



Didier Gentilhomme / AFD

Activity Report 2021

The Environmental and Social (E&S) Complaints Mechanism

The AFD Environmental and Social (E&S) Complaints Management Mechanism, set up in spring 2017, allows any individual (group or NGO/legal entity) affected by the environmental or social aspects of an AFD-funded project abroad to file a complaint. The Mechanism contributes to meeting AFD's requirements in terms of CSR commitments, transparency, and accountability. It is marked by an ever-increasing number of complaints received since its creation. The year 2021 will follow this trend. It was also marked by the revision of the Complaint Office management procedures in order to improve its ability to adapt to the specific nature of each claim received while maintaining a high level of fairness and rigour.

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1. PRESENTATION OF THE MECHANISM

The Environmental and Social (E&S) Complaints Management Mechanism¹ (hereafter called the "Mechanism") is an out-of-court (extrajudicial) procedure that allows any individual, group of people affected by the environmental or social aspects of an AFD-funded project to file a complaint. It offers an amicable, additional and subsidiary solution-based approach to populations negatively impacted environmentally and socially by an AFD-funded project, and thus contributes to the continuous improvement of our operations.

For complaints that meet the registration and eligibility criteria, it offers two types of treatment, the implementation of a conciliation and/or a compliance audit:

- conciliation consists of proposing the intervention of a neutral, independent and impartial third party to help find an agreement between the claimant or his/her representative and the beneficiary of the AFD funding, on the dispute that gave rise to the complaint;
- the compliance audit aims to determine whether AFD has complied with its E&S risk management approach for a project it has financed.

The Mechanism is managed by a Complaints Office (hereinafter named "Complaints Office") hosted within the AFD Strategy, Partnerships, and Communication Department (SPC). It is supervised by the Ethics Advisor, an independent position reporting to the AFD Group's Chief Executive Officer.

The Mechanism rules of procedure, which are available on AFD's website², stipulate that any person affected by environmental and social damage linked to a project funded by AFD may submit a complaint.

The complaint must be received within two years of the claimant becoming aware of the facts, and no more than five years after the last disbursement made by AFD, whether it be a loan or a grant.

The complaint must be made as a last resort, when the claimant has unsuccessfully pursued the extra-judicial remedies provided by the beneficiary of the funding, or after a description of the situation when such steps could not be taken because of a risk of aggravation of the dispute.

To be registered, a complaint must meet the following criteria:

- concern a AFD funded project in a foreign country, except projects financed by the CSO Initiatives facility, aimed at French civil society organisations and the French Global Environment Facility (FGEF)³
- address environmental and social damage;
- describe the efforts made in advance to resolve the dispute with the beneficiary of the funding.

It should be noted that in early 2019 Proparco, AFD Group's private sector financing arm, joined a similar complaints-management mechanism created by its counterparts DEG (Germany) and FMO (Netherlands), with whom it regularly co-finance projects. Two claims were received, one in 2020 and the second in February 2021, which are currently being processed. The AFD and Proparco Mechanism's keep each other informed of their activities and work in close cooperation when

¹ <https://www.afd.fr/fr/dispositif-de-gestion-des-reclamations-environnementales-et-sociales>

² [Règlement Dispositif réclamations e&s 2019 FR \(afd.fr\)](#)

³ The scope of the complaint Mechanism corresponds to that of AFD's E&S risk management approach. As projects initiated by NGOs, civil societies and the FGEF apply other standards, they are not eligible for the remedies proposed by the Mechanism.

necessary. Further information is available on the dedicated page ICM | [Proparco - Agence Française de Développement Group](#).

