DEALING WITH GOVERNANCE AND CORRUPTION RISKS IN PROJECT LENDING

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HOW-TO NOTES

Feedback Matters:

Designing Effective Grievance Redress

Mechanisms for Bank-Financed Projects

Part 1: The Theory of Grievance Redress

SOCIAL DEVELOPMENT

GAC in PROJECTS
IMPROVING DEVELOPMENT OUTCOMES

The ancient Romans had a tradition: whenever one of their engineers constructed an arch, as the capstone was hoisted into place, the engineer assumed accountability for his work in the most profound way possible: he stood under the arch.

—Michel Armstrong

PART 1: THE THEORY OF GRIEVANCE REDRESS

As the World Bank's governance and anticorruption (GAC) agenda moves forward, grievance redress[1] mechanisms (GRMs) are likely to play an increasingly prominent role in Bank-supported projects (see Box 1). Well-designed and -implemented GRMs can help project management significantly enhance operational efficiency in a variety of ways, including generating public awareness about the project and its objectives; deterring fraud and corruption; mitigating risk; providing project staff with practical suggestions/feedback that allows them to be more accountable, transparent, and responsive to beneficiaries; assessing the effectiveness of internal organizational processes; and increasing stakeholder involvement in the project. For task teams more specifically, an effective GRM can help catch problems before they become more serious or widespread, thereby preserving the project's funds and its reputation.

BOX 1
The Importance of GRMs: Evidence from a Recent QAG Review

> GRMs are increasingly recognized as a critical tool for promoting transparency and accountability in Bank-financed operations. The Quality Assurance Group (QAG) recently led a GAC Benchmarking and Learning Review that assessed the responsiveness of Bank-supported operations to the GAC agenda. The review found that GRMs were included in only 28 percent of reviewed projects. Moreover, many of the GRMs were neither required to maintain written records of grievances nor obliged to act on grievances and provide written feedback. The QAG report concludes that GRMs are one of the most underused demand-side governance tools and notes that "if complaints handling mechanisms are to grow into effective instruments for GAC mitigation they will need more careful design and greater attention during both preparation and supervision." As these findings demonstrate, there is much room for Bank-supported projects to improve performance in this critical area.
>
> *Source:* Quality Assurance Group (2009)

This note aims to provide project teams with a better understanding of GRMs so that they can help borrowers design GRMs that effectively collect and respond to stakeholders' inquiries, suggestions, concerns, and complaints.[2] This Part 1 presents the theory behind grievance redress; a companion note, Part 2, outlines a process

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1. The terms *grievance redress* and *complaints handling* are used interchangeably throughout this note.
2. This note does not discuss employee grievance procedures or external non-project grievance redress mechanisms (such as ministry-level grievance redress mechanisms, formal judicial systems, or ombudsmen).

for designing an effective GRM. Both parts draw on examples from World Bank-supported projects.[3]

Grievance redress systems can be designed to function at the project, sector, and country levels; this note focuses primarily on the project level. The GRM framework presented here is equally applicable to both basic grievance redress systems and those that are oriented to advanced information technology. In applying this framework, project managers must take into account the project's unique operating context: for example, the size of the project management unit (PMU), types of services delivered, beneficiaries' needs, and technical, financial, and human resource constraints.

The framework may be used either to design a new GRM or to improve the functioning of an existing one. Box 2 provides a checklist that teams can use to assess the adequacy of existing GRMs.

