



Statement on the newly updated Project-Affected People's Mechanism Policy

January 2026

On January 2, 2026, the Asian Infrastructure Investment Bank (AIIB) disclosed its newly updated [Project-affected People's Mechanism \(PPM\) Policy](#) after Board approval. After a two year review process, the new PPM policy includes some improvements to respond to selected civil society concerns. However, there has been a failure to fundamentally change the structural problems around accessibility and effectiveness that have afflicted the PPM since inception, leading to 0 eligible cases in 7 years. Instead, the new Policy simply papers over the cracks, offering improvements that are piecemeal or applicable only in limited circumstances. As a result, the Policy still falls well below international good practice. We also remain concerned about whether the improvements are sufficient to allow affected communities facing environmental and social impact to access the PPM.

We are calling on the PPM and the AIIB's leadership to interpret the new policy in a manner that ensures that communities are treated fairly and problems are resolved. We will be monitoring the institution closely to see whether 2026 will finally bring about a functional accountability channel for AIIB. A key metric will be whether any case is found eligible, and if so, whether affected communities receive a fair and just process.

What has changed and what gaps remain?

- **Good faith requirement time bound:** Communities raising complaints are still required to make efforts to resolve their issues with two levels of internal grievances—borrowers and AIIB management—before accessing the independent mechanism, a high barrier that does not exist at any other multilateral development bank. As an improvement, exceptions to this rule have been expanded and prior engagement with management is now time bound to 45 days. This should help prevent a situation where communities spend months and years trying to resolve their concerns and are still denied access. However, there is not a similar time limit on the requirement for engagement with borrowers.

- **Independent verification by PPM:** PPM now has the ability to independently verify implementation of actions taken by management to address non-compliance and resolve concerns, but this can only be triggered in exceptional cases and with Board approval. It is also unclear whether this will include site visits.
- **Learning lessons in co-financed cases:** In co-financed projects where access to the PPM is barred, if a co-financer's independent accountability mechanism (IAM) makes a finding of non-compliance, management will report to the Board on the implications for AIIB and the opportunities for institutional learning resulting from that IAM's findings. While the reporting represents a minor improvement, AIIB will continue to take a completely hands-off approach in the majority of co-financed projects.
- **Possible review every five years:** Every five years, the leadership of the PPM can assess the need for a policy review and initiate such a review. But there is no guarantee that the policy will be reviewed every five years.
- **Parallel proceedings no longer automatic bar:** While parallel judicial or arbitral proceedings are no longer an automatic bar on eligibility for compliance review, the PPM can "consider their implications on processing of the submission."

A longer list of changes can be found [here](#).

Are the changes enough?

Since its inception in 2018, the PPM has not [accepted a single complaint](#). There have now been 24 complaints to the PPM and 51 complaints on AIIB projects to other co-financiers, which shows that communities are raising concerns with AIIB's financing, and yet are being denied access to a redressal process at the AIIB. While the Policy includes improvements aimed towards easing accessibility barriers or making the complaint process more effective, these are limited by conditionalities such as "exceptional cases" or in some complaint stages by requiring Board approval.

One way to gauge the impact of the new Policy is whether cases will actually be found eligible, giving the AIIB the opportunity to address impacts that harm local communities and undermine the sustainability of investments. Another gauge will be if confirmed harm is actually fully remedied and livelihoods restored, especially in circumstances where AIIB is a co-financer.

Reflections on the process

In December 2023, the PPM committed to conducting the review on principles of independence, transparency, and being consultative. As civil society

organisations and community advocates who monitored and participated in the process for the past 2 years, we are well placed to reflect on whether that held true. While there were some important good practice measures taken by this review, there were some serious lapses:

- The recommendations of the external reviewer were [largely ignored](#). It isn't enough to have an external review of the Policy, if resultant recommendations are not taken seriously. There has been no information on why AIIB was unable to accept those recommendations.
- CSOs have not received reasons for why recommendations submitted during the review process have not been accepted. PPM should release a matrix of stakeholder comments they received, those that were accepted/rejected, and reasons for rejection. Without this, the review process will remain a black box.
- Finally, CSOs' ability to engage with the ultimate decision makers of the Policy, i.e., Board of Directors, remained uneven. We understand this is especially challenging for a non-resident board but we sincerely hope more Board offices will institute a practice of CSO engagement.

Moving towards implementation

As next steps, we are calling on the PPM and AIIB leadership to interpret the policy in a flexible manner that takes into account the challenges and risks communities undertake in raising grievances and errors towards accepting and resolving complaints. The PPM and AIIB should ensure that communities at project sites are informed about the PPM both during stakeholder consultations and on project signage. Finally, the review process so far has been led by an Acting MD-CEIU. Moving forward, implementation requires full-time and continuous leadership, and we call upon AIIB to appoint a new MD-CEIU through a Board-led hiring process which also involves external stakeholders.

The new PPM Policy coincides with the change of leadership at the top of the AIIB. The president, Zou Jiayi, has the opportunity to change direction and finally prove AIIB commitment to a fit for purpose PPM that is capable of ensuring remedy for project-affected people and the environment, and promoting institutional accountability for AIIB's financing.

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