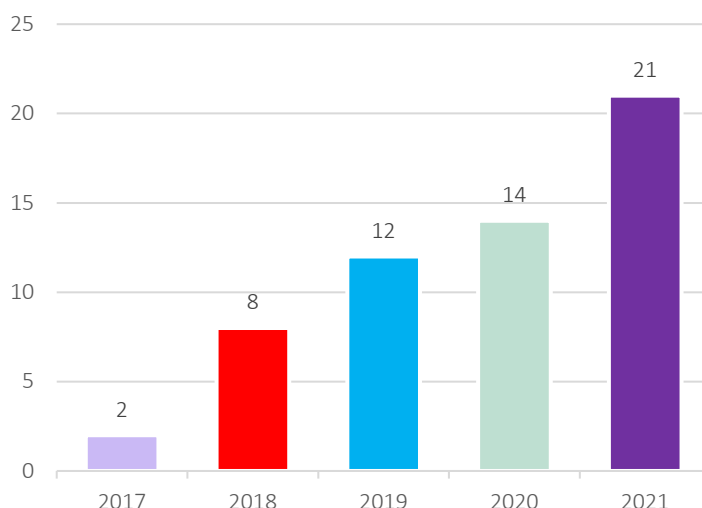
2. GENERAL COMPLAINTS ACTIVITY OVERVIEW

Four years after its creation, the Mechanism is still growing in 2021. 21 new claims were received during the year⁴, a third more than in 2020 (14 claims received).

A- EVOLUTION OF THE COMPLAINTS RECEIVED

Since the creation of the Mechanism in 2017, 57 claims have been received with an ongoing increase each year. In 2021, 21 claims were received.

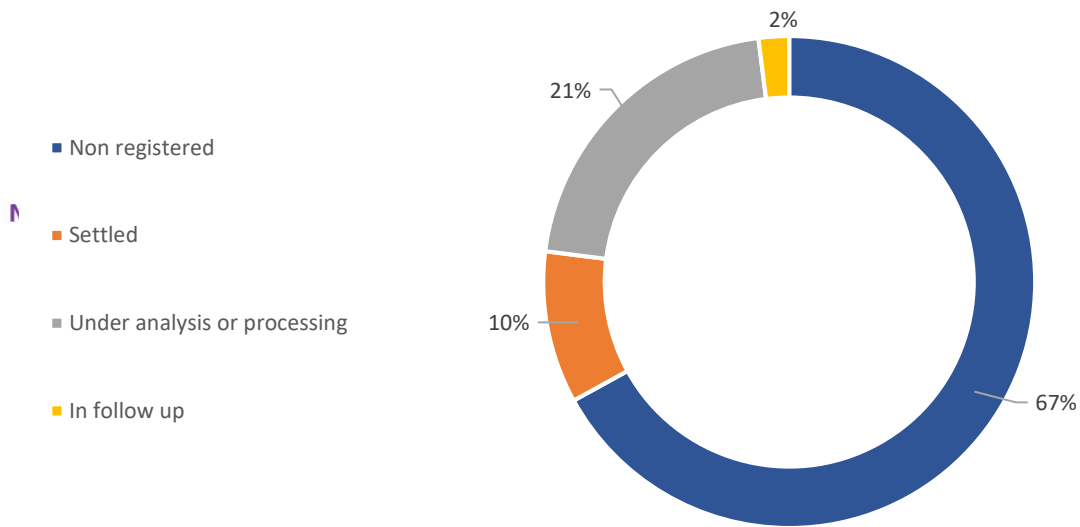
Number of complaints received (2017-2021)



