

The IDB–World Bank Full Mutual Reliance Framework (FMRF)

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I. Introduction

We write to share civil society concerns and recommendations on the proposed Full Mutual Reliance Framework (FMRF) between the Inter-American Development Bank (IDB) and the World Bank (WB). A well-designed framework could improve efficiency in co-financed operations, but the current approach risks weakening environmental and social (E&S) protections, accountability access, and procurement standards for project-affected communities. Our concerns are informed by the December 2024 World Bank–Asian Development Bank (ADB) FMRF, which appears to be the model for the IDB–WB arrangement. The IDB–WB FMRF requires a more tailored approach.

II. Consultation process: lack of meaningful engagement with civil society

The dialogue process for the IDB–WB FMRF repeats the shortcomings of the WB–ADB process. Civil society was invited to react to PowerPoint presentations rather than a draft framework text, with no iterative engagement and no way to track how recommendations would be incorporated. During the ADB–WB sessions the World Bank acknowledged these shortcomings and committed to improving future processes—a commitment not reflected here. The ADB–WB FMRF illustrates the problem: the only significant change made in response to civil society feedback was an observer role for the Trail Lender’s IAM, a minimal adjustment that did not address the core concerns. Civil society cannot meaningfully comment on a framework it has never seen, reducing the process to a procedural exercise.

We call on both Boards to direct management to:

- Share a draft of the IDB–WB FMRF before it is finalized, with a minimum 30-day comment period.
- Publish a response document explaining which recommendations were incorporated and why others were not.
- Organize at least one additional substantive discussion round on the draft.
- Establish a civil society engagement roadmap for the pilot phase and any future rollout.

III. Lessons from the ADB-WB FMRF: Key Concerns for the IDB-WB MRF 1

We understand the ADB-WB Full Mutual Reliance Framework is the model the World Bank intends to replicate.¹ It contains structural features that, if carried over to the IDB–WB context without modification, would significantly undermine E&S due diligence and access to accountability. The matrix below summarizes these flaws and the risks of replicating them.

Issue	ADB-WB FMRF design	Risk if replicated for IDB-WB FMRF	CSOs’ recommendation
Trail Lender has no compliance-monitoring role	Para. 17: Trail Lender “neither monitors nor ensures borrower compliance.” Lead Lender has sole decision-making authority; Trail Lender inputs are explicitly non-fiduciary.	If the IDB is Trail Lender, many stronger ESPF and accountability standards will not apply, leaving communities with no access to MICI and fewer protections on reprisals.	The non-lead institution must retain, at minimum, a compliance-monitoring mandate and the ability to require corrective action.
Trail Lender’s IAM is barred from accepting complaints	Para. 38: Trail Lender’s IAM “will not accept or process” complaints but must forward them to the Lead Lender’s IAM; it may have only an observer role with no decision-making power.	The IP has more restrictive eligibility than MICI; if the WB leads, communities can be left with no access to an accountability mechanism (Annex 2).	The most favorable eligibility requirement should apply regardless of which IAM leads. The MICI–WB IAM MOU must be publicly disclosed before the MRF is finalized.
E&S alignment claimed without public benchmarking	Para. 45: frameworks declared “substantially aligned” based on an internal technical assessment (Appendix 2) by management, never independently reviewed or open to civil society comment before Board approval.	Declaring the WB ESF and IDB ESPF “substantially aligned” without a public, independent assessment is neither sufficient nor credible.	Publish a systematic, independently reviewed benchmarking of the WB ESF and the IDB ESPF.
M&E metrics measure efficiency, not community protection	Appendix 1: M&E tracks person-hours saved, client satisfaction surveys, and knowledge events. No	An MRF evaluated only by efficiency will prioritize speed over protection. There is no feedback loop for affected	Add mandatory E&S outcome indicators, accountability access metrics (complaints filed, processed, resolved), and

¹ We note that an alternative model for mutual reliance exists between the European Investment Bank and the European Bank for Reconstruction and Development. A key positive feature of the EIB-EBRD model is its commitment to “no dilution of rights” for project-affected communities. As such, it stipulates that the institutions’ respective IAMs will each review the action requirements and/or omissions of their own institution, and tasks the IAMs with developing a separate agreement regulating accountability for Mutual Reliance projects requirements.