BOX 2
Assessing the Adequacy of
a Project's GRM

The following questions will help teams assess whether the GRM associated with a project is functioning up to its full potential. If the answer to any of these questions is No, teams should consider improving the project's GRM.
- Does the project have clear, formal, and transparent internal mechanisms (e.g., a grievance redress unit, grievance redress committees, designated grievance redress officers) and rules for addressing grievances?
- Do project officials responsible for grievance redress have the authority to take or demand remedial action?
- Are officials responsible for grievance redress obliged to take action on all grievances?
- Do project-affected people feel that they can lodge grievances without fear of retaliation?
- Are project beneficiaries aware of their right to file a grievance and of the grievance redress process in general?
- Are there internal processes in place to record, track, and monitor the grievances and the action taken on them?
- Does the GRM provide timely feedback (written or otherwise) to the petitioner on actions taken?
- Is there an appeals process in place that GRM users can access if they are not satisfied with how their grievance has been resolved?
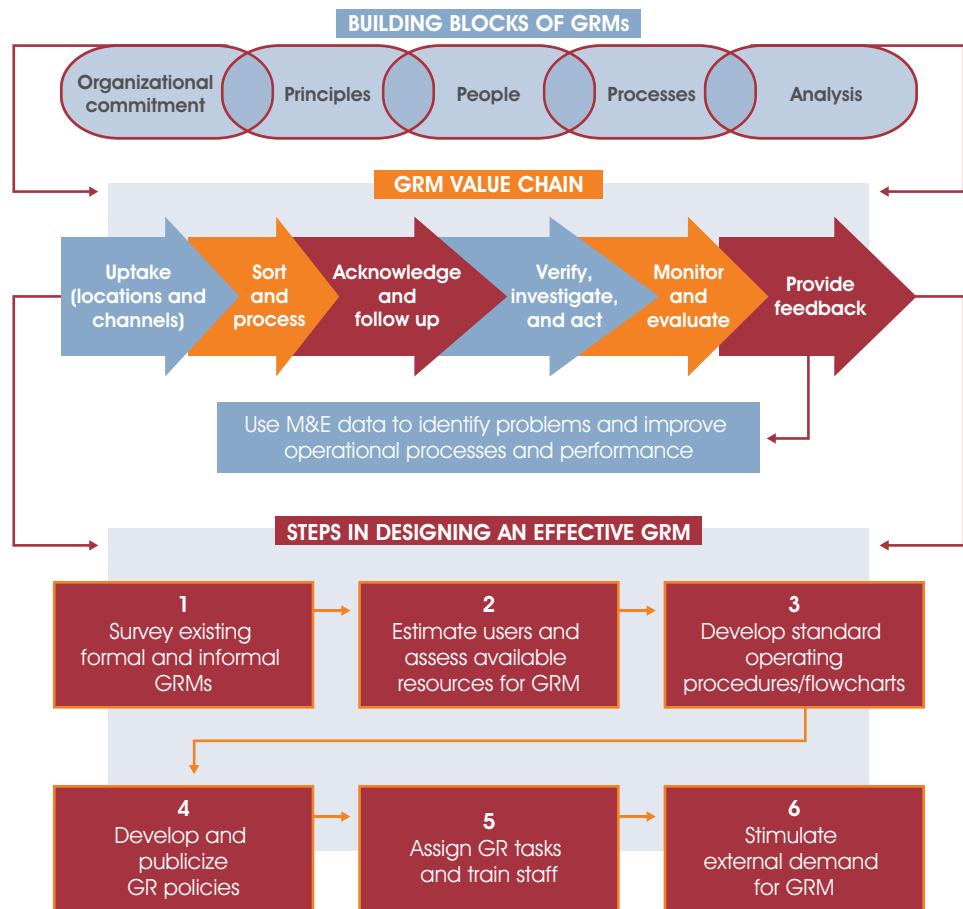
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3. Though it is preferable to draw on both notes when designing a GRM, parts 1 and 2 can also be used separately.

The Framework

Effective GRMs typically have common building blocks and characteristics: multiple grievance uptake locations and multiple channels for receiving grievances; fixed service standards for grievance resolution; clear processing guidelines; and an effective and timely grievance response system to inform complainants of the action taken.[4] The design of effective GRMs should take into account the building blocks, the value chain, and the steps involved in designing a GRM (Figure 1).

FIGURE 1
Grievance Redress Mechanisms: A Framework

BUILDING BLOCKS OF GRMs

Organizational commitment | Principles | People | Processes | Analysis

GRM VALUE CHAIN

Uptake (locations and channels) → Sort and process → Acknowledge and follow up → Verify, investigate, and act → Monitor and evaluate → Provide feedback

Use M&E data to identify problems and improve operational processes and performance

STEPS IN DESIGNING AN EFFECTIVE GRM

1 Survey existing formal and informal GRMs → 2 Estimate users and assess available resources for GRM → 3 Develop standard operating procedures/flowcharts

4 Develop and publicize GR policies → 5 Assign GR tasks and train staff → 6 Stimulate external demand for GRM

4. At the outset it is important to note that while GRMs can curtail corrupt practices, they are also useful for collecting other types of data. For example, out of 2,300 grievances received by the Kecamatan Development Program's complaints handling unit, 40% were related to corruption while the other 60% were queries, comments, or grievances related to the project's general performance.

Five Building Blocks of Effective GRMs

The structure that GRMs take is likely to vary from project to project, depending on the services delivered, the size of the PMU, and the needs of beneficiaries. For example, some projects may successfully use a centralized grievance redress system, while others may decentralize or outsource the function. Or there may be separate units for different functions, such as dedicated units for handling grievances from members of parliament or grievances about a particular program area. Whatever the model, effective GRMs typically build on five core building blocks (see Figure 2).