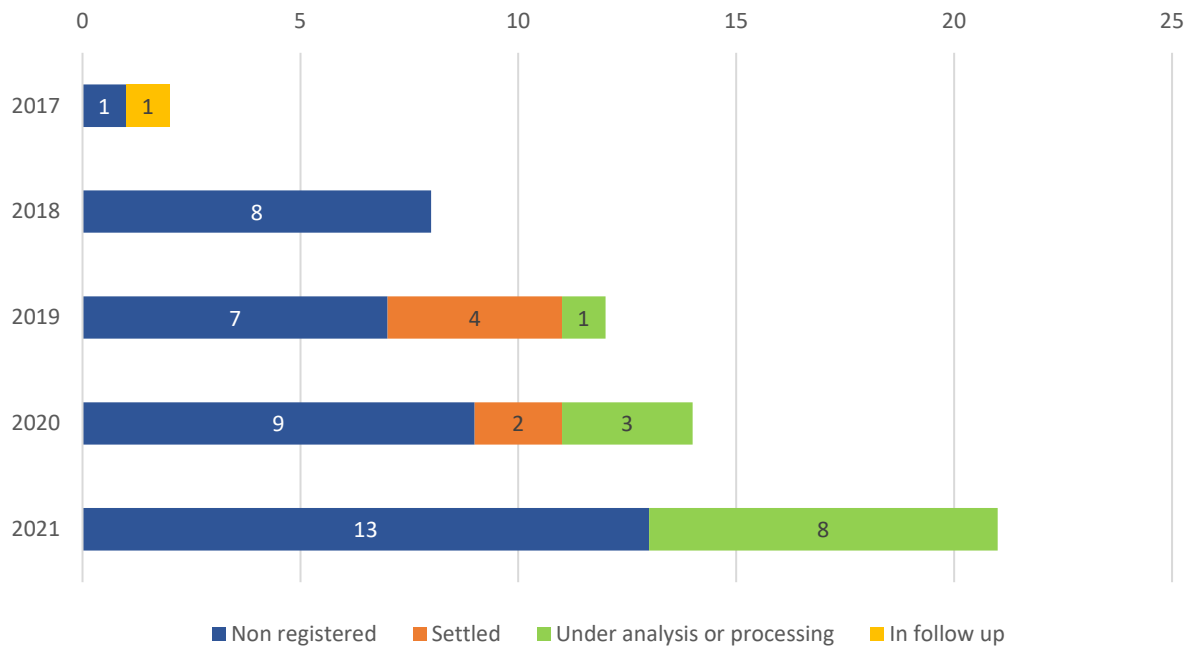
The number of complaints being analysed or processed is explained by an increasing number of complaints received since 2017 and by processing times that can vary greatly depending on the complexity of the complaint, the associated impacts and the number of stakeholders.

⁴ See summary table p.4

Overview of complaints received by status (2017-2021)



Overview of complaints received by status and year (2017-2021)



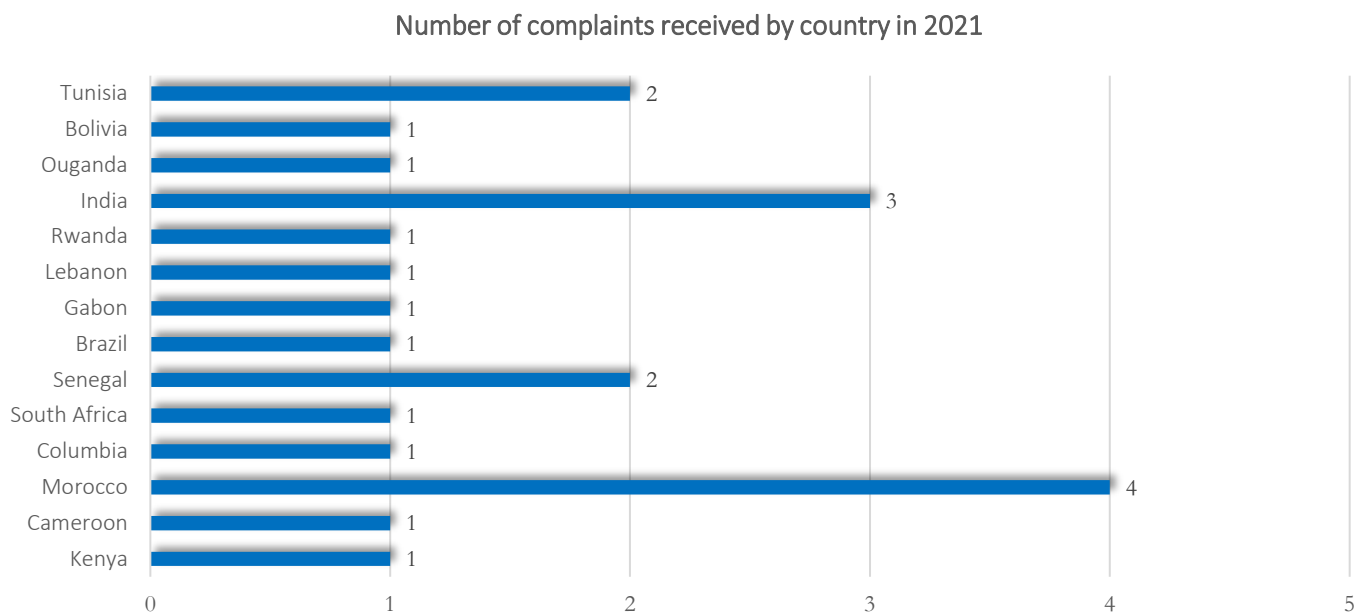
Of the 57 complaints received, 10 were registered resulting in five conciliations and five compliance audits.