	indicator measures E&S outcomes, community harm, accountability access, or engagement quality.	communities and no basis to assess whether it works for them—raising reputational risk for both institutions.	community feedback mechanisms.
Procurement resolved by administrative fix, not a higher-standard rule	Appendix 2-C: ADB restricts procurement to members; WB allows universal eligibility. Differences resolved through an administrative fix, not a higher-standard rule.	Using WB universal eligibility does not address other unaligned procurement issues. IDB–WB procurement policies have further differences that must be considered.	Establish a binding rule applying the higher protection standard on transparency, bid evaluation, contractor eligibility, and additional E&S provisions, such as a SEA/H disqualification mechanism.
Independent evaluation conducted only by the Lead Lender	Para. 43: the Lead Lender’s Independent Evaluation Department evaluates FMRF projects; the Trail Lender’s department “will receive the Lead Lender’s evaluation report and not issue additional reports separately.”	Independent evaluation is delegated entirely to the Lead Lender, removing the Trail Lender’s independent view of whether its standards and mandates were upheld.	Both institutions’ evaluation departments should retain the mandate to issue independent assessments of co-financed projects.

IV. The core problem: how to build an FMRF without weakening E&S protections?

The full adoption model is defensible only if the two frameworks are genuinely equivalent, and Annex 1 shows they are not. **Equivalence must be demonstrated through a transparent, systematic, and independent process.** A full policy-by-policy “highest standard” approach would reintroduce the complexity the FMRF seeks to remove; but where higher standards already apply in co-financed projects today, dropping them is a regression, not a reform. This can also be inconsistent with the IDB’s own “no dilution” commitment under ESPF para. 6.2.

We therefore recommend a targeted fix. The institutions have already accepted this principle by identifying four areas of misalignment: child labor age, biodiversity offsets, the definition of Indigenous Peoples, and the timing of resettlement compensation. We welcome this, but no systematic, independently reviewed benchmarking has been disclosed, and further gaps in Annex 1 remain unaddressed.

One gap is especially serious: reprisals. Latin America and the Caribbean is the region with the

[greatest threats to environmental defenders](#)², where communities opposing projects face documented retaliation—criminalization, SLAPP suits, threats, and violence. The IDB ESPF addresses this through explicit obligations to prioritize complainants’ safety, broaden the definition of reprisal, raise allegations directly with borrowers, and protect consultations from fear of retaliation. The WB ESF has no equivalent protections, so under the FMRF, communities affected by WB-led projects could lose these safeguards, a potentially life-threatening gap.

Civil society recommends that the IDB and WB Boards:

- Conduct and publicly disclose a systematic, standard-by-standard benchmarking of the IDB ESPF and World Bank ESF, covering at a minimum the areas in Annex 1.
- Retain the IDB ESPF’s stronger reprisal protections in all co-financed projects.

VI. Governance for project design and implementation

Under the ADB–WB FMRF, the Trail Lender “neither monitors nor ensures borrower compliance” during preparation, implementation, and completion (para. 17); the Lead Lender holds sole decision-making authority. **This creates a serious governance gap:** if the IDB or WB acts as Trail Lender, it has no way to raise concerns or require corrective action when E&S issues emerge. Delegating full oversight to a single Lead Lender also risks losing the distinct value and regional expertise each institution brings. The IDB has decades of experience in LAC, an on-the-ground presence through its country offices, and deep understanding of the region’s political, cultural, and legal dynamics; if the World Bank leads, broader, more standardized approaches could fail to account for regional realities.

We recommend that the FMRF:

- Grant the Trail Lender observer status for project design and implementation, including the capacity to review, flag, and require responses to concerns during project design and implementation.
- Establish a mechanism for the Trail Lender to raise concerns and require responses.

VII. Strengthening project and Lead Lender selection: reducing institutional discretion

The proposed criteria for project selection and Lead Lender designation are qualitative, allowing decisions to be justified after the fact by selecting whichever criterion fits. Lack of clarity on the criteria opens space for discretion.

