided by PERU LNG.

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Endnotes

1. Such mechanisms are also referred to as "company grievance mechanism," "company–community grievance mechanism," and "community grievance mechanism." Since projects are the most common form of private sector operations, this Note will refer to such mechanisms as "project-level grievance mechanism" or simply "grievance mechanism." A definition for this term is provided later in this document.

2. A number of guidance materials exist for large, complex projects, notably the materials prepared by Compliance Advisor Ombudsman, Corporate Social Responsibility Initiative (Kennedy School of Government, Harvard University), and Centre for Social Responsibility in Mining (Sustainable Minerals Institute, The University of Queensland, Australia), as well as other materials mentioned in the References and Useful Resources section of this Good Practice Note.

3. The guidance in this document, complemented by these examples, will benefit practitioners working on community and social development issues in a developing country context as well as community representatives and advocates. It should be noted, however, that the practical examples have been provided by the companies depicted in them. The sole purpose of these examples is to demonstrate certain approaches to community grievance management that businesses have applied in their operations, and that are deemed useful for readers of the Good Practice Note. The examples, therefore, do not represent a judgment regarding the overall effectiveness of these grievance mechanisms, nor do they incorporate the views of communities or third parties in this regard.

4. IFC has prepared a number of guidance materials that can help with project social and environmental impact assessment. Examples are the *Good Practice Note on Addressing the Social Dimensions of Private Sector Projects*, *Introduction to Health Impact Assessment*, *Guide to Human Rights Impact Assessment and Management*, and other materials that can be found at **http://www.ifc.org/ifcext/ sustainability.nsf/Content/Publications.**

5. For detailed information and tools for effective stakeholder engagement, see *IFC Stakeholder Engagement Guide* (IFC, 2007).

6. Broader guidance on social and environmental assessment is outside the scope of this Good Practice Note. IFC has developed a number of guidance materials related to social and environmental assessment and stakeholder engagement, in particular, *Stakeholder Engagement Handbook* (2007) and *Good Practice Note on Addressing the Social Dimensions of Private Sector Projects* (2003). These publications can be found at **www.ifc.org/sustainability**.

7. "Company" and "project" are used throughout this document to reflect the levels at which grievance mechanisms function; private sector companies may have only one location or they may have several projects or locations, with grievance mechanisms established at each

of them. A project, therefore, serves as the "least common denominator" and is helpful in illustrating the need to adapt the mechanisms to local conditions; in the context of the Note, "project" is not limited to large-scale projects with significant impacts.

8. Structures and methods of conflict resolution are widely discussed in literature. This Note does not attempt to redefine or replicate this research. This Note takes a specific approach that focuses on helping private businesses set up grievance management structures for project-related issues commensurate with their needs to manage social impacts of their operations.

9. For example, those offered by the World Bank, IFC, European Bank for Reconstruction and Development, Asian Development Bank, Inter-American Development Bank, and African Development Bank.

10. "Affected communities" are defined in IFC Performance Standard 1, Paragraph 1.

11. In general, the scale of project operations impact is often understood as directly proportionate to a project's size but is not necessarily so in all cases. Additionally, methods to scale a grievance mechanism to a project's risk and adverse impacts will vary, depending on whether it is being created at the outset of a project or during the operational phase.

12. *Protect, Respect and Remedy: A Framework for Business and Human Rights* (April 2008), p. 24.

13. For example, see *Rights-Compatible Grievance Mechanisms: A guidance tool for companies and their stakeholders* (Corporate Social Responsibility Initiative, Kennedy School of Government, Harvard University).

14. Remote-access methods are effective in many situations, including where there is a need to provide communities with an option to submit anonymous complaints. Although an option for anonymity may help protect the complainant from harm associated with retribution, companies should make sure communities are aware of the consequences of filing an anonymous complaint (no personal response can be provided, it will be difficult to evaluate if insufficient information is provided). However, when presenting communities with an option for anonymous complaints, it is a good practice to state that all complaints and constructive feedback will be taken seriously, whether submitted from a named source or anonymously.

15. Source: CAO, *Building Consensus*, 2007.

16. In 2007, for example, of the 668 complaints, 80 percent were against contractors and subcontractors, 12 percent were filed against the company's workers and contracted individuals, and only 8 percent against the company directly. *Source: Cajamarca, Tierra Fecunda. Balance social y ambiente* (2007).

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