FIGURE 2
Building Blocks
of Effective GRMs

Organizational commitment — Principles — People — Processes — Analysis

Organizational Commitment

The project's management and staff recognize and value the grievance process as a means of strengthening public administration, improving public relations, and enhancing accountability and transparency. Grievance redress is integrated into the project's core activities. Management makes the GRM part of the project's "DNA" by integrating grievance redress functions into project staffs' job descriptions and regularly reviewing grievances data and trends at project management meetings.[5] Management also ensures that the GRM is properly staffed and resourced.

Principles[6]

Effective GRMs usually embody six core principles.

- *Fairness.* Grievances are treated confidentially, assessed impartially, and handled transparently.
- *Objectiveness and independence.* The GRM operates independently of all interested parties in order to guarantee fair, objective, and impartial treatment to each case. GRM officials have adequate means and powers to investigate grievances (e.g., interview witnesses, access records).
- *Simplicity and accessibility.* Procedures to file grievances and seek action are simple enough that project beneficiaries can easily understand them. Project beneficiaries have a range of contact options including, at a minimum, a telephone number (preferably toll-free), an e-mail address, and a postal address. The GRM is accessible to all stakeholders, irrespective of the remoteness of the area they live in, the language they speak, and their level of education or income. The GRM does not use complex processes that create confusion or anxiety (such as only

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5. In large projects, this can also be done by having a dedicated GR unit headed by (or reporting directly to) a senior project functionary.
6. Adapted from Kalahi-CIDSS Project (2003).

accepting grievances on official-looking standard forms or through grievance boxes in government offices).

- **Responsiveness and efficiency.** The GRM is designed to be responsive to the needs of all complainants. Accordingly, officials handling grievances are trained to take effective action upon, and respond quickly to, grievances and suggestions.
- **Speed and proportionality.** All grievances, simple or complex, are addressed and resolved as quickly as possible. The action taken on the grievance or suggestion is swift, decisive, and constructive.
- **Participatory and social inclusion.** A wide range of project-affected people—community members, members of vulnerable groups, project implementers, civil society, and the media—are encouraged to bring grievances and comments to the attention of project authorities. Special attention is given to ensure that poor people and marginalized groups, including those with special needs, are able to access the GRM.

People

Dedicated and passionate grievance redress personnel are essential to the success of a GRM. The project provides training to the staff working on grievance redress so that they can effectively carry out their roles. Generally speaking, sound recruitment practices, continuous training and learning opportunities, and systematic review and feedback regarding staff members' performance are important to the success of

GRMs. In large decentralized projects a special Grievance Redress Unit (including field units with dedicated personnel) may be required.

Processes

Grievance redress processes play an important role in project activities. Project management and staff outline and publicize the six stages of the "value chain," discussed in the next section.

Analysis

Project management regularly analyzes reports and other monitoring and evaluation data on grievances. Grievance-related data provide management with insights into the effectiveness of the PMU's programs and are used to identify problem areas, improve internal processes, enhance service delivery, and reduce the incidence of grievances in the future.

The GRM Value Chain

The grievance redress process, shown in Figure 3 as a value chain, comprises six steps. It is important to consider all of these steps in detail when designing a GRM.

FIGURE 3
The GRM Value Chain
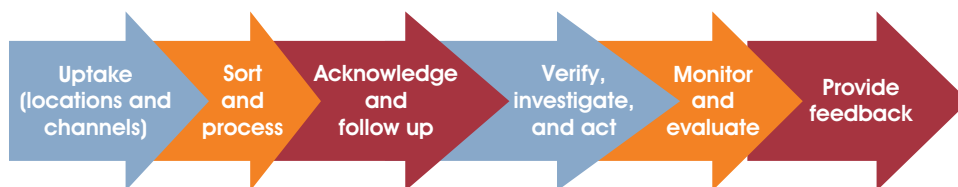
Uptake

Uptake refers to the methods by which the project will collect grievances. Taking into account technology, funding, and capacity constraints, the project should have multiple uptake locations (at the community, village, district, provincial/regional, and PMU levels, etc.) and multiple uptake channels (mail, e-mail, telephone, project website, project staff, text messaging/SMS, strategically placed complaints boxes, etc). Since the cost and complexity of GRMs increase with the number of potential uptake locations, teams should choose uptake locations strategically based on the goals of the project (see Box 3).