We recommend, for both decisions:

- Define each criterion operationally. Terms such as “strategic relevance,” “sectoral experience,” and “maximizing borrower benefits” should specify what is measured and by whom, so decisions can be verified and challenged.
- Establish a clear hierarchy among criteria, so conflicts follow a defined rule rather than institutional preference.

² According to the Business & Human Rights Resource Centre, “Attacks on defenders raising concerns about business occurred in relation to almost every corporate sector in every region of the world, with 42% of attacks taking place in Latin America and the Caribbean.”

- Require documentation and public disclosure. The rationale for each decision should be recorded against the stated criteria and disclosed at the concept stage.

VIII. Procurement systems: a critical gap

In the IDB–WB context, procurement differences go beyond eligibility to include transparency requirements, bid evaluation criteria, due diligence, and E&S provisions—particularly the WB’s SEA/H disqualification mechanism and explicit quality requirements in bid evaluation. The two banks already have a procurement mutual reliance framework, but it offers few details on how standards are assessed when selecting the lead co-financier. Because the WB’s procurement regulations place greater emphasis on risk mitigation, this lack of transparency is concerning. The FMRF is an opportunity to improve the existing framework. As a principle, mutual reliance in procurement should mean borrowers are governed by the higher standard across all dimensions.

We recommend that the MRF:

- Require co-financed projects to use a single, unified procurement process that meets the higher standard in each area: eligibility, transparency, risk-mitigation obligations, bid evaluation, and additional E&S requirements such as SEA/H.
- Consider and address how procurement mutual reliance will be implemented during the transition period, given the IDB's ongoing procurement policy review.

IX. Accountability mechanisms: a problematic feature

The FMRF's approach to accountability mechanisms is one of its most problematic features. Under the ADB–WB FMRF para. 38, the Trail Lender's IAM must forward complaints to the Lead Lender's IAM without processing them; it may only act as an observer with no decision-making authority, and in dispute resolution only "if the parties agree." This creates serious risks because the WB IP/DRS apply more restrictive eligibility criteria than MICI, potentially leaving affected communities without meaningful access to an independent accountability mechanism (Annex 2). MICI also provides a faster eligibility process, the ability to recommend corrective actions for Management Action Plans (MAPs), and oversight of their implementation. These differences are substantive, affect real communities, and cannot be treated as administrative details.

We recommend that the FMRF:

- Apply the stronger provision to every FMRF complaint, especially regarding eligibility. Regardless of which bank leads, communities should be able to apply using MICI's less restrictive eligibility standard.
- Conduct and disclose a systematic benchmarking of the IDB MICI and World Bank IP/DRS, covering at a minimum the areas in Annex 2.
- Publicly disclose the Memorandum of Understanding between MICI and the World Bank accountability mechanisms before the MRF is finalized.
- Provide clear, accessible, multilingual guidance for communities on how to file complaints in co-financed projects and which mechanisms are available.

X. Accountability and Remedy

An IAM process is only meaningful if there is a strong institutional commitment to remedy. We have already seen shortcomings in remedy delivery at both the WB and the IDB, and the FMRF risks exacerbating them by allowing one institution to avoid responsibility despite financing the project and potentially contributing to harm. While the ADB-WB FMRF allows a limited observer role for the Trail IAM, it does not require the Trail Lender to support remedy efforts. This should change under the IDB-WB FMRF. The Trail IAM should be able to recommend actions the Trail Lender can take to support remedy, and the Trail Lender should develop an action plan explaining how it will use its leverage and resources to address identified harms. While the FMRF seeks to reduce duplication, collaboration on remedy is not duplicative. Effective accountability requires both institutions to contribute to restoring affected livelihoods and environments.

We recommend that:

- The role of the Trail Lender as an observer in complaints should also include supporting and contributing to remedy efforts.

XI. Pilot approach

The ADB-WB FMRF adopts a four-year pilot whose M&E metrics focus almost exclusively on institutional efficiency — person-hours saved, client satisfaction surveys, and knowledge-sharing events. No indicators measure E&S outcomes, project-affected community satisfaction, access to accountability, or the quality of civil society and community engagement. The pilot will therefore show whether the FMRF saves institutions time, but not whether it works for affected communities. The IDB-WB FMRF must not repeat this flaw. If the pilot's efficiency gains derive mainly from reduced environmental and social standards, weaker institutional oversight and/or more difficult access to IAM, the FMRF would be shifting operational and social costs to the affected communities.

