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# Development finance institutions and human rights

## Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises*

*Summary*

In the present report, submitted to the Human Rights Council pursuant to Council resolutions 17/4 and 44/15, the Working Group on the issue of human rights and transnational corporations and other business enterprises clarifies the ways in which the "United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework" apply to development finance institutions. The report examines the gaps, opportunities, and positive practice examples when it comes to applying human rights due diligence to development finance institutions, and what remedy means in the context of development finance.

* Reproduced as received, in the language of submission only.

# I. Introduction

1. Development finance institutions have become a critical piece in the global institutional patchwork to achieve the goals of the 2030 Sustainable Development Agenda.[1] At a time when the longer-term impacts of the COVID-19 pandemic—together with major challenges such as climate change, overlapping economic vulnerabilities, ongoing conflicts in different parts of the world, and worsening food insecurity—threaten to reverse the progress made towards the Sustainable Development Goals (SDGs), the need for responsible and sustainable financing for development that places human rights at the centre has become even more acute.

## A. Background to the report

2. With the pandemic instigating the worst global recession since World War II,[2] the gap between the current level of resources available globally and the amount of financing needed to attain the SDGs by 2030 has been growing. Exacerbated by the "scissors effect" where increasing needs are met with declining resources, the Organisation for Economic Co-operation and Development (OECD) estimates that the development financing gap amounts to at least US$2.5 trillion per year, with countries of the global South being especially impacted.[3]

3. Holding nearly US$12 trillion worth of assets globally,[4] development finance institutions are pivotal to fostering development in various contexts by building markets, mobilising resources, and driving impact. According to a recent study, there are approximately 500 development finance institutions—most of which are public development banks—from around 150 countries, with a few of these institutions in possession of the majority of total listed assets.[5]

4. While renewed attention by the international community to the role played by development finance institutions in ensuring that "no one will be left behind" and endeavouring to "reach the furthest behind first" has contributed to providing the impetus needed to mobilise SDG financing,[6] important questions continue to be asked with respect to the human rights and environmental risks and harm arising from the operations of development finance institutions.[7] Serious concerns have been raised in relation to, *inter alia*, the widespread attacks and threats against human rights defenders in the context of development activities; the approval and implementation of development projects without the free, prior and informed consent of affected communities, especially Indigenous Peoples; and the lack of adequate mechanisms to ensure the meaningful participation of local communities in project development and their access to effective remedy when human rights abuses occur.[8] The Development Finance Institution Transparency Index 2023, by Publish What You Fund, has further underscored the need for greater transparency and public

[1] See https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2051&menu=35.
[2] https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii.
[3] https://doi.org/10.1787/e3c30a9a-en.
[4] Jiajun Xu, Régis Marodon, and Xinshun Ru, "Identifying and Classifying Public Development Banks and Development Finance Institutions", *New Structural Economics (NSE) Development Financing Research Report,* no. 192 (November 2020), p.4.
[5] Most development finance institutions are small, having total assets of less than US$1 billion. Ibid.; see also https://unctad.org/system/files/information-document/BRI-Project_policy-brief-01_en.pdf; https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52015DC0361.
[6] https://www.project-syndicate.org/commentary/public-development-banks-sustainable-inclusive-growth-by-stephany-griffith-jones-et-al-2020-11; https://cupe.ca/sites/default/files/cupe_cib_marois_report_2022_e.pdf.
[7] See https://cdn.odi.org/media/documents/DPF_Blended_finance_report_tuMbRjW.pdf.
[8] https://rightsindevelopment.org/uncalculatedrisks/, pp. 7-8.

disclosure among development finance institutions with respect to their investments, impact, and proof of accountability to communities affected by funded projects.[9]

5. These concerns spotlight the unique relationship between development finance institutions and the States that own, control and/or substantially support their mandates. Discussed further in Section II, the United Nations Guiding Principles on Business and Human Rights (Guiding Principles) allow for an additional layer of human rights due diligence expectations to be applied to these States in view of Guiding Principle 4, for instance, which obliges States to "take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State agencies…including, where appropriate, by requiring human rights due diligence". While there is an expectation for States, as duty-bearers, to create and maintain the enabling conditions needed for development finance institutions to operate in accordance with international human rights law and environmental standards, it is crucial to acknowledge how both the State duty to protect and the corporate responsibility to respect human rights apply to development finance institutions.

6. For development finance institutions, their close links to States mean that their activities, value chains, and business relationships often come under magnified scrutiny from the public.[10] Especially considering how they are usually tasked with generating positive "development impact", it becomes all the more imperative that development finance institutions exercise human rights due diligence to identify, prevent and address the actual and potential negative impacts associated with their operations and business relationships on human rights.

7. Although the Guiding Principles do not expressly cover environmental standards, it is now generally accepted that environmental damage is included within its scope. For example, two of the main international human rights law instruments to which the Guiding Principles specifically refer (Guiding Principle 12), the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, have been interpreted since 2011 to include international environmental law. In 2022, the United Nations General Assembly also recognised "the right to a clean, healthy and sustainable environment" as a human right. These developments are consistent with the commentary to Guiding Principle 12 that "business enterprises may need to consider additional standards [of human rights]" beyond those specifically given in the Guiding Principles.[11] Accordingly, it is imperative that in exercising human rights due diligence, development finance institutions also identify, prevent and address their actual and potential adverse impacts on the natural environment.

## B. Aims, scope, and method of the report

8. In its stocktaking exercise of the global implementation of the Guiding Principles over the first decade since their adoption, the Working Group recognised that financial actors "have an unparalleled ability to influence companies and scale up progress on implementation of the Guiding Principles".[12] With "financial actors" understood here to include multilateral and bilateral development finance institutions that may also finance projects with other commercial banks and investors, these actors are central to pushing forward the realisation of the Guiding Principles 10+ Roadmap for the next decade of business and human rights.

9. In the present report, the Working Group clarifies the ways in which the Guiding Principles apply to development finance institutions. In particular, the report examines the gaps, opportunities, and positive practice examples when it comes to applying human rights

[9] See https://www.publishwhatyoufund.org/app/uploads/dlm_uploads/2023/02/DFI-Transparency-Index-Report-January-2023.pdf.

[10] A/HRC/32/45, p. 10.

[11] A/76/PV.97.

[12] A/HRC/47/39, pp. 15-16.

due diligence to development finance institutions, and what remedy means in the context of development finance.

10. The purpose of this report is two-fold: to establish a common understanding of how the Guiding Principles are relevant to development finance institutions and, in so doing, to delineate the human rights due diligence expectations for development finance institutions and associated States. The idea for this report emerged from preliminary consultations on the topic of development finance and cooperation in mid-2022, which had revealed a relative lack of awareness among some stakeholder groups about the relevance of the Guiding Principles to the development finance sector. This was observed among certain development finance institutions, particularly those operating at the national and subregional levels, as well as among experts and practitioners who work on development finance but are not actively involved in the business and human rights community. Bridging such gaps in understanding is integral to breaking down the professional and disciplinary silos that can serve as barriers to building expertise on human rights in connection with development finance. It is also crucial to encouraging multi-stakeholder dialogue on these issues.

11. Consultations with stakeholders have highlighted to the Working Group the desire for more practical guidance on how the Guiding Principles can be implemented in this sector through tangible examples of positive practice for States, development finance institutions and client borrowers. Following a multi-stakeholder consultation process, this report seeks to illustrate how the Guiding Principles can and should be used by development finance institutions to improve their policies, structures and processes, so as to contribute to the advancement of the business and human rights agenda.

12. The report acknowledges that many challenges remain and that there are too many instances of problematic human rights conduct involving development finance institutions and their clients, across a range of sectors, including agribusiness, infrastructure, education, energy, and the extractive industries. To prevent and better address human rights abuses related to development finance institutions, many of the examples referred to herein are meant to offer insights into how positive practices can begin to develop in this area.

13. Some clarification regarding the report's definition of development finance institutions and scope of inquiry warrant note. First, the term "development finance institutions" is taken here to refer to both bilateral (e.g., Austrian Development Bank, China Development Bank, Swedfund) and multilateral development finance institutions (e.g., African Development Bank, Asian Development Bank, Inter-American Development Bank), unless otherwise indicated.[13] Often majority-owned, controlled or substantially supported by national governments, development finance institutions are commonly established as specialised development banks or subsidiaries working to fulfil a public policy-oriented mandate, which can include the financing and development of private sector activities, in low- and middle-income countries.[14] They can include multilateral development banks, national development banks, export credit agencies, and private lenders.[15] Although governments may, on occasion, create nonbank financial institutions, most development finance institutions fall within the category of public development banks.[16] Occupying "an intermediary space between public aid and private investment", they offer a range of financial services from loans, guarantees, and risk insurance to investors and businesses through to investment in equity funds and financing for public infrastructure projects.[17] Possessing a

[13] In this report, "national development finance institutions" is used interchangeably with bilateral development finance institutions.