Processing of registered complaints (2017-2021)



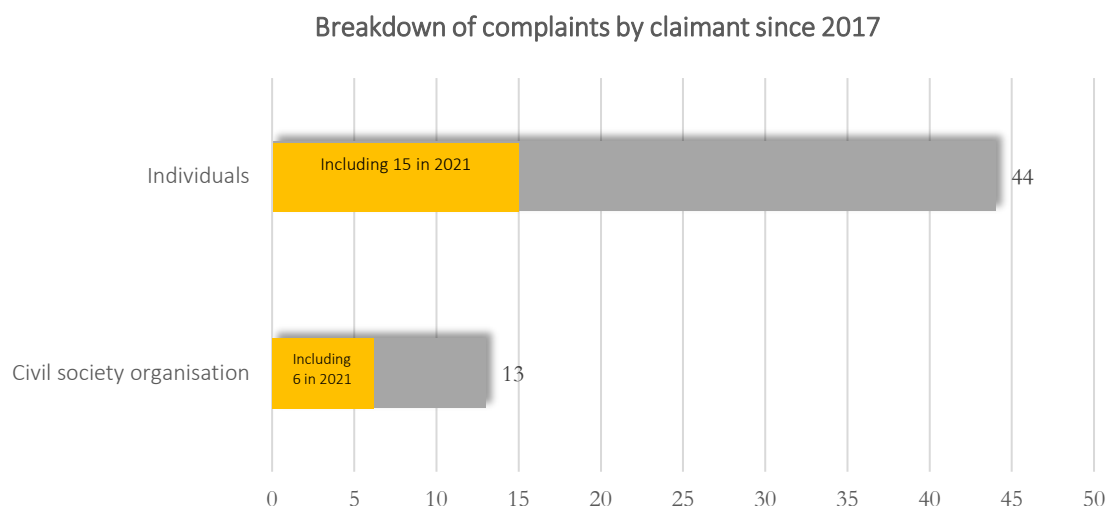
B- COMPLAINTS BY COUNTRY

In 2021, the complaints originated from 14 different countries, and since 2017, from 26 countries on three continents. 70% of the complaints received since 2017 come from the African continent.



C- COMPLAINTS BY TYPE OF COMPLAINANT

More than three quarters of the complaints received are submitted by individuals, the remaining quarter are filed by civil society organisations.