BOX 3
Indonesia:
Innovative Uptake

Indonesia's National Community Empowerment Program (NCEP) has a wide variety of complaints uptake locations, such as complaints books in community secretariats, phone, e-mail, text messages (SMS), project website, project staff, the news media, and reports from the Inspector Board of Development Performance. The SMS uptake point has proven particularly effective, logging an average of over 250 complaints per month. In a testament to its effectiveness, NCEP's GRM has logged nearly 16,000 complaints, with a resolution rate of over 99%.

Sorting and Processing

Various types of grievances typically require different follow-up actions—for example, some grievances can be resolved by means of a simple explanation or apology, while others may require more extensive investigations. Therefore, grievances need to be categorized, assigned priority, and routed to the appropriate entity (see Box 4). Moreover, standardized internal processes need to be established to guide how grievances are logged. For example, in Indonesia's NCEP, complaints that cannot be resolved at one level of the system are reassigned to actors at higher levels (Figure 4). Higher levels of the project are also responsible for monitoring the complaints-handling performance at lower levels. Grievances can be logged either manually or, if resources allow, by using a computer-based system that will allow the project to identify trends in the data across time and geographic locations.

Since projects receive a wide range of complaints, ranging from allegations of corruption to simple suggestions and queries, it is important to accurately categorize different types. In the Kalahi-CIDSS Project in the Philippines, the GRM is designed to respond to four types of complaints: (a) comments, suggestions, or queries; (b) complaints relating to nonperformance of project obligations; (c) complaints referring to violations of law and/or corruption; and (d) complaints against project staff or community members involved in project management.

Acknowledgment and Follow-up

When a complaint is made, the GRM should acknowledge its receipt in a communication that outlines the grievance process; provides contact details and, if possible, the name of the contact person who is responsible for handling the grievance; and notes how long it is likely to take to resolve the grievance. Complainants should then receive periodic updates on the status of their grievances. The GRM needs to establish clearly defined timetables for acknowledgment and follow-up activities. To enhance accountability, these timetables should be disseminated widely to various stakeholders, including communities, civil society, and the media.

FIGURE 4
Flow of Grievance
Redress in
Indonesia's NCEP
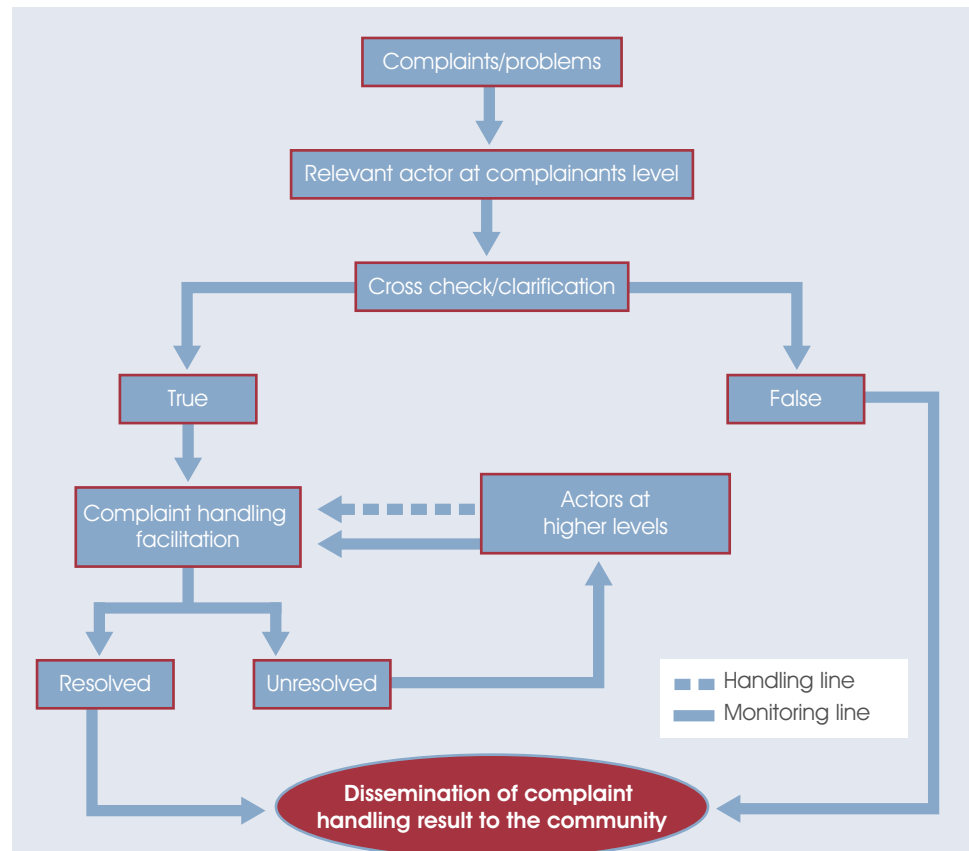
Verification, Investigation, and Action