[14] https://www.oecd.org/development/development-finance-institutions-private-sector-development.htm#:~:text=Development%20finance%20institutions%20and%20private%20sector%20development,-…%2F%20DCD%20%2F%20Styles&text=National%20and%20international%20development%20finance,sector%20development%20in%20developing%20countries.

[15] https://www.ohchr.org/en/development/development-finance-institutions.

[16] Jiajun Xu, Régis Marodon, and Xinshun Ru, "Identifying and Classifying Public Development Banks and Development Finance Institutions", *New Structural Economics (NSE) Development Financing Research Report,* no. 192 (November 2020), p.5.

[17] https://www.oecd.org/dev/41302068.pdf.

separate legal personality and financial account, development finance institutions rely on the financial discipline of their clients to ensure the sustainability of their operations.[18]

14. Second, given the variety of development finance institutions that operate in the world today, the scope of this report is invariably ambitious. However, delving into the characteristics and make-up of different development finance institutions in detail is beyond the report's scope. Due to time and space constraints, the report will also not contain an extended discussion on export credit agencies or private lenders involved in development financing.[19] Further, although the Working Group had originally intended to focus this report on national, subregional and less-studied regional development finance institutions given the lack of attention to these actors in the existing literature, inputs from diverse stakeholders have underscored the importance of keeping the scope broad. This is in view of the revision, update, and/or proposal of relevant safeguards, policies, and guidelines, such as the Asian Development Bank's Safeguard Policy and the International Finance Corporation/Multilateral Investment Guarantee Agency's (IFC/MIGA) Approach to Remedial Action, at the time of writing. Accordingly, this report has an expanded focus to accommodate issues raised in relation to bilateral as well as multilateral development finance institutions. Noting the complexities of this thematic area, the Working Group intends to continue its work on development finance institutions, including at the regional, subregional, and national levels.

15. The report draws on a series of bilateral and multi-stakeholder consultations in different regions with States, non-governmental organisations, and civil society groups, as well as with development finance institutions, business representatives, and experts. It is also informed by submissions from a variety of stakeholders; information collected from the allegations of business-related human rights abuses in the context of development activities submitted to the Working Group via the Special Procedures communications mechanism; and extensive desk research in multiple languages that encompasses primary and secondary source materials.[20]

## II. Development finance institutions and the United Nations Guiding Principles on Business and Human Rights

16. With many development finance institutions having made strong commitments to the 2030 Agenda[21] and the Paris Agreement on climate change,[22] it is necessary to reinforce the importance of a human rights-based approach to implementing the SDGs and the green energy transition—as well as to development—more broadly. Noting that the volume of evidence demonstrates how the protection and realisation of human rights are pivotal to sustainable development and *vice versa*,[23] it is critical for development financing to be likewise aligned with an approach to human rights protection that duly acknowledges how all rights interrelate to one another, such that the failure to protect one right would have a negative cascading impact on other rights.

17. It is worth noting how global developments, such as the Addis Ababa Action Agenda[24]—the outcome document of the Third International Conference on Financing for Development—which recognises the inextricable linkages between human rights and

[18] Jiajun Xu, Régis Marodon, and Xinshun Ru, "Identifying and Classifying Public Development Banks and Development Finance Institutions", *New Structural Economics (NSE) Development Financing Research Report,* no. 192 (November 2020), p.3.

[19] See A/HRC/38/48.

[20] Information on uniform resource locators and links to websites contained in the present publication are provided for the convenience of the reader and are correct at the time of issuance. The United Nations takes no responsibility for the continued accuracy of that information or for the content of any external website.

[21] https://www.fonplata.org/en/institutional/mission-and-vision.

[22] https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf.

[23] https://openknowledge.worldbank.org/handle/10986/4391.

[24] https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2051&menu=35.

sustainable development, provide a sound foundation for development finance institutions to dedicate more attention and resources to actualising their human rights obligations. Similarly, the 2020 Finance in Common Summit—the first high-level summit of public development banks, including development finance institutions—did not feature human rights or environmental and social standards on the agenda.[25] In contrast, the 2022 Summit demonstrated some progress in this regard with the issuance of a statement emphasising how "[d]evelopment institutions…have a special role and responsibility in raising the stakes of the human rights-based approach to development".[26]

## A. Relevance of the Guiding Principles to development finance institutions

18. The Guiding Principles, along with relevant instruments such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines), articulate an instructive framework for States, development finance institutions, and client borrowers to incorporate and streamline human rights into their policies, operational safeguards and financing instruments, as well as throughout their activities, business relationships, and development value chains.[27] Indeed, the Office of the United Nations High Commissioner for Human Rights (OHCHR) has an established program of engagement with development finance institutions, largely focused on bringing a human rights lens to bear on these institutions' policy development, especially the larger multilateral ones.[28] Similarly, as a component of its work on the financial sector, the Working Group has provided comments and guidance on different policy developments related to development finance institutions.[29] It has also issued communications pertaining to allegations of human rights abuses connected to projects backed by bilateral and multilateral development finance institutions in Africa, the Asia-Pacific, and Latin America.[30] These include cases such as the Mandalika urban development and tourism project, in which the Asian Infrastructure Investment Bank is involved; the Bagmati River Basin Improvement Project and related projects, financed by the Asian Development Bank; the High-Priority Roads Reopening and Maintenance Project, funded by the World Bank; and the Agua Zarca Hydroelectric Project which, at one stage, involved the FMO – Netherlands Development Finance Company and the Finnish Fund for Industrial Cooperation Ltd.[31]

19. Even so, some confusion persists with respect to whether and how the human rights duties and responsibilities set out in the Guiding Principles apply to development finance institutions. As the three pillars of the Guiding Principles provide a critical framework for addressing complex global challenges pertaining to business and human rights, they provide a critical tool for development finance institutions to restructure their ways of "doing development" and "doing business", to take into account the rights and interests of stakeholders as well as to put rights-holders at the centre.

20. While the aim of the Guiding Principles is to close the protection gap in relation to the impact of businesses on human rights, they recognise that the State remains the primary duty-bearer under international human rights law. Pillar I of the Guiding Principles is anchored in States' existing human rights obligations and acknowledges that the State has a variety of roles in this regard. Aside from being legislators and regulators that use those powers to

[25] https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Human_rights_at_development_finance_institutions_accessible.pdf, p. 20.

[26] https://financeincommon.org/sites/default/files/2022-10/FICS%202022%20Human%20Rights%20and%20Human%20Rights-Based%20Approach%20Statement.pdf, p. 2.

[27] https://www.ohchr.org/sites/default/files/documents/issues/development/dfi/OHCHR_Benchmarking_Study_HRDD.pdf, pp. 4-9.

[28] Examples of this engagement can be found at https://www.ohchr.org/en/development/development-finance-institutions#:~:text=OHCHR's%20work%20in%20relation%20to,into%20their%20due%20diligence%20processes.

[29] https://www.ohchr.org/en/special-procedures/wg-business/financial-sector-and-human-rights.

[30] These and additional cases can be found through this portal: https://spcommreports.ohchr.org/Tmsearch/TMDocuments.

[31] OTH 133/2022; OTH 136/2022; OTH 16/2019; OTH 9/2017.

protect against human rights abuses by businesses, States may also be owners of state-owned enterprises[32] and can be formally or informally linked to agencies that provide support and services to businesses, as per the "State-business nexus" addressed in Guiding Principles 4 and 10. Such agencies are interpreted to include development finance institutions as well.

21. In addition to its reference to development finance institutions as one of those agencies linked to the State and which provide support and services to business activities, the commentary to Guiding Principle 4 notes that "the more [a State] relies on statutory authority or taxpayer support, the stronger the State's policy rationale becomes for ensuring that the enterprise respects human rights". This relationship is particularly strong for bilateral development finance institutions: in providing the clear statutory authority for establishing the development finance institution and in using taxpayer funds for capital, the State becomes a direct shareholder in the development finance institution. Moreover, given the State's often defining role in both actions, this imbues the State with authority[33] to set the mandate, provide more detailed policy prescriptions for operations, potentially decide on specific operations, and inform the governance as well as accountability processes of the development finance institution.

22. For multilateral development finance institutions, which are typically established as international organisations by treaty, member States must sign and ratify the treaty as well as devote taxpayer capital to such development finance institutions. These actions typically entitle a member State to a role in the governance of the development finance institution (i.e., sitting on the board), which is generally the highest decision-making body of such an institution. This, in turn, affords member States the opportunity to steer and vote on policies that guide the development finance institution's operations and may also involve them in deciding upon the institution's specific operations, governance, and accountability mechanisms.