D- REASONS FOR NON-REGISTERED COMPLAINTS

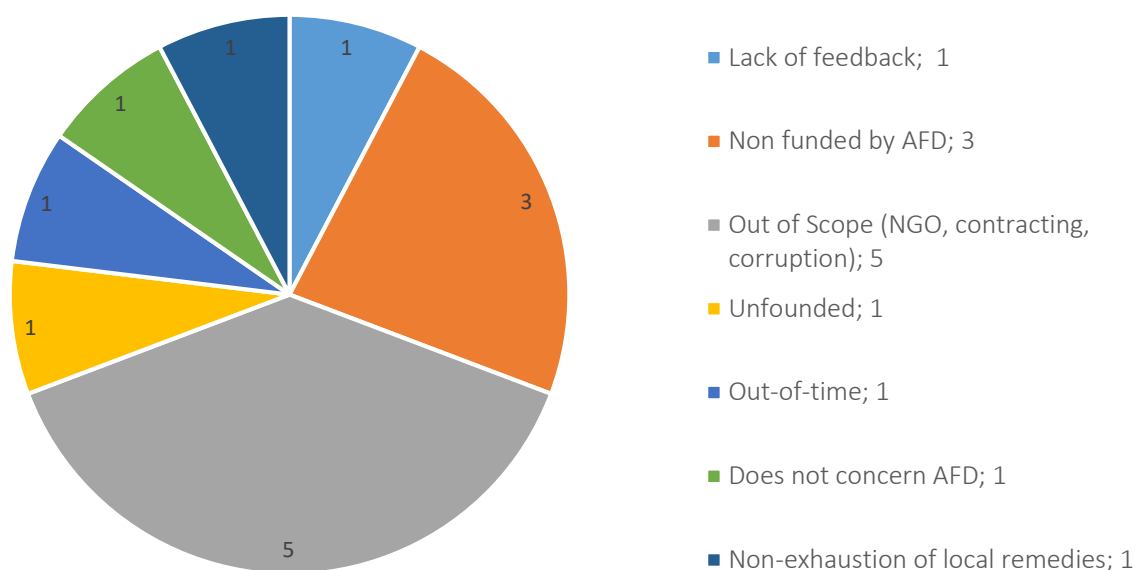
In 2021 alone, 13 of the 21 complaints were not eligible for registration. The graph below shows the reasons for their rejection.

More than half of the unregistered claims do not concern the E&S Complaints Mechanism, either because they fall outside its scope or because the projects in question are not funded by AFD. The other unregistered claims are due to a variety of reasons: the time limits for referring the matter to the Mechanism may have been overrun⁵, the impacts complained of do not concern the AFD (but a third party) or the fact that the complainants do not pursue the dialogue needed to finalise the claim submission.

Although not formally registered, these complaints have been the subject, when relevant, of information, facilitation, and awareness-raising work at the level of AFD's project teams and its beneficiaries, which can help to resolve disputes.

⁵ The complaint must be received within two years of the claimant becoming aware of the facts, and no more than five years after the last disbursement made by AFD, whether it be a loan or a grant.

Reasons for unregistered complaints in 2021



3. COMPLAINTS PROCESSED IN 2021

A- SETTLED COMPLAINTS

URBAN RENOVATION PROJECT, NORTH AFRICA

A group of individuals filed a claim in December 2019, concerning an urban renovation project in North Africa. The claimants challenged the census of people affected by involuntary resettlement. The claim was registered and the eligibility study, carried out by an independent expert, recommended the ineligibility of the claim because the work and exchanges with the various project stakeholders conducted in this framework made it possible to consider recent family developments in the allocation of lots.

SANITATION PROJECT, NORTH AFRICA

A group of local associations filed a complaint in February 2020 regarding the rehabilitation of a sanitation project in North Africa, claiming social and environmental impacts. The eligibility study was carried out by an independent expert. In view of the complex financial set-up and its consequences on the strict application of the E&S Complaint Mechanism rules of procedure, the eligibility committee decided in early 2021 in favour of the complaint's eligibility for conciliation, in partnership with KfW, a stakeholder in the financing. The conciliation was proposed to the parties but, due to a lack of agreement between them, could not be initiated.

B- COMPLAINTS UNDER ANALYSIS

URBAN RENOVATION PROJECT, CENTRAL AFRICA

An individual filed a complaint on 29 January 2021 about the lack of payment of the compensation due in connection with his expropriation. The payment of the compensation sum is reportedly in progress by the relevant City Council.

URBAN RENOVATION PROJECT, SOUTH AMERICA

An individual with a representative mandate filed a complaint on 19 April 2021 alleging forced population displacement. Processing is ongoing.

COASTLINE DEVELOPMENT PROJECT, WEST AFRICA

A group of users submitted a complaint on 19 May 2021 about a delay in the delivery of equipment. Despite ongoing exchanges, the complaint is still under analysis as the Mechanism Complaints Office still awaits feedback from the complainants and evidence of referral to local remedies.

