

Recommendations

As demonstrated by the cases in this report, there is an urgent need for banks to continuously strengthen their environmental and social safeguards to ensure robust risk analysis and the design of measures that enable safe and meaningful engagement with rights holders and stakeholders, particularly in the context of the energy transition. Their approach to energy systems transformation should be grounded in international human rights standards, including the Universal Declaration of Human Rights, the United Nations Declaration on Human Rights Defenders, and the United Nations Guiding Principles on Business and Human Rights. In addition, the use of development and [climate finance](#) should align with international environmental law and the UN Sustainable Development Goals.

On designing and approving energy projects

- **PDBs should ensure that energy projects are aligned with the priorities, needs, and interests of affected communities.** Communities must be able to safely articulate their own visions of development and raise concerns about projects without fear of retaliation. From the outset, communities should have the agency to shape projects in ways that advance their development priorities and ensure affordable energy access. PDBs should support models that prioritize decentralized systems, community ownership, and approaches that leave affected communities better off after project implementation.
- **PDBs should stop financing false solutions that reproduce extractive dynamics or harm communities' rights, livelihoods, health, and environments.** This includes large-scale renewable energy projects that displace Indigenous Peoples and local communities from their lands without consent or fair compensation, cause environmental damage, or increase vulnerability to disasters.
- **Communities must have the right to approve, shape, reject, or withdraw consent from projects at any stage, regardless of whether violations have already occurred.** For Indigenous Peoples, FPIC must be obtained, and for all communities, the right to say no must be respected. Communities and civil society should receive sufficient, accessible, and timely information regarding projects, banks' involvement, applicable policies, and available grievance mechanisms.
- **In cases involving technical assistance, PDBs should work to strengthen legal frameworks that support a rights-based, community-led, and environmentally sustainable energy transition.** Banks must ensure that the policies they promote do not weaken national laws and protections related to environmental standards and human rights. Any reforms to national policies or legal frameworks should undergo rigorous and sustained consultation with stakeholders.
- **When designing and assessing projects, PDBs should treat civic space restrictions and reprisal risks as serious factors that may undermine their development mandates.** Banks should conduct thorough contextual risk analyses and consult human rights organizations before approving projects, particularly in countries with closed civic space, armed conflict, or repressive security forces. These assessments should examine how restrictions related to the location, sector, project type, and client may affect project-affected communities and HRDs, and should inform project classification and applicable safeguard requirements.³
- **Before a project moves forward, PDBs should conduct due diligence to assess human rights violations and environmental concerns related to the project, its associated facilities, and the clients involved.** Banks should also review the track records of ongoing projects, private sector clients, and

³ To learn more about how PDBs should work in restricted contexts, please refer to [Financing Repression](#).

financial intermediaries before approving financing. Where there is an existing history of complaints or allegations of harm, contracts and financing should be suspended until grievances are properly addressed.

- **Banks should include reprisal clauses in loan agreements with clients that establish immediate and enforceable consequences for violations.** These clauses should require clients to respond adequately to allegations of reprisals, cooperate with accountability mechanisms, participate in investigations, provide necessary information, and deliver remedy to affected defenders and communities.

On implementing projects

- **PDBs should provide multiple safe avenues through which communities and defenders can raise concerns about retaliation risks.** Given the dangers defenders may face at the project level, IAMs must be accessible, adequately resourced, and equipped to address reprisals. IAMs should proactively discuss security concerns with defenders and collaborate on prevention strategies and response plans. In highly restrictive contexts, IAMs should also be empowered to initiate compliance reviews on their own discretion when there is credible evidence of serious or systemic failures by banks or clients to comply with environmental and social policies. They should also be able to recommend urgent interim measures to address immediate reprisal risks.⁴
- **Continuous monitoring of the human rights and civic space context should take place throughout the project cycle.** Retaliation risk assessments should be conducted before projects begin, including analysis of civic space conditions, defenders' situations, clients' human rights records, histories of conflict, and the presence of armed forces. Where screening identifies significant reprisal risks, banks should apply heightened due diligence measures, including additional monitoring and the involvement of independent experts to assess and mitigate risks. Monitoring should also include oversight of public and private security forces to ensure compliance with international standards, including the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.
- **Where immediate risks are identified, PDBs should consider suspending financing or withholding disbursements.** Banks should use their leverage to divest from or disengage from projects where risks remain high, mitigation efforts have failed, or communities continue to reject the project. Failure by clients to cooperate with investigations or remedy identified harms should also result in the suspension of payments until corrective action is taken.
- **PDBs should provide strong oversight, clear guidance, and capacity-building support to clients.** This should include specific guidance for both clients and bank staff on conducting and verifying reprisal-sensitive stakeholder engagement, especially in high-risk contexts.⁵

On remedy and accountability

- **Where harm or reprisals occur, banks must ensure access to effective remedy.** Individual and collective remedial measures should be determined in consultation with affected defenders and communities and implemented in a timely and just manner by both banks and clients. This includes conducting credible investigations, identifying perpetrators, and implementing corrective actions. Remedies should be proportional to the gravity of the harm suffered and aim to restore affected people to their pre-violation conditions. Measures may include legal support, livelihood restoration, compensation, or support for parallel accountability processes. Banks must also use their leverage to ensure that clients deliver remedy.

⁴ For more recommendations on IAMs and reprisals, please refer to this [infographic](#).

⁵ For more discussion and recommendations on the role of clients in reprisals, please refer to the report [Misplaced Trust](#).

- **Banks should establish accessible remedy funds to support reparations and emergency response for affected communities and defenders.** This should include independently managed emergency funds that can provide rapid assistance in cases of reprisals or life-threatening harm. Such resources could be administered through independent experts or protection organizations capable of providing immediate support.
- **Banks should impose consequences on clients that withhold information, fail to act in good faith, or suppress dissent among affected communities.** Consequences could include higher borrowing costs, suspension of future disbursements, blacklisting, or inclusion on public sanctions and abetment lists.
- **Where banks cancel projects or withdraw financing, they must do so responsibly and avoid causing additional harm to affected communities.** Prior to withdrawal, banks should conduct risk assessments to identify potential negative impacts of divestment and develop mitigation measures in consultation with communities and defenders. Clear disengagement plans should be established and implemented in ways that uphold human rights and environmental standards.⁶

On preventing recurrence

- **PDBs should use complaints and cases as opportunities for institutional learning on how to prevent, mitigate, and respond to reprisals and engage safely with affected communities.** These experiences should inform broader institutional discussions on systemic human rights violations and civic space restrictions, helping banks strengthen rights-based and community-led approaches to development.
- **Banks must impose meaningful and binding consequences on clients responsible for reprisals.** They should use their leverage to prevent recurrence through measures such as public condemnation, divestment, disengagement, and inclusion in sanctions or abetment lists.
- **Banks should expand their sanctions frameworks to cover serious human rights violations, environmental harm, and retaliation by private sector entities.** Current sanctions systems typically focus only on fraud, corruption, coercion, and collusion. However, they often fail to address abuses such as harassment of communities, labor rights violations, severe pollution, or significant biodiversity loss. Companies proven to have engaged in such violations should be sanctioned and debarred from receiving future development financing.

⁶For a comprehensive discussion on responsible exit, please refer to the OHCHR paper “[Business and Human Rights in Challenging Contexts: Considerations for Remaining and Exiting](#)”