23. Following this, Guiding Principle 10 reminds States that, when acting as members of multilateral institutions dealing with business-related issues, they should:

(a) Seek to ensure that those institutions neither restrain the ability of their member States to meet their duty to protect nor hinder business enterprises from respecting human rights;

(b) Encourage those institutions, within their respective mandates and capacities, to promote business respect for human rights and, where requested, to help States meet their duty to protect against human rights abuse by business enterprises, including through technical assistance, capacity-building and awareness-raising;

(c) Draw on these Guiding Principles to promote shared understanding and advance international cooperation in the management of business and human rights challenges.

24. These provisions in the Guiding Principles make clear that States should use their roles as owners and/or members of development finance institutions to, at a minimum, encourage respect for human rights and take steps to protect against human rights abuses, including by requiring human rights due diligence, in the operations of development finance institutions. As a related commentary observes, "States retain their international human rights law obligations when they participate in such [international trade and financial] institutions".

25. Regarding Pillar II, the Working Group and OHCHR have reiterated that the corporate responsibility to respect human rights under the Guiding Principles applies to financial institutions (both public and private) and their clients.[34] Further to this, Pillar II of the Guiding Principles requires financial institutions to make a policy commitment to respect human rights, carry out human rights due diligence and provide for, or cooperate in, remediation

[32] See A/HRC/32/45.

[33] https://ettg.eu/institute/ettg/enhancing-coordination-between-european-donors-development-agencies-and-dfis-pdbs-insights-and-recommendations/, p. 6.

[34] https://www.ohchr.org/sites/default/files/Documents/Issues/Business/20201006_WG_BHR_Submission.pdf.

where the financial institutions identify adverse impacts that it has caused or to which it has contributed. Accordingly, financial institutions, including development finance institutions, should develop relevant policies and processes for themselves as well as require their clients to do the same, as each party has its own responsibility to take appropriate action. Doing so is critical to preventing and addressing the widely documented risks and impacts on peoples and the natural environment in the context of development finance.[35]

26. A key element of the corporate responsibility to respect human rights is the adoption of a publicly available statement of policy that expresses a financial institution's commitment to meet this responsibility (Guiding Principle 16). To limit their negative impacts on human rights and the environment, development finance institutions—and in particular, the larger multilateral development finance institutions—have developed environmental and social standards (also known as "safeguards") to set out how a development finance institution and their clients will address the most common types of impacts that their projects may have. These safeguards translate mandated commitments to the SDGs and other international goals into operational requirements.

27. Many development finance institutions at the national, subregional, and regional levels have also developed their own environmental and social standards, which provide a platform for these institutions to express their commitment to taking human rights, environmental and social issues seriously.[36] The Development Bank of Southern Africa, for example, has adopted environmental and social safeguard standards that are among the more developed with respect to the larger bilateral and regional development finance institutions.[37] Certain development finance institutions have, moreover, been reportedly prompted to adopt safeguards as part of the accreditation process for the Green Climate Fund.[38] As observed by the Islamic Development Bank, "[s]afeguards represent an important dimension of development. While playing a critical part in helping countries manage their assets, both human and physical, they also help address reputational risk to the multilateral development banks…that finance development activities".[39] The Islamic Development Bank has been equally clear on the cost of the absence of such safeguards and "the opportunity cost of not having an [Environmental and Social Safeguards Policy] is substantial in terms of lost partnerships".[40] The Economic Community of West African States (ECOWAS) Bank for Investment and Development has likewise noted that its policy has "enabled the Bank to effectively promote sustainable development and to participate alongside its Borrowers in the protection of people and environment in the activities financed".[41]

28. More development finance institutions are now including specific commitments to human rights in their policies[42] as well as to specific instruments, such as the Universal

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[35] Ibid.

[36] https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020; https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque, chap. 2.

[37] https://www.dbsa.org/sites/default/files/media/documents/2021-03/DBSA%20Environmental%20and%20Social%20Safeguard%20Standards%202020.pdf, compare with https://www.dbj.jp/en/sustainability/management/regular.html.

[38] This was reportedly the case for the Banque de Developpement des Etats de l'Afrique Centrale, see its environmental and social standards at: https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque.

[39] https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020, para. 2.

[40] https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020, para. 5. See also, https://www.pidg.org/wp-content/uploads/2020/03/HSES-001-001-PIDG-HSES-Policies-2020.pdf, Sect. 1.1.

[41] https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, sect. 1.

[42] https://www.kdb.co.kr/CHGLIR05N00.act?_mnuId=IHIHEN0028&JEX_LANG=EN; https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf; https://www.dbj.jp/en/sustainability/management/regular.html; https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf; https://coebank.org/en/about/policies-and-guidelines/environmental-and-social-safeguards-policy/,

Declaration of Human Rights.[43] Some development finance institutions are also explicit in stating that human rights should be respected in the projects that they finance,[44] with others having incorporated specific human rights commitments to, for instance, Indigenous Peoples, the International Labour Organization's (ILO) Core Labour Standards,[45] women's rights, and persons with disabilities. Some have also addressed specific human rights issues, including gender-based violence, sexual exploitation, abuse and harassment,[46] prejudice, and discrimination.[47]

29. A smaller number of development finance institutions have included references to international standards on responsible business conduct, including the OECD Guidelines and the United Nations Global Compact.[48] However, some development finance institutions that have made early commitments to human rights have not updated these commitments to include consideration of the Guiding Principles even when they finance private sector operations, whereas others lag behind in the implementation of their policy commitments.[49] Explicit recognition of the relevance of the Guiding Principles by development finance institutions, such as the African Development Bank's updated Integrated Safeguards System, the Inter-American Development Bank's stated application of the Guiding Principles to its development finance as a requirement of its Environmental and Social Policy Framework, and the Japan Bank for International Cooperation's Human Rights Policy,[50] thus constitutes a policy development that should be encouraged by States and development finance institutions themselves.

30. Even so, commitment gaps with respect to development finance institutions' recognition of the importance of human rights remain. The New Development Bank's Environment and Social Framework, for instance, covers a more limited set of issues compared to most multilateral development finance institutions, with the Asian Infrastructure Investment Bank also having a similarly limited set of standards. While the Asian Development Bank is updating and expanding its suite of environmental and social standards at the time of writing, with the expectation that these updated standards will resemble those of the World Bank Group, its standards are currently limited as well. Regarding the rights of Indigenous Peoples in particular, there is still a need for stronger alignment between the safeguards of development finance institutions with international human rights law and standards, including the ILO's Indigenous and Tribal Peoples Convention (No. 169) and the UN Declaration on the Rights of Indigenous Peoples. Furthermore, a number of bilateral development finance institutions do not even have their own safeguards, instead referring to others like the IFC Performance Standards on Environmental and Social Sustainability (IFC

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aras. 21 and 25 ; see https://www.bstdb.org/Environmental_Policy_Feb2016.pdf, p.2; https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/social_environmental_responsibility_policy.html, https://iib.int/attachments/policy_on_environmental_and_social_sustainability_of_iib.pdf, sect. 4.2.

43 https://s3.eu-central-1.amazonaws.com/afc-assets/afc/ACP-ICRF-ES-Framework-16-May-2022-English-clean-VF.pdf, para. 3.2; https://www.pidg.org/wp-content/uploads/2020/03/HSES-001-001-PIDG-HSES-Policies-2020.pdf, sect. 2.5.

44 See, for example, https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf; https://www.bstdb.org/Environmental_Policy_Feb2016.pdf, p.2.

45 See, for instance, https://iib.int/attachments/policy_on_environmental_and_social_sustainability_of_iib.pdf, para. 2.10 and sect. 2.1.

46 https://s3.eu-central-1.amazonaws.com/afc-assets/afc/ACP-ICRF-ES-Framework-16-May-2022-English-clean-VF.pdf, para. 3.3.

47 http://www.ndb.int/wp-content/themes/ndb/pdf/ndb-environment-social-framework-20160330.pdf, part 2, para. 17.

48 See, as examples, https://www.jbic.go.jp/en/business-areas/environment/confirm.html, sect. 3(1) ; https://iib.int/attachments/policy_on_environmental_and_social_sustainability_of_iib.pdf, sect. 4.2; https://www.cdb.com.cn/English/xwzx_715/khdt/202108/t20210824_8996.html

49 See Juan Pablo Bohoslavsky, "A Human Rights Focus to Upgrade Chinas International Lending", *Chinese Journal of Global Governance* 5 (2019).

50 https://www.jbic.go.jp/en/information/press/press-2023/pdf/0414-017692_1.pdf; https://consultations.afdb.org/sites/default/files/documents/2023-04/Updated%20Integrated%20Safeguards%20System%20-%28Rev.4-Final%29%20-%20%28Approved%20by%20the%20Board_April%2012-2023%29.pdf; http://dx.doi.org/10.18235/0004270.