We recommend that, before any pilot proceeds, both institutions agree on and publicly disclose:

- Evaluation criteria that go beyond efficiency to include E&S outcome indicators, accountability access metrics (complaints filed, processed, and resolved under each mechanism), stakeholder engagement quality, and compliance with procurement standards.
- An independent assessment process, not solely a joint institutional review, with results published and open to civil society and project-affected communities' comments before any full rollout.
- A commitment that weak pilot outcomes will trigger a framework revision, rather than merely be noted as lessons learned.

XII. Conclusion

We urge both Boards to take the concerns raised seriously and to direct management to make the

following concrete commitments before the MRF is finalized:

- Extend and restructure the dialogue process: share a written draft for civil society comment with a minimum 30-day period.
- Conduct and publicly disclose a systematic, independently reviewed benchmarking of the IDB ESPF and World Bank ESF, covering at a minimum the areas in Annex 1, before the MRF is approved.
- Designate the IDB ESPF's reprisal protections, including the definition covering judicial proceedings, the institutional response obligation, and consultation free of fear of reprisals, as non-waivable floors regardless of Lead Lender.
- Establish explicit procurement provisions requiring the higher standard in co-financed operations.
- Guarantee an observer status to the Trail Lender that includes the right to review, flag, and require responses to concerns during project design and implementation.
- Conduct and publicly disclose a systematic, independent benchmarking of the IDB MICI and World Bank DRS/IP, covering at a minimum the areas in Annex 2, before the MRF is approved.
- Guarantee community access to the accountability mechanisms using the most favorable eligibility criteria (IDB's MICI).
- Disclose the MICI-WB IAM MOU for CSOs' comments and recommendations.
- Define robust pilot evaluation criteria that measure E&S and accountability outcomes, not only institutional efficiency, with independent assessment before full rollout. The undersigned organizations remain committed to constructive engagement. We look forward to a genuine, substantive dialogue with leadership from both institutions as part of this process.

ANNEX 1

Comparative Analysis: World Bank ESF vs. IDB ESPF — Areas of Misalignments

Note: Four issues marked with * are officially acknowledged misalignments by the IDB and WB. The remaining have been identified by us.

#	Issue Area	World Bank ESF	IDB ESPF	Stronger
1	Reprisals, institutional response & definition	No Bank-level obligation; 'reprisal' appears only in worker grievance context; no definition; no coverage of judicial proceedings (SLAPP)	Formal definition incl. judicial proceedings; IDB institutional obligation to respond; consultation must be 'free of fear of reprisals'; complainant safety a priority (para. 7.2)	ESPF
2	Sexual orientation & gender identity (SOGI)	Not mentioned anywhere in ESF text	Explicitly covered in ESPS2, 9, 10; transgender women specifically mentioned for additional SGBV protections (ESPS9, fn. 187)	ESPF
3	Gender equality — standalone standard	Mainstreamed only; no dedicated standard; no GBV policy text	Standalone ESPS9 with enforceable GBV/SGBV requirements; applies even when national law is silent or inconsistent	ESPF
4	SGBV/SEAH — binding policy requirements	Addressed in non-binding guidance notes only.	Binding screening, prevention, survivor-centered response & grievance requirements in ESPS9; includes child sexual exploitation and abuse (CSEA)	ESPF
5	Child labor: minimum age*	Age 14 (unless national law higher) — lowest floor of any major MDB framework	Age 15, aligned with ILO Convention 138 (officially acknowledged misalignment)	ESPF

