

Grievance redress mechanisms

This note provides guidance on how investors can provide effective remedies to affected parties who perceive that their rights have been adversely affected by business activities.

A grievance redress mechanism (GRM) is a set of arrangements that enable local communities, employees, outgrowers, and other affected stakeholders to raise grievances with the investor and seek redress when they perceive a negative impact arising from the investor's activities. It is a key way to mitigate, manage, and resolve potential or realized negative impacts, as well as fulfill obligations under international human rights law and contribute to positive relations with communities and employees. GRMs have been operated with varying degrees of success. This note provides guidance and examples on how to improve the design and implementation of mechanisms for mutual benefit.



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RESPONSIBLE AGRICULTURAL INVESTMENT (RAI)

KNOWLEDGE INTO ACTION NOTES

The **UNCTAD–World Bank *Knowledge Into Action Note Series*** is a compendium of practical, thematic guidance documents for use by governments, investors, and other stakeholders in the implementation of responsible agricultural investment principles. Background and a complete list of notes are in *Note 1: Introduction*.



WHAT DOES FIELD RESEARCH SHOW?

Giving stakeholders a voice. A GRM is a key tool through which local communities and other stakeholders exercise their voice. They are a way to mitigate, manage, and resolve potential or realized negative impacts, and to ensure that investors meet their obligations in terms of international human rights law. During interviews, many stakeholders who mentioned grievances said that they had no way of raising grievances with the investor.

Addressing grievances early is best. Evidence from the field shows that seemingly minor complaints can quickly become major grievances if left unmanaged. A GRM is an important tool that enables investors to learn about and resolve concerns before they escalate. GRMs should permit a peaceful and timely resolution of problems, assuring stakeholders that their concerns have been heard and that the institutionalized mechanism will yield a fair and impartial outcome.

No “one size fits all.” Field research found a wide variety of approaches to the design and operation of GRMs. The research showed that the best model depends on the sector, the size, and the structure of the investment. Moreover, different stakeholder groups used different mechanisms, depending on their relationship to the investor, cultural practice, level of literacy, and community influence. GRMs have been operated with varying degrees of success, in terms of both raising appropriate concerns and addressing concerns in a timely and satisfactory manner.

No reported grievances does not mean that no grievances exist. In some cases, management thought there were no grievances as none had been received, although they maintained that their door was always open. Community representatives who were interviewed did have grievances but were ignorant of how to raise them, often relying on the traditional tribal system and trusting that local leaders would raise them on their behalf. In a more successful approach encountered, investors designed the GRM in consultation with communities.

Limited knowledge of alternative options to address grievances. Field research indicates that often communities have limited knowledge of the alternative options available for grievance redress. There was notable divergence between countries about the extent to which knowledge of alternative remediation procedures is institutionalized. In some countries, many issues are raised with commercial farmers because people have the knowledge and access to institutions necessary for holding investors accountable. In others, knowledge of such procedures is totally absent.

Employee grievance mechanisms. GRMs are also an important tool for addressing employee grievances, especially as many may be first-time workers operating in an unknown business culture. A separate mechanism should be set up to deal with their grievances.

Contractor management. Strong contractor management is another way to avoid grievances, as in some cases it is contractors who are interacting directly with communities. There could be confusion between an investor and its contractors. Communities may have grievances against contractors, but not realize that the contractors are controlled by the investor.

✓ ELEMENTS OF GOOD PRACTICE FOR INVESTORS

Accessibility and availability. Information about the existence and functioning of the GRM needs to be made readily available to all stakeholders. This can be achieved as part of the overall community engagement strategy and may include community announcements such as through posters or on local radio. Investors need to ensure that procedures are clear and understandable to the entire range of stakeholders.

Negotiate the design in consultation with communities. Reflecting the need for clear and understandable procedures, it is appropriate to negotiate the design of the system in consultation with communities and/or employees. This helps ensure the process is relevant for those who may need to use it and that the mechanism is culturally appropriate. The design should cover the scope, implementation, governance, resourcing, and monitoring and evaluation (Annex 1 provides an example).

Link to overall community engagement strategy. GRMs should form one part of an investor's overall community engagement strategy to ensure ongoing dialogue with stakeholders affected by its operation (see *Note 17: Community Engagement Strategies*). The success or failure of GRMs tends to hinge critically on the general relationship between the local management of the investor and local communities. Formal, well-established procedures can help develop this relationship as grievances are dealt with in a transparent, fair manner. If community-investor relations are poor from the outset—as is often the case when pre-investment consultations are not done well—it is unlikely the GRM will rectify this problem.

Identify and address the broad range of obligations giving rise to grievances. Investors have a broad range of obligations derived from international law, national regulation, and contractual commitments. It is essential that companies understand these various obligations and how they might give rise to grievances, and that they incorporate such considerations in the design of GRMs (Ganson 2016).