Performance Standards), the World Bank Group's "Safeguard Policies", or the standards of other regional development finance institutions.[51] For example, the Trade and Development Bank and the Africa Finance Corporation refer to the African Development Bank's standards.

31. Indicating how certain development finance institutions seem to consider themselves more akin to commercial banks than development financial institutions, it is worth noting how these institutions rely on the Equator Principles which were, of course, developed by and for commercial banks,[52] with at least one development finance institution also including the Principles for Responsible Investment in its reference standards.[53] Of particular concern are those development finance institutions that provide no public indication on their websites as to whether they apply any environmental or social standards in their lending.[54] Further, while some development finance institutions ostensibly recognise that the projects they fund support human rights, many of them still do not include specific references to human rights in their policies.[55] This situation needs to change, as the mindset of development financial institutions should be to generate positive development impact by putting people before profit.

32. Such commitment gaps, in turn, reflect serious gaps in implementation when it comes to human rights in the development finance sector. While more attention is being directed to the need to protect human rights defenders, especially among multilateral development finance institutions, there is little evidence to suggest that there is an appetite among national development finance institutions to adopt zero-tolerance statements or policies against reprisals and retaliations, or otherwise engage sufficiently on the issue of reprisal and retaliation risks, despite being involved in financing sectors associated with high levels of threats to and killings of human rights defenders.[56] This presents significant challenges to the protection of human rights, especially in regions like Africa, Asia and Latin America where large-scale development projects have grown in number. In this context, the Working Group recommends the use and implementation of its guidance on ensuring respect for human rights defenders.[57]

33. What these gaps underscore is the exigent need for States to do more in view of their obligations under Pillar I by setting clear expectations for development finance institutions to respect and support human rights as a part of their mandates. This sits alongside the equally critical need for development finance institutions themselves to fulfil their responsibilities under Pillar II by translating their broader policy commitments into evidence-based practice on the ground that overlays its development approach with human rights considerations. Certainly, a failure to address human rights risks not only harms the people and communities who should benefit from development projects, but can also negatively impact project feasibility, productivity, and profitability due to, for instance, local opposition that can result in repeated project delays.

# III. Human rights due diligence and development finance institutions

34. According to the commentary to Guiding Principle 4, where agencies linked formally or informally to the State, including development finance institutions, "do not explicitly consider the actual and potential adverse impacts on human rights of beneficiary enterprises,

[51] https://opecfund.org/var/site/storage/original/application/d8db5ee47067eaf04991c7281cbc4add.pdf, para. V(1), sect. 4.1.

[52] The Equator Principles, nonetheless, apply the IFC Performance Standards as the core of the standard.

[53] https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque, chap. 3.

[54] Examples of this include the Kuwait Development Fund for Arab Economic Development and the Arab Fund for Economic and Social Development.

[55] https://www.isdb.org/hub/indonesia/news/isdb-approves-us-262-million-to-upgrade-emergency-preparedness-of-six-national-referral-hospitals-in-indonesia; https://www.isdb.org/news/presidents-message-on-world-toilet-day-2020.

[56] See https://149805364.v2.pressablecdn.com/wp-content/uploads/2022/06/Wearing-blinders-v6.pdf.

[57] A/HRC/47/39/Add.2.

they put themselves at risk – in reputational, financial, political and potentially legal terms – for supporting any such harm, and they may add to the human rights challenges faced by the recipient State". The commentary further notes that "[g]iven these risks, States should encourage and, where appropriate, require human rights due diligence by the agencies themselves and by those business enterprises or projects receiving their support". In view of these considerations, a requirement for human rights due diligence is necessary and appropriate where risks to human rights are posed by the nature of a development finance institution's operations, including the development value chain and the operating context itself.

35. Development finance institutions often focus their financing and communications on the more positive and quantifiable aspects of development—for instance, the number of jobs created, the number of women-owned businesses supported, and the like.[58] But while such metrics can be useful for gauging aspects of a project's impact, the Guiding Principles draw attention to the need to address and prevent adverse impacts on human rights alongside generating positive impact: even though producing positive impacts can be a powerful contribution to sustainable development, such actions do not offset the failure of a development finance institution and/or its clients to respect human rights. In other words, corporate and institutional strategies to contribute positively to the SDGs cannot be a substitute for human rights due diligence.[59]

36. As per Guiding Principle 17, the requirement for financial institutions and their clients to undertake human rights due diligence across their activities and business relationships to identify, prevent, mitigate, and account for how they address the actual and potential human rights harms connected to their business activities, is a central element of their corporate responsibility. A positive practice among development finance institutions is to have transparent and clear procedures that set out the institution's processes for environmental and social due diligence as well as requirements for their clients' human rights due diligence. This practice should cover, and be adapted to, the specific types of lending and instruments used, including where funding is provided to financial intermediaries for on-lending.[60]

37. Better evolving practice would be to clarify that the due diligence process must specifically cover human rights and integrate an intersectional perspective.[61] As previously noted, there is a critical need for development finance institutions, particularly national development finance institutions, to include human rights as an integral part of due diligence and appreciate how robust human rights due diligence enables sustainable development. With the development finance community coming to recognise that both positive and adverse impacts on human rights need to be considered as part of effective safeguard policies and due diligence processes,[62] some development finance institutions have introduced important principles, such as the required internalisation of all costs to prevent and mitigate socio-environmental impacts.[63] As noted by the Japan International Cooperation Agency, "[i]n

[58] See https://www.humanrights.dk/sites/humanrights.dk/files/media/document/Human_rights_at_development_finance_institutions_accessible.pdf.

[59] https://www.ohchr.org/Documents/Issues/Business/Session18/InfoNoteWGBHR_SDGRecommendations.pdf.

[60] https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para. 4.8.4.

[61] See, for example, https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, paras. 4.1.2 and 4.2.3.

[62] See https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/social_environmental_responsibility_policy.html; https://www.jbic.go.jp/en/business-areas/environment/confirm.html; https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, annex 2.

[63] See https://www.africafc.org/about-us/our-company/sustainability-stewardship; https://coebank.org/en/about/policies-and-guidelines/environmental-and-social-safeguards-policy/, para. 20; https://www.fonplata.org/sites/default/files/paginas-fonplata/archivos/Socio-Environmental%20Strategy_0.pdf, para. 2.1.

order to realize sustainable development, environmental and social costs incurred by the development project need to be incorporated in the development costs”.[64]

38. A key gap between existing development finance institution policy and practice—even among the larger, well-established multilateral development finance institutions—and the Guiding Principles concerns, however, the scope of their policy coverage and subsequent human rights due diligence processes, particularly with respect to value chains. As mentioned earlier, the Guiding Principles require financial institutions to identify and assess human rights impacts which they may cause, contribute to, or be directly linked to via their financing. These adverse impacts may be at the project level, and they may also be further down a client’s value chains in connection with components or services that the development finance institution’s client uses in its own products or services. While some development finance institutions have been seeking to align their policies with global best practices on supply chains,[65] there is still considerable room for improvement in this regard.

39. The idea of addressing what happens in value chains is neither new nor unique to the business and human rights community: businesses have been monitoring their supply chains for decades, as attested to by the range of sustainable certification programs that exist. However, the Guiding Principles add a specific requirement to identify and address human rights impacts in view of how, for instance, the adverse human rights impacts may also appear at the other end of the value chain with respect to how a client’s products or services are used.[66]

40. Currently, many development finance institutions rely on the IFC Performance Standards and/or similar standards, which can limit the scope of human rights due diligence to “primary suppliers” and, even then, only consider human rights due diligence with respect to labour and biodiversity issues and where the business purchasing or receiving goods or services exercises “adequate control”. That said, in 2021, the IFC quietly revised its Guidance Note on this issue by extending the definition of “primary suppliers” to clarify that they can exist in all tiers of supply chains beyond tier one[67]—in effect, speaking to a wider conceptualisation of the scope of human rights due diligence. However, this IFC Guidance Note revision, while important, still does not match the expectation of the Guiding Principles for businesses to identify and manage risks in their full value chain, starting with the most severe or salient risks.[68]

41. An example of a development finance institution seeking to implement more rigorous value chain monitoring vis-à-vis the Guiding Principles is the KfW Development Bank, when it contributed EUR€50 million to a US$250 million fund to invest in improvements in human rights, as well as environmental and social standards, in the manufacturing companies of partner countries that form a part of German and European supply chains. This activity was aimed at supporting these businesses in meeting the requirements of the German Supply Chain Due Diligence Act.[69] What this example demonstrates is how development finance institutions can spread the impact of their standards by applying them to the whole of a project, as opposed to only the portion that they finance.[70]

42. The following sub-sections examine, in turn, how each component of the four-step human rights due diligence process (i.e., identifying and assessing actual and potential adverse human rights impacts; preventing and mitigating these adverse impacts; tracking and monitoring the effectiveness of measures to do so; and communicating with stakeholders)

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64 https://www.jica.go.jp/english/our_work/social_environmental/guideline/c8h0vm0000013gbd-att/guideline_03.pdf.