6	Biodiversity offsets in critical habitats*	Permitted as last resort to achieve 'net gain' (officially acknowledged misalignment)	Categorically prohibited — IDB was the first MDB to adopt this position.	ESPF
7	GHG quantification	Conditional on feasibility, sector exemptions permitted (education, social protection, etc.)	Mandatory annual quantification; unqualified obligation; no sector exemptions	ESPF
8	Supply chain: habitat-risk commodities	More detailed supplier verification and shift obligations (ESS6)	Less prescriptive at policy level	ESF
9	Legacy / historical contamination	Explicit health & safety assessment; remediation to stricter of national law or GIIP (ESS3)	Limited provisions; no equivalent obligation	ESF
10	Security forces — community grievance mechanism	Not explicitly required in ESF	Explicitly required for project-affected people regarding security arrangements and acts of security personnel (ESPS4)	ESPF
11	Escazú Agreement reference	No reference to Escazú or any equivalent LAC regional environmental democracy instrument	ESPF explicitly references the Escazú Agreement as the basis for environmental information and participation rights (paras. 3.6, ESPS10)	ESPF
12	Definition of Indigenous Peoples*	Explicitly covers groups that lost territorial attachment through forced dispossession	The ESPF is stronger for the LAC context, grounded in regional legal frameworks and terminology that communities and national systems recognize.	ESPF

13	Resettlement compensation timing*	Bank discretion to proceed with project activities while compensation unresolved (officially acknowledged misalignment)	Escrow must be in place before displacement; firmer pre-displacement line (ESPS5, para. 9)	ESPF
14	Gender equality when national law is silent	No equivalent standalone provision; no operative rule when national law fails on gender equality	ESPS9 para. 10: Borrowers must meet gender equality standards even when national law is silent or inconsistent	ESPF

ANNEX 2

Comparative Analysis: MICI AND THE IP/DRS — Areas of Key Misalignments

During the April 30, 2026 dialogue, the presenters identified the following areas where the World Bank Inspection Panel (IP)/Dispute Resolution Service's (DRS) and the IDB Independent Consultation and Investigation Mechanism's (MICI) policies differed. Contrary to the assertions made during the dialogue, these acknowledged differences will have an impact on the rights of communities seeking to file complaints about WB-IDB FMRF projects if access is limited to only one mechanism. To rectify this violation of communities' rights, either communities should retain the right to have their complaints processed by either IAM of their choice, or the stronger policy (highlighted in green) should apply to all FMRF projects.

Timing to receive complaints

	Receive complaints Before Board Approval	Time Limit for Complaints
IDB MICI	X	24 months after the last disbursement
WB IP and DRS	✓	15 months after the Closing Date of the loan financing the project*

*For projects approved by the Board after 2020.

Why this matters: In order to prevent or mitigate potential adverse impacts, complainants should be able to bring complaints to the mechanism before the project is approved by the institution's Board or management. Complaints can often be most easily addressed at this early stage, which is critical for preventing harm, including by ensuring the proper application of environmental and social standards to projects that proceed.

Given that a project's environmental and social impacts may not be fully evident until well into implementation and after the technical closing of a project or disbursement of money, communities should have a sufficient amount of time to file complaints to the IAM. In many cases, the Panel's time eligibility will provide the most time, but access can change depending on the circumstances. Because of this, we advise that communities be given the longer time period to file on a case-by-case basis.

Eligibility standards

	Eligibility standards to "approve" a complaint
IDB MICI	✓

WB IP and DRS	X
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Why this matters: MICI's eligibility criteria are markedly more favorable to affected communities than those of the World Bank's IP/DRS, and the single most consequential difference lies in how each mechanism characterizes the alleged non-compliance at the gateway stage. The IP/DRS requires the alleged violation of the Bank's policies to be "of a serious character", and its technical eligibility criteria reinforce the same bar by requiring that "the request does assert in substance that a serious violation by the Bank of its operational policies and procedures" has occurred. This requirement means that requesters must identify policy non-compliance in addition to alleged harm—a procedural barrier that often limits the ability of communities and local civil society unfamiliar with World Bank policies from successfully filing a complaint. Effectively, the IP/DRS' higher eligibility thresholds limit communities' access to seeking accountability and redress when harmed by World Bank projects. MICI applies no such threshold: under its Policy, the Director needs only to assess whether the complainants have identified actual or potential harm connected to an IDB-financed operation and, if known, its relation to non-compliance.