This step involves gathering information about the grievance to determine its validity, and resolving the grievance. The merit of grievances should be judged objectively against clearly defined standards. Grievances that are straightforward (such as queries and suggestions) can often be resolved quickly by contacting the complainant. Grievances that cannot be resolved at one level of the system should be referred to a higher level and/or an outside entity for verification and further investigation according to a clearly defined timetable. Project staff should ensure that investigators are neutral and do not have any stake in the outcome of the investigation. Potential actions include responding to a query or comment, providing users with a status update, imposing sanctions, or referring the grievance to another level of the system for further action. Generally speaking, the project should take some action on every grievance.

Monitoring and Evaluation

Monitoring and evaluation are critical to the success of any GRM. Monitoring refers to the process of tracking grievances and assessing the extent to which progress is being made to resolve them. Projects that serve a large number of citizens or beneficiaries—such as community-driven development, rural roads, water and sanitation, health, education, or social protection projects—are likely to receive a large number of grievances and should ideally have an electronic system for entering, tracking, and monitoring grievances (see Box 5).

BOX 5
Pakistan:
Creating a
Monitoring Database

> Pakistan's Punjab Rural Water Supply and Sanitation Project has developed a credible mechanism to handle comments, suggestions, and grievances. The mechanism includes a "monitoring system" database to monitor adherence to the standards listed in the Procurement Manual. The database is designed as an online instrument (with restricted access) that allows recording and retrieval of all cases received, responses sent, dates of actions taken, and response times.

The project monitoring and evaluation information system should also include indicators to measure grievance monitoring and resolution. These grievance redress indicators can also be incorporated into project results frameworks (see Box 6).

BOX 6
Grievance Redress
Monitoring Indicators

The most common grievance redress monitoring indicators that projects have incor-porated in their results frameworks are the following:

- Number of complaints/ grievances registered
- Percentage of grievances resolved
- Percentage of grievances redressed within stipulated time period
- Time required to resolve complaints (disaggregated by different types of griev-ances)
- Percentage of complainants satisfied with response and grievance redress process
- Percentage of project beneficiaries that have access to the GRM

Evaluation involves analyzing grievance data and using it to make policy and/or process changes to minimize similar grievances in the future. Therefore, reports on grievances data and trends (e.g., average time to resolve grievances, percentage of complainants satisfied with action taken, number of grievances resolved at first point of contact)[7] should be submitted regularly. Senior project management should moni-tor grievance resolution data and grievance trends in their progress review meetings and should randomly call complainants from different areas and groups to get feed-back on whether the GRM is functioning effectively (see Box 7).

BOX 7
Real-Time Monitoring
and Evaluation

NCEP staff members input monitoring and evaluation data directly into a website so that the PMU and World Bank staff can access "real-time" data about the GRM. The web-based management information system contains data such as complainant information, details of the case, an assessment of the problem, potential follow-up actions, and how the grievance was resolved. Thus the database contains a virtual "library" of past grievances, along with the feedback reviewers provided on these grievances. Having access to this real-time data allows project management to more easily identify problem areas, quickly analyze suggestions and comments about the project's performance, and devise strategies to reallocate resources and upgrade processes to enhance operational efficiency.

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7. Reports to management also typically include such information as the number of grievances about a particular issue, spikes in grievances, geographical spread of grievances, and characteristics of the complainants.

Provide Feedback

The final step—informing GRM users and the public at large about the results of investigations and the actions taken—enhances the visibility of the GRM among beneficiaries and increases users' trust in the system (making it more likely that they will lodge grievances). Projects can provide feedback by contacting the complainant directly (if his or her identity is known) and/or posting the results of cases in high-profile locations and conveying the results through radio broadcasts and other media (see Box 8). The project should also inform GRM users about their right to an appeal if they are dissatisfied with the decision, specifying both internal and external (e.g., judicial review, ombudsman, line ministry) review options.