65 https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, sect. 2.2(vi).

66 See, for example, A/HRC/50/56.

67 https://www.ifc.org/wps/wcm/connect/6df1de8f-2a00-4d11-a07c-c09b038f947b/GN1_English_06142021_FINAL.pdf?MOD=AJPERES&CVID=nXqn5Ts.

68 For a more detailed analysis, see https://www.ohchr.org/sites/default/files/documents/issues/development/dfi/OHCHR_Benchmarking_Study_HRDD.pdf.

69 https://www.kfw-entwicklungsbank.de/Our-topics/SDGs/SDG-12/ESG-First-Fund/.

70 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para. 4.3.1.

apply to development finance institutions and their operations, while also providing an account of current practice among development finance institutions.

## A. Identifying and assessing

43. Many of the development finance institutions surveyed for this report have in place risk-based due diligence practices that had evolved in parallel with the Guiding Principles, and which apply measures proportionate to the level of risk.[71] Even so, human rights due diligence can and should be integrated into routine due diligence, with specific attention paid to value chain issues and stakeholder engagement and supported by appropriate human rights expertise.

44. Indeed, the Guiding Principles—in particular, Guiding Principle 12 and its commentary—expect financial institutions to start their human rights due diligence process by referring to all internationally recognised human rights, and by using screening processes to identify and assess relevant risks in each project. For certain development finance institutions, this may involve screening and categorising projects, according to the project, the context and the client.[72] Others may need to provide a more detailed elaboration of the issues that should be assessed,[73] taking into consideration issues such as the type, nature, location, sensitivity, and scale of the project.[74] With respect to the client's assessments, these are usually expected to be proportional to the significance of a project's potential risks and impacts.[75]

45. Some development finance institutions use a range of tools to conduct their initial appraisals, including screening tools that flag high-risk sectors, projects or contexts, sectoral guidance, checklists, and sector questionnaires.[76] The Korea Development Bank, for instance, employs human rights checklists, whereas the Japan Bank for International Cooperation refers to information from the Japanese National Contact Point under the OECD Guidelines as being relevant.[77] A collection of development finance institutions have, moreover, taken the prior step of excluding from financing those operations that are incompatible with their mandates. Such "exclusion lists" can encompass environmental exclusions, with some also excluding projects on human rights grounds, including widespread exclusions for child labour and forced labour, as well as for racist and/or anti-democratic media.[78]

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[71] See https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque, chap. V.

[72] See https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/index.html#instruments; https://s3.eu-central-1.amazonaws.com/afc-assets/afc/AFC-Environmental-and-Social-Risk-Management-Manual-Abridged-Version.pdf.

[73] See https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf.

[74] It warrants note that regional development finance institutions tend to have a narrower focus on only specific types of issues. See http://www.ndb.int/wp-content/themes/ndb/pdf/ndb-environment-social-framework-20160330.pdf, para. 10.

[75] See https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020, para. 19.

[76] See, as examples, https://www.business-humanrights.org/en/latest-news/brazil-bndes-is-allegedly-financing-meatpacking-companies-whose-sources-come-from-illegally-deforested-farms-which-use-slave-labour/; https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/socioenvironmental_policy_mining.html; https://www.caf.com/media/30037/caf.zip; https://www.jbic.go.jp/en/business-areas/environment/confirm.html; https://s3.eu-central-1.amazonaws.com/afc-assets/afc/ACP-ICRF-ES-Framework-16-May-2022-English-clean-VF.pdf.

[77] https://www.kdb.co.kr/BZCOWS00N00.act?_mnuId=IHIHEN0024&wcmsPath=%2Fhmp%2Fch%2Fgl%2Fir%2FCHGLIR0100.html; https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf, sect. 4(3).

[78] See, as examples, http://www.ndb.int/wp-content/themes/ndb/pdf/ndb-environment-social-framework-20160330.pdf, annex I; https://kfw.de/s/enkBHcsx;

46. Similar to other high-risk situations, potentially high-risk situations for rights-holders that involve human rights impacts should prompt more specific and detailed analysis by development finance institutions. Considering the increasing number of development finance institutions operating in fragile and conflict-affected situations, this includes the need for heightened human rights due diligence in such circumstances.[79] The KfW Development Bank, for one, requires a detailed human rights impact assessment and additional measures aimed at ensuring that human rights are upheld in "an area in which a critical human rights situation is known or expected, or if the project has effects that may result in conflicts that could significantly harm human rights (e.g., resource use conflicts)".[80]

47. Indeed, recognising that context matters to achieving appropriate outcomes, there is an emerging trend, which sees development finance institutions conducting contextual analyses to identify and assess risks to human rights within the operating environment.[81] As a part of this process, they consider how these risks may impact the project and stakeholders, in order to implement appropriate and responsive prevention and mitigation measures geared to the level of risk into the project.[82] In particular, some like the Japan International Cooperation Agency are taking promising steps by giving more consideration to the human rights context, including concerns such as restrictions on freedom of expression and access to remedy.[83] The conduct of a human rights-centred, contextual analysis should be encouraged among development finance institutions as positive practice.

48. A practice common among multilateral development finance institutions—and one growing among national development finance institutions as well—is one of categorising projects based on risk usually into three risk categories, plus a category for on-lending through financial intermediaries. The higher the categorisation, the more in-depth the studies and resources assigned to the project.[84] Among the bilateral development finance institutions, the Japan Bank for International Cooperation's approach is notable in specifically observing how potentially severe human rights impacts are sufficient to trigger the highest risk categorisation of a project.[85] Some development finance institutions also categorise projects with Indigenous Peoples or large-scale resettlements as high-risk projects, with some adding ethnic minorities and nomadic peoples as a high-risk trigger as well.[86] A few development finance institutions have gone a step further, recognising that certain business models can create human rights risks and assigning those a higher categorisation.[87] Even so, the categorisation process for many bilateral and subregional development finance institutions still tends to be dominated by environmental considerations.[88]

49. Safeguards can and should be leveraged by development finance institutions to highlight specific human rights issues that need to be addressed in their operations and along their development value chains. Numerous development finance institutions have safeguards on Indigenous Peoples, though these vary in the extent to which they are aligned with international law on Indigenous Peoples, and on land acquisition and resettlement that require

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https://opecfund.org/var/site/storage/original/application/d8db5ee47067eaf04991c7281cbc4add.pdf, annex B.

79 A/75/212.

80 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para 4.3.8.

81 https://www.fonplata.org/sites/default/files/paginas-fonplata/archivos/Socio-Environmental%20Strategy_0.pdf.

82 https://www.ohchr.org/sites/default/files/Documents/Issues/Business/20201006_WG_BHR_Submission.pdf.

83 https://www.jica.go.jp/english/our_work/social_environmental/guideline/index.html, para. 2.5(1).

84 See https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/index.html#operational.

85 https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf, sect. 4(3); see also https://s3.eu-central-1.amazonaws.com/afc-assets/afc/AFC-Environmental-and-Social-Risk-Management-Manual-Abridged-Version.pdf, p. 2.

86 https://www.jica.go.jp/english/our_work/social_environmental/guideline/index.html, appendix 3.

87 See Trade and Development Bank, Environmental and Social Management System (undated), appendix 4.

88 See, as an example, https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf.

an assessment of rights related to land.[89] Moreover, some development finance institutions have a specific emphasis not only on marginalised groups, which is a core aspect of the safeguards of most multilateral development finance institutions, but also on assessing and mitigating the discrimination that is often at the heart of risk and vulnerability.[90] An increasing number of development finance institutions are required to, or engage in, due diligence on forced labour and modern slavery as well. This is reportedly captured, for example, in a database that the Brazilian Development Bank reviews in connection with its project due diligence. Further to this, development finance institutions are learning the lesson that just because a project may reduce greenhouse gases, this does not necessarily mean that it will not have adverse impacts on human rights,[91] highlighting the importance of human rights due diligence as an integral dimension of combatting climate change and transitioning to just-zero carbon economy.

## B. Preventing and mitigating

50. There are various avenues for development finance institutions to incorporate prevention and mitigation steps into their financing. These include working with borrowers to design appropriate prevention and mitigation plans—often called Environmental and Social Action Plans,[92] or Environmental and Social Management Plans[93]—that take environmental and social considerations into account when making funding decisions;[94] including specific contractual requirements to comply with these requirements and action plans;[95] and budgeting appropriately for these actions.[96] Needless to say, these plans should also include concrete actions to address and prevent the actual and potential human rights impacts identified.