Access to Dispute Resolution

	Communities Can Directly Access Dispute Resolution without Going Through Compliance Review Eligibility
IDB MICI	✓
WB IP and DRS	X

Why this matters: Dispute resolution is a voluntary process that allows communities and the client (and IDB in the case of MICI) to address grievances using a neutral mediator. If communities know that they want to pursue that option, limiting access based on compliance eligibility either closes the door on access to this helpful tool altogether or delays access while compliance eligibility is being conducted. This has been the case for several recent cases filed to the Inspection Panel.

MICI lets requesters choose dispute resolution, compliance review, or both at the moment of filing, and the Director then determines eligibility sequentially with notice to the Board. The IP inserts an extra layer: the Panel must first recommend an investigation and the Board must approve it before requesters can even consider dispute resolution.

Prior contact with Management

	Prior contact with Management can be waived
IDB MICI	✓
WB IP and DRS	X

MICI explicitly allows the prior-contact requirement to be waived where contacting Management is not possible (paragraph 22(d)), a critical safeguard in Latin America and the Caribbean, the most dangerous region in the world for environmental and human rights defenders. The IP/DRS's policy and procedures do not clearly contemplate such a waiver, which can expose complainants to reprisals.

Compliance Review

	IAM Can Make Recommendations for Corrective Actions	Management must consult with communities on Management Action Plans (MAPs)	The IAM Can Monitor the Implementation of All MAPs
IDB MICI	✓	X	✓*
WB IP and DRS	X	✓	X

* Although the duration of monitoring is set by the Board (typically 5 years), no specific criteria need to be triggered for a MAP to be monitored.

Why this matters: By virtue of their independence from project operations and their understanding of the harms experienced by affected communities, IAMs are well placed to recommend corrective actions to management that will both address identified non-compliance and remediate harm to the communities.

Similarly, developing MAPs without community feedback risks not fully addressing the non-compliance and remedying the harm in a manner satisfactory to the communities who brought the complaint in the first place. Independent monitoring by the IAM is crucial for ensuring that commitments are actually implemented and that any challenges to implementation are identified and addressed. Contrary to the assertion made during the first dialogue with civil society, the Inspection Panel's verification procedure is not equivalent to a true monitoring mandate such as the one MICI has. Where MICI automatically monitors every MAP that results from its investigations, the Panel has only ever received authorization to verify management's implementation of a MAP in two cases.

Additional Issues

In addition to the differences identified by the IDB and WB, we have identified the following issues where the differences between their policies have a material impact on communities. As with the issues identified above, either communities should retain the right to have their complaints processed by either IAM of their choice, or the stronger policy (highlighted in green) should apply to all FMRF projects.

Dispute Resolution

	Management is a party to the DR process	Monitoring is standard for all DR processes	Transparency of Dispute Resolution Agreements
IDB MICI	✓	✓	✓

WB IP and DRS	X*	X	X
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* The World Bank can act as an observer to dispute resolution processes but not as a party.

Why this matters: Having management as a party to DR can encourage clients to constructively engage in the DR process and leverage the MDB's resources to address harm. MICI's DR processes give Bank Management a direct opportunity to better understand the situations arising from bank-financed operations and to shape the conversation by bringing options to the table, ensuring that any outcome remains aligned with the Bank's own policies and goals. Monitoring the outcomes of dispute resolution processes helps to track the implementation of agreements and troubleshoot any challenges. Having transparency into the key elements of a dispute resolution agreement is important for ensuring that the agreement is implemented. However, IAMs must also respect parties' requests for confidentiality. MICI balances these interests by disclosing a summary of the dispute resolution agreement if either party requests confidentiality, a better approach than the DRS's policy of disclosing nothing.

Representation

	Allows Communities Free Choice in Representation
IDB MICI	✓
WB IP and DRS	X*

*Parties can freely choose their representatives for dispute resolution processes

Why this matters: There are inherent power imbalances between communities raising concerns about MDB-supported projects, the MDB, and the MDB client. Affording communities the right to freely choose representatives and advisors mitigates these power imbalances. The World Bank Panel limits communities' ability to engage international representatives by requiring them to first show, to the satisfaction of the Board, that no local representation is available.