SANITATION PROJECT, SOUTH AMERICA

A community filed a complaint on 13 October 2021 about the project's potential environmental impacts as it has not started. The Complaints Office is awaiting feedback from the complainants.

PUBLIC TRANSPORT PROJECT, SOUTH ASIA

A group of people filed a complaint on 16 December 2021 about the insufficiently compensated population displacement. The complaint is currently being analysed.

LOCAL DEVELOPMENT PROJECT, NORTH AFRICA

An association filed a complaint on 16 December 2021 against the implementation of a project. The complaint is currently being analysed.

PUBLIC TRANSPORT PROJECT, SOUTH ASIA

An individual filed a complaint on 30 December 2021 against the implementation of a project and its impact on his business and the resulting population displacement. The complaint is currently being analysed.

C- COMPLAINTS IN PROCESS

PUBLIC TRANSPORT PROJECT, WEST AFRICA

A collective and an NGO filed a complaint in June 2019 on the impacts of the collective transport project, representing more than a thousand people affected by involuntary relocation to other districts of a West African capital. The complaint alleges social prejudice in the implementation of the Relocation Action Plans (RAPs) as well as inadequate consultation with those affected by the project. A development bank, co-financier of the project, is also an addressee of the complaint.

The complaint was subject to an on-site eligibility review by an independent expert, in conjunction with the independent inspection mechanism of the Development Bank associated in the financing. The Eligibility Committee declared the complaint eligible for conciliation, which was accepted by the parties, and for a compliance audit. The Mechanism mobilised AFD's internal mediator to conduct the conciliation, together with the conciliator of the associated Development Bank. The conciliation, which involved several meetings and support work by a local consultant, was completed in November 2021. It resulted in the resolution of a number of cases but no further progress towards a wider agreement was considered possible. The compliance audit, carried out by an independent expert, is ongoing.

SANITATION PROJECT, NORTH AFRICA

Two complaints were filed regarding a sanitation project in North Africa, one by an NGO and the other by an individual, in July and August 2020. The claims are jointly being dealt with as they concern the same project. The complaints allege a lack of public consultation and the potential pollution of an oasis. The eligibility study recommended that a compliance audit be conducted, which is currently underway.

HYBRID POWER PLANT PROJECT, SAHELIAN AFRICA

A complaint has been filed regarding a hybrid power plant project in November 2020. The complaint, submitted by a former employee, alleges poor working conditions and a lack of remuneration. The eligibility study recommended that a conciliation and compliance audit be conducted, which are currently underway.

SANITATION PROJECT, NORTH AFRICA

An NGO filed a complaint regarding a sanitation project in North Africa in April 2021 alleging irregularities in environmental and social due diligence. The eligibility study was carried out by an independent expert and recommended the implementation of a conciliation and a compliance audit. Both are currently underway.

D- COMPLAINTS UNDER FOLLOW-UP⁶

RAINWATER DRAINAGE PROJECT, CENTRAL AFRICA

In Central Africa, the complaint of an individual affected by a rainwater drainage project was declared eligible for conciliation and a compliance audit, both carried out in 2018. The conciliation resulted in an agreement.

The compliance audit concluded that there were a number of non-conformities in AFD's E&S procedures regarding the RAP, obtained after the financing was granted and whose implementation was not in line with the international standards adopted by AFD. In 2015, the revision of AFD's E&S procedures made it possible to correct several non-conformities identified on this project, financed in 2011. In response to the audit, AFD published an action plan based on the following three areas:

Remedy to identified non-compliance in the implementation of this project

All persons affected by the project have been compensated.

A decentralized ex-post evaluation of the project is planned as part of a cluster evaluation. AFD will pay particular attention to the treatment of relocation issues when drafting the terms of reference for this evaluation. The evaluation may be launched at the end of the works.

Strengthen the quality of projects financed in Central Africa involving relocations

In 2019, AFD assigned an E&S expert to its new Central Africa regional office. The position has made it possible to resume exchanges with the EIB. The aim of these exchanges was to establish common practices to limit the impacts of relocations while ensuring better compensation. It is therefore the project structure that has been rethought in terms of population displacement.