Clearly structured process from complaint to resolution. The GRM should establish a clear, sequential process to follow that stipulates steps to take and allocates responsibilities at each stage. The process should indicate which person on the investor staff is responsible for following up and resolving the grievance—and those functions should be a part of employees' performance indicators. This process should be communicated to aggrieved parties to manage expectations about the process. It should include deadlines for actions of both the investor and the aggrieved party.

Clear resolution procedures. It is critical that all parties have clarity about when a resolution to a grievance has been agreed. Clarity is aided by signed resolution agreements with clear follow-up actions.

Provision for appeal. The process should clearly stipulate scope for aggrieved parties to appeal decisions if they are dissatisfied with the outcome.

No substitute for judicial or administrative mediation procedures. GRMs do not substitute for—and should not obstruct—judicial and administrative remedies, such as mediation or arbitration, which are necessary for disputes beyond the scope of GRMs. A key function of a GRM is to address emerging concerns before they reach a level that may warrant judicial or administrative proceedings.

Information on judicial or administrative mediation procedures. If the aggrieved party remains dissatisfied or the complaint is beyond the scope of the GRM, the investor should provide information on external dispute resolution mechanisms.

Documentation. The GRM needs to have a suitable system for ensuring the maintenance of written documentation of all relevant stages in the process. The system should include a complaint form, minutes of any meetings held by the GRM committee or other body, and signed agreement to any resolution to a grievance. Good-quality documentation minimizes the risks of grievances being raised again and of subsequent complaints about the resolution. Tracking of the physical location of the source of the grievance (possibly using GPS coordinates) is important so that grievance patterns can be analyzed spatially, to help identify particular problems and solutions.

Fast-track for high-priority complaints. Certain complaints warrant urgent action, and the regular GRM procedure may be inappropriate or too slow to prevent an issue from escalating. A separate fast-tracked GRM, including guidance on the circumstances under which it should be employed, can help ensure that high-priority complaints are dealt with in a timely manner.

Provisions for confidentiality and anonymity. The GRM should provide aggrieved parties with the option to keep complaints confidential and/or anonymous. Illiterate people raising a grievance will need assistance so it can be transcribed through a trusted confidant. This could be a family member, friend, or a designated official.

Transparency. The process and outcome of individual grievances should be transparent to the aggrieved party. In publicizing more widely the outcome of grievances, a balance needs to be struck between accountability and transparency, and the desires of aggrieved parties to keep complaints confidential. Investors should consider aggregated public reporting of the operation of the grievance procedures, such as quarterly reports on the number of grievances, their nature, and statistics on how they have been resolved. In cases where the publication of specific grievances or outcomes may be in the interests of the community or community relations, permission should first be sought from the aggrieved individual.

External monitoring. To help maintain accountability and trust in the process, the GRM and meeting of associated committees can be monitored by local government or trusted third parties.

Internal evaluation. The GRM should be evaluated against key performance indicators such as the percentage of grievances resolved internally before they reach the media or courts; targets for closure of grievances within a specified time frame; target of closure within the first two internal rounds of discussions, avoiding the need for external mediatory bodies; number of complaints expressed as a monthly value for critical, major, and minor grievances; and percentage change year by year of the number and degree of grievances. The successful application of a GRM is an evolutionary process, and the investor should monitor and look for ways to improve the application of the GRM itself.

Multi-channeled. To avoid conflicts of interest, there should be multiple ways for a grievance to be raised. For example, raising the issue with a supervisor is one channel for an employee, but for a grievance of a personal nature with that supervisor, there need to be other ways to elevate the issue.

Broad representation. A GRM should allow for broad representation on any consultative body, including youth, women, and marginalized and vulnerable groups. It is important that its design does not entrench existing power structures, for example by involving only senior men in the community.

Gender sensitivity. There may be a need to customize GRMs for specific segments of the community. For example, a women-only mechanism might be channeled through an organization's Gender Liaison Committee (see *Note 13: Empowering Women*). The design of the GRM needs to ensure that women have a safe means to air grievances.

Set fair and consistent standards early on. After its launch, a GRM tends to receive a wave of grievances, complaints, disputes, suggestions, and requests. As the company demonstrates fair and strict management of these grievances, employees and community members learn which issues can be raised and the process stabilizes. Investors need to be vigilant in not overcommitting or creating the impression that all issues can be automatically resolved.

Resilience to financial and operational difficulties. The GRM can be especially important if investors begin to experience financial difficulties and struggle to deliver on commitments and expectations, such as jobs or community development programs. This is also the time when investors will be tempted to cut back on GRM and other community relations activities, but doing so risks exacerbating financial or operational problems by creating a disgruntled local community.