BOX 8
Honduras:
Providing Useful
Feedback

To increase trust in the GRM, the Rural Competitiveness Project in Honduras uses a number of mechanisms to provide feedback about grievance redress, such as maintaining a grievances register and publishing grievances received and disposed of annually; providing the Bank with semiannual reports on grievance redress; and creating regional-level stakeholder consultation mechanisms to provide updates on the project's performance on grievance redress.

Conclusion

As the GAC agenda moves forward, GRMs are likely to be an increasingly important component of Bank-supported projects. The effectiveness of GRMs rests on three interconnected factors: ensuring a clear organizational commitment to grievance redress, creating well-designed internal processes for addressing grievances, and tailoring the GRM to the unique operating environment. In addition to addressing and resolving grievances, GRMs should be designed to serve as a conduit for soliciting inquiries, inviting suggestions, and increasing community participation. (Figure 5 shows some of the most important "dos and don'ts" that project teams should keep in mind while designing the processes encompassed in the GRM value chain.) To the extent that projects are able to achieve success on these dimensions, GRMs can provide operations with a wide range of benefits, such as curbing corruption, collecting information that can be used to improve operational processes and performance, empowering vulnerable populations, and enhancing the project's legitimacy among stakeholders. Thus effective grievance redress systems represent a step toward greater accountability and, ultimately, better project outcomes.

FIGURE 5
GRM Value Chain
Dos and Don'ts

DO	STAGE	DON'T
• Create accessible uptake locations and channels • Maintain log books at various levels to record all complaints, inquiries, and suggestions received. • Publicize uptake options/contact information on communication materials, in offices, etc.	Uptake	• Create barriers to complaining by making uptake processes time-consuming or complicated • Forget to take measures to ensure that vulnerable groups are able to access the GRM
• Clearly outline who is responsible for handling different types of complaints • Establish clear timetables for the complaints-handling process • Assign each complaint a unique ID number	Sort and process	• Leave any ambiguity about how complaints are supposed to be routed • Develop a GRM that does not differentiate between different types of complaints
• Inform users about steps in the complaints-handling process • Try to resolve the complaint at the first point of contact • Stick to agreed timetables for responding to users	Acknowledge and follow up	• Divulge complainant's identity to others • Treat GRM users as if their complaint is an inconvenience
• Objectively evaluate the complaint's merit on the basis of facts • Ensure that investigators are neutral • Take action that is proportional to the comment or complaint	Verify, investigate, and act	• Expect users to prove they are right; this is the purpose of an investigation • Forget to update users on the status of their complaint • Appoint investigators that are biased
• Signal importance of complaints-handling putting topic as agenda item for management meetings • Establish a tracking system to record, classify, and assess complaints • Analyze grievance redress data and make improvements	Monitor and evaluate	• Miss the opportunity to integrate the GRM into the project's management information system • View the resolution of complaints as an end in itself—it is just a first step in improving processes
• Contact users to explain how their complaint was resolved and how they can appeal • Publicize results of investigations to enhance visibility of and increase trust in the GRM	Provide feedback	• Neglect to follow up with users; this undermines trust in the GRM • Keep complaint results private; this undermines transparency

References and Resources

Asian Development Bank (2009). *Handling Complaints Efficiently.* Manila: Asian Development Bank.

Commonwealth Ombudsman (2009). *Better Practice Guide to Complaint Handling.* Canberra: Commonwealth of Australia.

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World Bank Department of Institutional Integrity (2007). "Complaint Handling Systems." PowerPoint presentation, Washington, DC.

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World Bank Quality Assurance Group (2009). *Governance and Anticorruption in Lending Operations: A Benchmarking and Learning Review.* Washington, DC: World Bank.

Additional GRM Resources

The Social Development Department has compiled a comprehensive set of resources that task teams can draw upon in developing a GRM:

Grievance Redress Mechanism Self-Assessment Tool

GRM PAD Speak—a document that summarizes what various project PADs say about GRMs

Grievance Redress Indicators: a database of indicators on grievance redress used by different projects

Guide to the Kalahi–CIDSS Project Grievance Redress System

Checklist of Activities for Integrating Grievance Redress into World Bank Projects

Better Practice Guide to Complaints Handling

Information Typically Included on a Complaints Handling Form

Introduction to ISO 10002 (and Extended Version of Australia ISO 10002 with annexes)

Helping Local People Understand the Complaints Handling Mechanism

Tips for Making a Complaint

Ways to Present Complaints Data

The resources listed above are available online on the Social Development Department's website at: http://connect.worldbank.org/explore/SDV/DFGG/default.aspx.