Improve AFD's practices for future financing of projects involving relocations

AFD is committed to designing projects that include a minimum of displacement. For example, on a railway renovation project in Central Africa, there was no population displacement, as the renovation was limited to the existing railway tracks.

AFD thus engages in public policy dialogue on the issue of expropriation by strongly encouraging alternative solutions and rejecting as much as possible use of the DPU (Declaration of Public Utility), which allows the beneficiary State to expropriate citizens.

⁶ Complaints under follow-up are complaints for which, following a compliance audit, an action plan has been proposed. The Complaints Office then monitors the progress of the action plan.

4. LEARNINGS AND PERSPECTIVES

A- KEY LEARNINGS IN 2021

Functioning

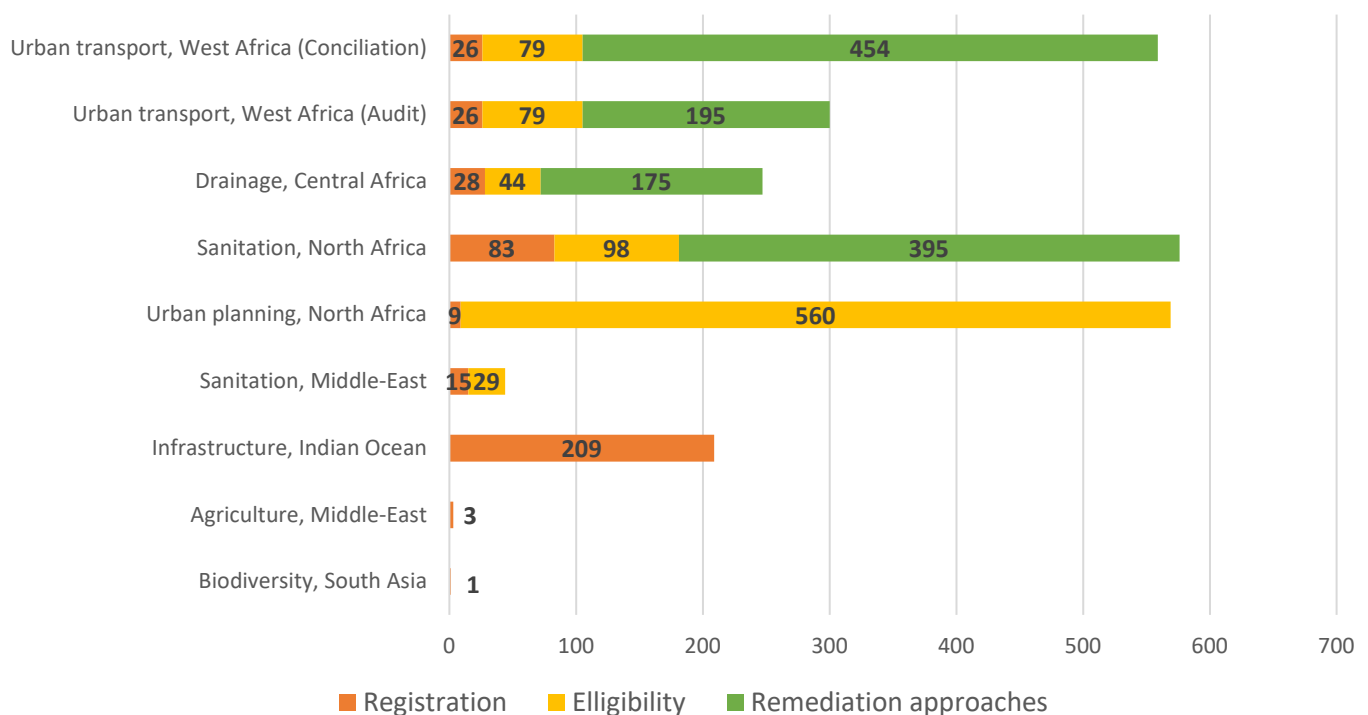
Following an eligibility study, the proposed conciliation and compliance audit operating tools, were each deployed on several complaints, making it possible to test and adjust the E&S Mechanism efficiency.