51. In addition, certain development finance institutions have specific legal clauses in their funding agreements that address human rights issues. For example, the Brazilian Development Bank has had a “social clause” in its legal agreements since 2008, covering discrimination on race or gender, child labour, and slave labour which are tied to national legislation. The Brazilian Development Bank notes that it can use the clause to “transparently and more rapidly suspend or require early maturity of the financing agreement, requiring immediate payment of the disbursements made”.[97] These do not cover all human rights, however; and as the Guiding Principles make clear, businesses have international human rights responsibilities beyond compliance with national laws.[98]

52. Where development finance institutions have no leverage or cannot create leverage in their relationships (including with clients, business partners and the States involved) to address severe or salient human rights risks, they may need to consider exiting a project altogether. Exit may not always be appropriate, but if it is, development finance institutions should assess the human rights impacts of exit. The issue of responsible and sustainable exit

[89] https://coebank.org/en/about/policies-and-guidelines/projects-and-loans-policies-and-guidelines/.

[90] https://coebank.org/en/about/policies-and-guidelines/projects-and-loans-policies-and-guidelines/.

[91] https://www.business-humanrights.org/en/latest-news/brasil-sociedad-civil-analiza-los-impactos-del-proyecto-e%C3%B3lico-del-nuevo-banco-de-desarrollo-de-los-brics-en-los-derechos-humanos/.

[92] https://s3.eu-central-1.amazonaws.com/afc-assets/afc/AFC-Environmental-and-Social-Risk-Management-Manual-Abridged-Version.pdf, p. 4.

[93] https://coebank.org/en/about/policies-and-guidelines/projects-and-loans-policies-and-guidelines/, para. 21.

[94] See https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf, sect. 3.5.

[95] https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf, sect. 6(2). See also https://s3.eu-central-1.amazonaws.com/afc-assets/afc/ACP-ICRF-ES-Framework-16-May-2022-English-clean-VF.pdf, pp. 23-24; https://opecfund.org/var/site/storage/original/application/d8db5ee47067eaf04991c7281cbc4add.pdf, para. VIII(1).

[96] See https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020, para. 20; https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf.

[97] https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/social_clause.html.

[98] See Guiding Principle 23.

is becoming a major issue of concern on the development finance agenda,[99] with at least one of the development finance institutions surveyed for this report already considering these issues seriously. Prior to its withdrawal from the project, the FMO – Netherlands Development Finance Company had also referred to "responsible exit" in view of the report issued by an independent fact-finding mission that it had commissioned following the serious concerns over human rights violations raised in relation to the Agua Zarca project.[100]

## C. Tracking and monitoring

53. In overseeing their portfolios and exercising leverage, development finance institutions should require their clients to monitor and verify whether environmental and social measures are implemented correctly, in a timely manner, and are effective.[101] This can be far more meaningful when specific prevention and mitigation measures are included in an action plan, which must be implemented and monitored as a condition of receiving financing, and where monitoring of the specific actions is tracked over the life of the loan.[102] Specific monitoring plans that cover environmental and social issues constitute positive practice,[103] and including specific human rights issues is even better practice. Some development finance institutions are more specific about having control mechanisms in place to verify compliance and conducting a more extensive audit of the portfolio on an annual basis.[104] Several development finance institutions can also request further mitigation or compensation actions to mitigate unforeseen risks[105] or require necessary corrective actions.

54. Given that development finance institutions are usually one step removed from clients' projects and have large portfolios to supervise, this can and has led to gaps in monitoring.[106] A positive practice is to engage independent consultants with appropriate expertise in human rights to report on and monitor high-risk projects.[107] However, unless the consultants are required to address human rights specifically and possess the requisite human rights expertise, they may miss human rights issues entirely in their assessments. It is noteworthy how, as a way to access human rights expertise from relevant human rights organisations, the Japan Bank for International Cooperation's Guidelines for Confirmation of Environmental and Social Considerations indicates that it will consider information on environmental and social non-compliance from third parties as a part of its own monitoring processes. The Japan Bank for International Cooperation will also request borrowers to respond to third parties and take appropriate action and will supervise the borrower's actions to ensure that they are incorporated "into project plans through transparent and accountable processes".[108]

55. Monitoring reports can, moreover, provide important information to stakeholders on the status of environmental, social, and human rights compliance if made public and if they are specific: that is, providing the kind of quantitative and qualitative analysis called for in Guiding Principle 20. An emerging positive practice that should be taken up by more development finance institutions is to make these reports available to local stakeholders, with

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99 See https://www.ohchr.org/sites/default/files/2022-02/Remedy-in-Development.pdf, chap. V.
100 See https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf; OTH 9/2017.
101 https://coebank.org/en/about/policies-and-guidelines/environmental-and-social-safeguards-policy/, para. 50.
102 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para. 6.1.1.
103 https://www.jica.go.jp/english/our_work/social_environmental/guideline/index.html, appendix 1, para. 2.
104 https://opecfund.org/var/site/storage/original/application/d8db5ee47067eaf04991c7281cbc4add.pdf, para. VII(2).
105 https://www.fonplata.org/sites/default/files/paginas-fonplata/archivos/Socio-Environmental%20Strategy_0.pdf, para. 4.15 and sect. G.
106 https://news.mongabay.com/2022/02/john-deere-and-brazilian-bank-team-up-to-equip-farmers-deforesting-the-amazon/.
107 See https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/socioenvironmental_policy/index.html#operational.
108 https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines_2022.pdf, sect. 4(4).

other examples of positive practice including the involvement of project-affected communities and peoples in the monitoring process itself.[109]

## D. Communicating

56. A growing number of development finance institutions maintain “project databases” that provide basic information to the public on funded projects, with some also including basic information on environmental and social impacts.[110] While this transparency is welcome, it does not substitute ongoing engagement by clients on the ground. For some bilateral development finance institutions, external requirements are further prompting project disclosure, even where the development finance institution would have otherwise not provided disclosure.[111] Entities that receive funding from the Green Climate Fund, for example, are required to disclose environmental and social information about projects financed.[112] However, for numerous development finance institutions surveyed, even basic information on what projects a development finance institution is funding is not made widely available to the public.[113] In addition to ensuring that such information is publicly available, implementing robust access to information policies is necessary as a first step towards greater transparency and accountability, in order to enable local communities and other concerned stakeholders to identify the development finance institutions involved in project financing and allow for more informed engagement.

# IV. Remedy in the context of development finance institutions

57. The right to an effective remedy for human rights abuses is a central tenet of human rights law and is reflected in Pillar III of the Guiding Principles, which focuses on remedy for victims of business-related human rights harms. Indeed, the Guiding Principles require development finance institutions to contribute to provide access to remedy if they have contributed to the harm.

58. An increasing number of development finance institutions have some form of grievance mechanism in place, as discussed below. Still, research conducted by numerous civil society groups and non-governmental organisations focusing on development finance has highlighted, through campaigns, publications and case studies, the myriad challenges that communities and workers continue to face in seeking to redress adverse impacts from funded projects.[114] Especially for national, subregional and regional development finance institutions, most have no figures on complaint handling available, and given that many of them either have new mechanisms or none at all, it can be assumed that projects funded by such development finance institutions which are resulting in adverse human rights impacts are going unremedied and unaddressed.

## A. Commitment to remedy

59. As development finance institutions use public money, there is a strong argument for them to be accountable to citizens regarding the use of their funds, as well as to those who have been adversely impacted by projects financed. As stated earlier, most development finance institutions have mandates to support development, which should begin at a

[109] See https://www.jbic.go.jp/en/business-areas/environment/contents/Environemtal_Guidelines _2022.pdf, sect. 5(2); https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf.

[110] See https://www.kfw-entwicklungsbank.de/Internationale-Finanzierung/KfW-Entwicklungsbank/Projekte/Projektdatenbank/index.jsp?query=%2A%3A%2A&page=1&rows=10&sortBy=relevance&sortOrder=desc&facet.filter.language=de&dymFailover=true&groups=1.

[111] See https://www.kdb.co.kr/CHGLIR05N00.act?_mnuId=IHIHEN0028&JEX_LANG=EN#none.

[112] https://www.greenclimate.fund/sites/default/files/document/information-disclosure-policy.pdf.

[113] See https://iib.int/en.