ELEMENTS OF GOOD PRACTICE FOR GOVERNMENTS

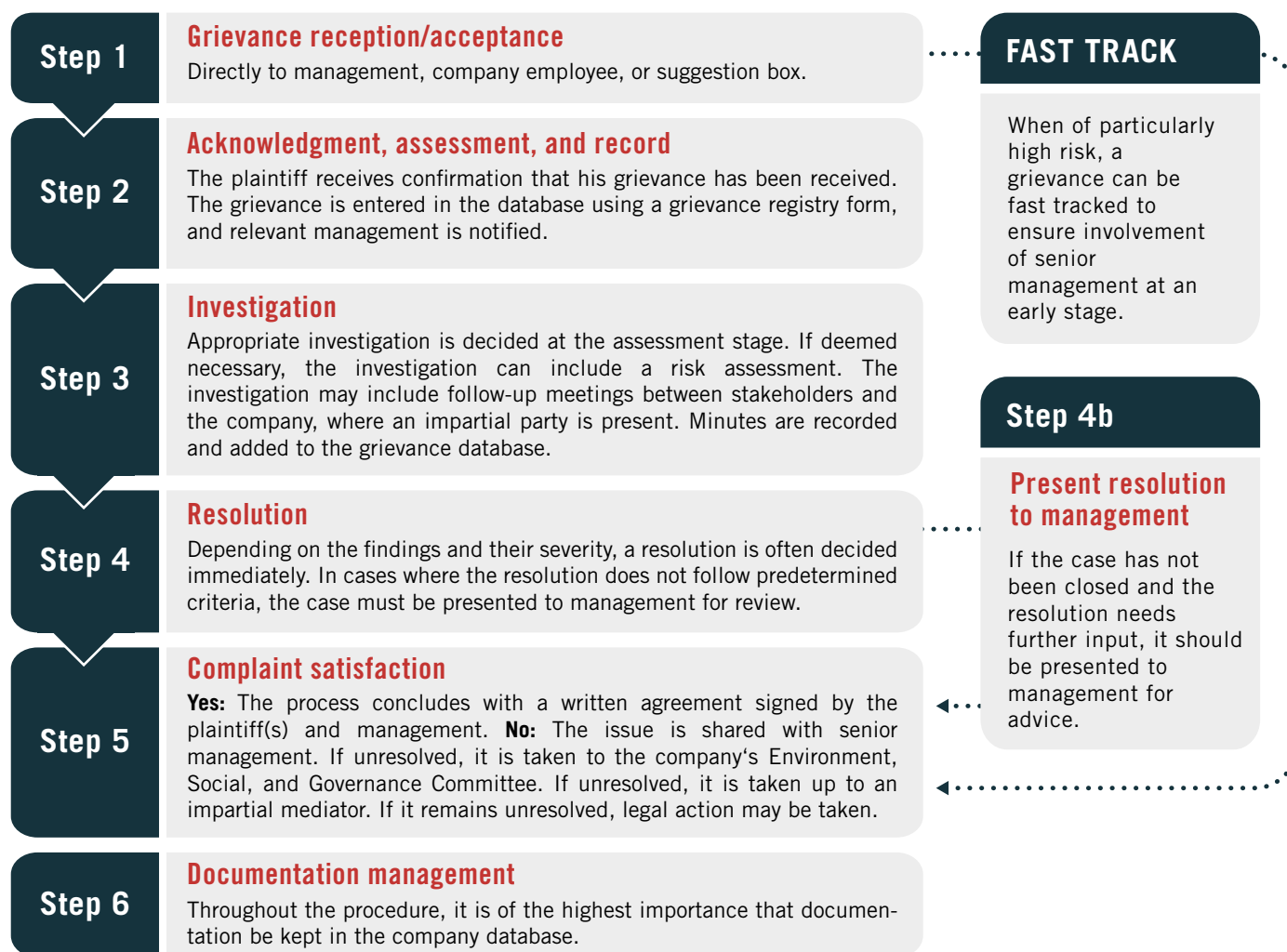
Alternative procedures. When the GRM is unable to resolve a grievance, governments should ensure that the people affected can access an effective remedy through the court system or other legitimate non-judicial process.

Raise awareness about how to raise grievances. Governments also have a responsibility for raising awareness about judicial and administrative procedures that can be followed in the event of perceived violations of rights.

Monitoring of GRM. Where appropriate, the government may conduct external monitoring of investors' GRMs. The government can consider requiring periodic reporting of aggregate statistics on grievances.

Contractually require adherence to international best practice. The need for a GRM based on IFC standards can be included as a provision in the contract between the investor and the government.

Figure 1. Example of a grievance process



Source: UNCTAD–World Bank Responsible Agricultural Investment Database.

REFERENCES AND RESOURCES

This Note is complementary to the literature and guidance documents to which many organizations have contributed, a selection of which is provided below. Further resources are provided in *Note 2: Additional resources*.

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