Several cases involved involuntary relocation issues, with particular attention paid to increasingly complex urban infrastructure projects. In addition, the complaints received also demonstrated that the diversity of the projects and the situations of the people affected led to a high degree of singularity in the analysis and handling of the cases encountered.

Thanks to the structured and transparent approach it allows, the simple fact of mobilising the Complaints Office by a third party has made it possible, on several occasions, to re-establish a dialogue between project stakeholders and to speed up the resolution of problems or disputes even before the deployment of an eligibility study.

In contrast to these prompt results, when a complaint leads to a conciliation and/or a compliance audit, it takes a long time to implement the commitments made during these exercises. The graph highlights the variety of these processing times. The complexity of the complaints and their impact, the time taken by the parties to respond, the availability of the actors involved and the constraints on the Complaints Office's workload can help explain these processing times.

Complaints processing time in Nb of days



Donor Collaboration

Several complaints concerned co-financed projects, in particular with the African Development Bank (AfDB) or the KfW. In each case, the best possible cooperation was sought, in line with the principles of the IAMnet network to which AFD belongs.

A complaint in North Africa concerning a project co-financed by AFD and KfW was jointly handled by the two donors. This co-management is fruitful and allows for a broader and shared approach to the issues at stake. Beyond the procedures and functioning specific to each Agency Mechanism, coordination must be established on a case-by-case basis, giving priority to the greatest possible flexibility and aiming to provide the best possible response to claimants.

The activation of donor mechanisms is specifically monitored in the co-financing agreements in order to anticipate the rapid and efficient handling of complaints.

In 2021, the Complaints Office participated in the IAMnet network annual seminar, which brought together some twenty complaints management mechanisms from bilateral, regional and multilateral financial institutions. Topics discussed included accessibility to complaint mechanisms and representation of complainants (particularly with respect to women's rights and vulnerable populations).

Review of the Mechanism Rules of Procedure

In 2021, a review of the Mechanism's ways of working was launched after four years of existence. The number of complaints received (57 since its creation in 2017) provides a large number of "test cases" for the Mechanism's Rules of Procedure, which enables the public to understand how the Complaints Management Mechanism works. Some cases, presenting singularities, have made it possible to test its functioning and are leading to its clarification. A review of the rules and an adjustment of the associated procedures are underway, with a view to ensuring fairness, efficiency and a high standard in the processing of complaints.

The Mechanism must also be adapted to operational needs, such as the program approach or the partnership issues that are increasingly present and that have consequences for its functioning. The changes should be visible on the AFD website in the first half of 2022.

B- PERSPECTIVES

Information and outreach

In 2022, information and outreach will remain one of the priorities of the E&S Mechanism. This communication will be aimed, on the one hand, at internal staff and, in particular, at agents in charge of projects, whether at headquarters or in the agencies. The objective is to continue to raise awareness about the about how the Mechanism works, the issues it raises and, in particular, the positive impacts for AFD in terms of operational requirements, transparency, accountability, continuous improvement of our methods and reputation. Furthermore, this communication must also be addressed to the external community via our website, whose contents will need to be enriched. It could also take the form of an event aimed at civil society to report on our action and our commitments with regard to the processing of complaints received, as well as in terms of human rights.

Moving towards a capitalization process

The year 2022 could also be an opportunity to launch a capitalization process. Indeed, the stock of complaints, the work undertaken within the E&S Mechanism and exchanges both internally and externally could provide a basis for reflection on the way in which complaints influence AFD's operational approach. The main objective is to learn from the complaints received and their associated processing, but it will also be the opportunity to gain a better understanding of the origin of our complaints and, through them, to better identify the complainants who come to us and the beneficiaries of our funding. It would also enable us to better appreciate the position of the stakeholders involved and the added value of the Mechanism from the point of view of both the donor and the parties. In terms of improving our methods, the challenge is to identify projects that could lead to claims upstream, thus helping to establish vigilance points for the implementation and management of AFD projects at the project identification stage.