[114] See, for example, the work conducted by the Coalition for Human Rights in Development and those done by members in their network.

minimum with "do no harm".[115] Yet, this important principle has not been well developed in the policy and practice of development finance institutions to date. The safeguards of development finance institutions require clients to compensate or offset for harms where the harms cannot be avoided or mitigated, as captured in the classic mitigation hierarchy. Offsetting is not appropriate for human rights harms, however; and compensation, though important, may not always be the appropriate type of reparation. The Equator Principles, as adopted by commercial banks, are more advanced in that they have modified the classic mitigation hierarchy, requiring remedy for unmitigated human rights harms. Even so, they still appear resistant to the notion of establishing grievance mechanisms. At present, attention to access to remedy seems to be more clearly on the agenda of the larger multilateral development finance institutions, with the IFC also working on a remedy framework.[116]

60. Much more needs to be done to enhance access to effective remedy, especially by national and subregional development finance institutions. That said, at least one subregional development finance institution has adopted a policy commitment to remedying harms and setting requirements for clients to do so as well.[117] Certainly, there are a variety of actions that development finance institutions can take through their policies and human rights due diligence processes that can better prepare them, as well as their clients, to take corrective action and provide remedy where harm has occurred.[118] This includes understanding the "remedy ecosystem" which the Development Bank of Latin America, for one, appears to have included as part of its due diligence.[119]

## B. Grievance mechanisms

61. There is an evolving practice of grievance mechanisms at development finance institutions—some inspired by the Guiding Principles, whereas others pre-date the Guiding Principles and draw on other traditions. For example, the Brazilian Development Bank Ombudsperson, established in 2003, draws on global practices of establishing ombudspersons who act as a "proxy or advocate for citizens when facing the State".[120] Other development finance institutions have drawn on the practice of establishing Independent Accountability Mechanisms (IAMs). The earliest IAMs were established at the World Bank in 1993 (Inspection Panel) and IFC/MIGA in 1999 (Compliance Adviser Ombudsman), to provide avenues for redress to communities impacted by projects financed by these institutions.[121] Since then, many multilateral development finance institutions have created IAMs and, notably, an increasing number of national development finance institutions have also established some form of independent complaints or grievance mechanism.[122] This is

[115] See, for example, https://iib.int/attachments/policy_on_environmental_and_social_sustainability_of_iib.pdf, para. 2.4.

[116] This attention was prompted, in particular, by the "External Review of IFC/ MIGA Environmental & Social (E&S) Accountability, including CAO's Role and Effectiveness", https://www.worldbank.org/en/about/leadership/brief/external-review-of-ifc-miga-es-accountability; https://www.ifc.org/wps/wcm/connect/123a4cd3-89a0-40f8-a118-23e9e5e0d0d6/IFC-MIGA-Towards-Remedial-Actions-Framework-202204.pdf?MOD=AJPERES&CVID=o1xdVoQ.

[117] https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque, chap. VII, which indicates how "the Bank is particularly committed to ensure, inter alia, that its borrowers...(iii) remedy the negative impacts on universal human rights that their activities may cause or contribute to".

[118] See https://www.ohchr.org/sites/default/files/2022-02/Remedy-in-Development.pdf; https://www.imvoconvenanten.nl/-/media/imvo/files/banking/paper-enabling-remediation.pdf: https://shiftproject.org/resource/financial-institutions-remedy-myths/.

[119] https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf.

[120] https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Navegacao_Suplementar/Ouvidoria/#:~:text=Historically%2C%20the%20use%20of%20the,citizens%20when%20facing%20the%20State.

[121] See https://www.inclusivedevelopment.net/wp-content/uploads/2021/12/Good-Policy-Paper.pdf.

[122] See, for example, the CABEI Reporting Channel, the Independent Examiners at the Japan International Cooperation Agency and Japan Bank for International Cooperation, and the Africa Finance Corporation's Grievance Redress Mechanism.

evident from the IAM Network, which brings together a group of qualifying IAMs,[123] including those of national development finance institutions and regional development finance institutions.[124] As of June 2023, over 1,800 complaints have been received by a range of development finance institutions globally.[125]

62. There have also been other interesting developments in this space. The Deutsche Investitions- und Entwicklungsgesellschaft (part of the KfW Group) has established an independent complaints mechanism jointly with the FMO – Netherlands Development Finance Company, which consists of an Independent Expert Panel supported by the Deutsche Investitions- und Entwicklungsgesellschaft's Complaints Office.[126] As previously indicated, some national and regional development finance institutions are also now becoming accredited to the Green Climate Fund, which includes requirements to establish a grievance mechanism, and to do so using the Guiding Principles effectiveness criteria.[127] However, there are regional and subregional development finance institutions that are yet to establish accountability mechanisms, even those more closely modelled on other multilateral development finance institutions.[128] A number of the larger national development finance institutions also do not have accountability mechanisms, at least no publicly visible ones.

63. While some mechanisms have a broad mandate to address "a miscarriage of justice",[129] none of the mechanisms surveyed specifically refer to "remedy", with the classic mitigation hierarchy that limits reparations for harm to offsetting or compensation being generally used instead. Some development finance institutions are starting to require more appropriate forms of remedy such as "appropriate survivor led support mechanisms" in the case of gender-based violence and harassment.[130] Some also have grievance procedures to deal with specialised issues of data protection.[131] Further, there is an ongoing push for development finance institutions to address issues such as legacy harms associated with funded projects as part of a development finance institution's remedy framework.

64. To be fair and equitable, such mechanisms should have a degree of separation from the departments they are reviewing. Among the multilateral development finance institutions and a growing number of national development finance institutions,[132] this is accomplished by having the mechanism report directly to the board, rather than management. One development finance institution has, for example, an escalation process within management to ensure that grievances are handled in a consistent manner.[133] Another goes even further by including an appeals process and a full commitment to resolving grievances.[134] In contrast, some existing mechanisms surveyed appear to have the same units for both developing and

[123] The GRAM Partnership, organised by a number of development finance institutions' grievance redress mechanisms, is open to a wider group of interested grievance mechanisms, academic institutions and civil society organisations. See https://irm.greenclimate.fund/grampartnership.

[124] https://lnadbg5.adb.org/ocrp002p.nsf.

[125] https://accountabilityconsole.com/complaints/?

[126] See https://www.deginvest.de/icm.

[127] https://www.greenclimate.fund/document/environmental-and-social-policy, para. 78; see also https://www.boad.org/wp-content/uploads/2016/12/pg_05_griefs_eng.pdf

[128] The NDB does not appear to have an accountability mechanism beyond a line on whistle-blowers for fraud and corruption. See https://theconversation.com/how-brics-new-development-bank-can-improve-transparency-and-accountability-186265.

[129] https://www.pidg.org/report-a-concern-or-make-a-complaint/.

[130] https://www.pidg.org/wp-content/uploads/2020/03/HSES-001-001-PIDG-HSES-Policies-2020.pdf, sect. 2.5.

[131] See, for example, the Request and Objection Review of the OPEC Fund for International Development's Personal Data Protection Policy: https://opecfund.org/var/site/storage /original/application/c8f62ed435dc26444dadfaa976f25a37.pdf.

[132] See https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Service/Complaints/.

[133] https://www.bdeac.org/jcms/pre_27972/en/politique-environnementale-et-sociale-de-la-banque, chap. VI.

[134] https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, annex 11.

reviewing complaints about projects. This does not provide independence and can create conflicts of interest within departments.[135]

65. An increasing number of IAMs have used, or have even explicitly benchmarked themselves against, the Guiding Principles' effectiveness criteria for non-judicial grievance mechanisms (Guiding Principle 31).[136] The first of those criteria is accessibility. Positive practice is to provide clear signposting and public access to the grievance mechanism through a website as well as at the project level. Indeed, there are several development finance institutions which, despite indicating how they have grievance mechanisms, do not provide any indication on their respective websites that such accountability mechanisms exist.[137] It is also necessary to include references to a grievance mechanism within legal agreements, and requiring clients to make the mechanism known to project-affected peoples can further help to enhance accessibility.

66. Project-affected peoples may be inclined to use such mechanisms if they are predictable, as set out in Guiding Principle 31. Providing transparent and clear procedures on the website and other materials, preferably in local languages, that explain what the mechanism does and how it will work is a good start,[138] considering how some development finance institutions still have only very limited procedures in place.[139]

67. A more advanced IAM practice is to provide both a problem-solving and compliance function to address complaints.[140] Some development finance institutions constrain their grievance mechanism to addressing non-compliance with their policies, rather than considering harm from projects more generally.[141] The more advanced practice among the IAMs of multilateral development finance institutions is enabling the IAM to make specific recommendations on remedy for those harmed by financed projects.[142] Another emerging positive practice permits the accountability mechanism to recommend a pause to a project where complaints raise serious and irreparable impacts.[143]

68. In both types of processes, engaging the complainants to understand their point of view and, in particular, their views on the appropriateness of a proposed remedy is absolutely key, with the even better practice being to assess their satisfaction with the resolution of the complaint.[144] Those harmed by a project should be active participants in helping shape the solutions and remedies,[145] as opposed to a one-way process where complainants are only the recipients of decisions.[146]

135 https://s3.eu-central-1.amazonaws.com/afc-assets/afc/Grievance-Redress-Mechanism-February-2022-Final.pdf.

136 See https://irm.greenclimate.fund/document/self-assessment-report-irm. For a further explanation of effectiveness criteria, see https://www.ohchr.org/en/business/ohchr-accountability-and-remedy-project/phase3-non-state-based-grievance-mechanisms.

137 https://opecfund.org/var/site/storage/original/application/d8db5ee47067eaf04991c7281cbc4add.pdf, para. XI; https://opecfund.org/compliance-accountability-integrity/personal-data-protection.

138 See https://www.dbsa.org/about-us/igrm/what-grievance-and-what-do-we-do; https://s3.eu-central-1.amazonaws.com/afc-assets/afc/Grievance-Redress-Mechanism-February-2022-Final.pdf. Others have detailed procedures as part of other documents, but these are not clearly flagged on the website. See, for example, https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, annex 11.

139 See https://iib.int/attachments/policy_on_environmental_and_social_sustainability_of_iib.pdf, sect. 8.

140 See https://www.dbsa.org/about-us/igrm/what-grievance-and-what-do-we-do.

141 See https://www.ifad.org/en/accountability-and-complaints-procedures.

142 See https://www.afdb.org/en/documents/independent-recourse-mechanism-operating-rules-and-procedures-january-2015-updated-june-2021.

143 https://s3.eu-central-1.amazonaws.com/afc-assets/afc/Grievance-Redress-Mechanism-February-2022-Final.pdf, para. 6.1.

144 See https://www.bidc-ebid.org/en/wp-content/uploads/EBID_Manuel_SGES2022_en.pdf, annex 11.

145 See https://s3.eu-central-1.amazonaws.com/afc-assets/afc/Grievance-Redress-Mechanism-February-2022-Final.pdf, para. 3.3.

146 See https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Service/Complaints/. KfW Complaint Mechanism does not appear to involve any engagement with complainants.

69. At present, only a very limited number of development finance institutions have a case registry that provides information on cases handled.[147] Neither the KfW Development Bank's complaints mechanism, the Development Bank of South Africa's grievance mechanism, nor the Brazilian Development Bank Ombudsperson, for instance, includes a case registry.[148] This situation should be rectified, as the annual reports provided by these review mechanisms can help to consolidate and disseminate lessons learned within the development finance institution as well as encourage peer-to-peer learning.[149]

### C. Client grievance mechanisms

70. Recognising that grievance mechanisms need to serve the purpose of addressing grievances early and remediating impacts directly, they should be available at different levels, including at the level of the development finance institution itself, its clients, and financial intermediary clients that will on-lend funds.[150] The sub-projects to which financial intermediaries lend should also be at least reminded of their responsibility to respect under the Guiding Principles. Certain development finance institutions have developed rather advanced and detailed procedures that set out requirements for client-level grievance mechanisms,[151] with some specifically acknowledging that part of the function of these mechanisms is to provide feedback to the project to improve processes.[152] Even so, with respect to national, subregional and regional development finance institutions, some have only brief requirements,[153] whereas many others have nothing in place at all.

71. Moreover, because the Equator Principles require clients to establish grievance mechanisms, national development finance institutions that are members of the Equator Principles must implement this as part of their lending requirements.[154] In fact, the Equator Principles have issued guidance for members on remedy and grievance mechanisms for members.[155] However, there are no grievance mechanisms at the institutional level within the Equator Principles themselves.

## V. Conclusions and recommendations

72. **The demand for major structural transformations that would render economies more sustainable, equitable and productive has contributed, among other factors, to a renaissance of development finance institutions in recent years.[156] This stems, in part, from the recognition that the SDGs cannot be achieved with financing from the public sector alone, in effect underscoring the constructive role of development finance institutions in mobilizing and leveraging private finance. It also arises from the more recent shift among development finance institutions towards a stronger focus, in view**

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147 See https://www.jica.go.jp/english/our_work/social_environmental/objection/index.html.

148 The Accountability Console, run by Accountability Counsel, contains a searchable database of the cases from development finance institution grievance mechanisms that are made public. It can be accessed at: https://accountabilityconsole.com/.

149 See https://www.jica.go.jp/english/our_work/social_environmental/objection/c8h0vm0000013oi1-att/report2021.pdf.

150 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para. 4.8.4.

151 See for example, https://s3.eu-central-1.amazonaws.com/afc-assets/afc/Grievance-Redress-Mechanism-February-2022-Final.pdf.

152 https://www.caf.com/media/30035/salvaguardas-ambientales-y-sociales.pdf-..

153 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf, para 4.9; https://www.jica.go.jp/english/our_work/social_environmental/guideline/index.html, appendix 1, para. 11; https://www.isdb.org/publications/environmental-and-social-safeguards-policy-feb-2020, para. 20.

154 See https://www.kdb.co.kr/CHGLIR05N00.act?_mnuId=IHIHEN0028&JEX_LANG=EN#none.

155 https://equator-principles.com/app/uploads/Tools-Access-to-remedy_FINAL.pdf.

156 See https://www.project-syndicate.org/commentary/public-development-banks-sustainable-inclusive-growth-by-stephany-griffith-jones-et-al-2020-11.

**of both the SDGs and the Paris Agreement on Climate Change, on generating impact for sustainable economic growth and inclusive development. Indeed, over time, the traditional view of development finance institutions as a means to correct market failures and provide financing in crisis situations or to projects with positive externalities that would otherwise go unfinanced, has given way to an emphasis on how development finance institutions can catalyse long-term finance, foster innovation and promote the green economy. This, in turn, reflects the growing demand for development finance institutions to prioritize development impact over financial return.**

73. **Even so, illustrative examples of the human and ecological costs of controversial development activities can be found in a variety of "high impact" sectors (e.g., agribusiness, energy, extractives, transport infrastructure) that have a high risk of causing or contributing to negative impacts on human rights and the environment, but which have nonetheless been popular destinations for development finance. Accordingly, global efforts to situate human rights considerations at the heart of development finance are significant and should be advanced by States and development finance institutions. The Guiding Principles set out clear expectations for development finance institutions to have in place policies and processes to identify and assess actual and potential human rights risks in, and connected with, operations and projects financed. A failure to address human rights risks can negatively impact project feasibility, but also irrevocably harm the people and communities who should benefit from development. Development finance must not come at the price of human rights, social justice, and environmental sustainability.**

## A. Recommendations

74. **States:**

(a) **Strengthen human rights awareness and understanding among development finance institutions and train them in human rights due diligence;**

(b) **Have regulations and provide clear guidance to development finance institutions about their responsibilities in relation to their human rights, environmental, and climate change impacts, consistent with the Guiding Principles;**

(c) **Include requirements for all development finance institutions to have grievance mechanisms for each development finance institution itself and all their clients, and to provide for appropriate and effective access to remedy;**

(d) **Cooperate with other States to ensure that appropriate and effective remedies are available to rights-holders impacted by development finance institution activities.**

75. **Development finance institutions:**

(a) **Adopt and incorporate the United Nations Guiding Principles on Business and Human Rights in environmental and social frameworks and related policies;**

(b) **Develop and implement human rights due diligence policies and processes throughout their operations and ensure that an intersectional perspective is integrated into these policies and processes. In so doing, it is important that human rights risks are analysed and monitored throughout a project life cycle and adapted to the sector, context, project, and clients;**

(c) **Continually update human rights due diligence policies and processes by engaging in open and context-sensitive multi-stakeholder dialogue and consultations, including with stakeholders affected by development projects, human rights defenders, Indigenous Peoples, marginalised groups, and other groups at risk;**

(d) **Ensure that project information is publicly available and, in particular, disseminated to all relevant stakeholders in a timely manner;**

(e) **Publicly commit to the protection of human rights defenders;**

(f) **Use leverage in business relationships to promote and ensure respect for human rights;**

(g) **Require clients to:**

(i) **Improve their own human rights due diligence policies and processes; and**

(ii) **pay particular attention to groups in vulnerable situations, including through complying with the principle of free, prior and informed consent with respect to Indigenous Peoples;**

(h) **Support clients and their existing or potential business partners, particularly small and medium-sized enterprises, to improve the human rights and environmental conditions in their operations;**

(i) **Design and implement operational-level grievance mechanisms that address the risks faced by stakeholders adversely affected by development projects, in ways that protect their confidentiality, prevent reprisals and retaliation, and offer effective remedies;**

(j) **Establish remedy funds to address adverse human rights impacts from projects;**

(k) **Engage in global and regional standards-setting through stronger collaboration between multilateral and bilateral development finance institutions;**

(l) **Develop and support awareness-raising activities and capacity development initiatives to enhance the protection and realization of human rights.**