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# Activity report 2022

## The Environmental and Social (E&S) Complaints Mechanism

The AFD E&S Complaints Mechanism enables any individual (group or NGO) affected by the environmental or social aspects of an AFD-funded project to file a complaint with AFD. This report presents the results for the year 2022 (activity, major works) and the outlook for 2023.

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# Foreword



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As AFD Group's Ethics Advisor and having an **independent status**, my functions include supervising AFD's Environmental and Social Complaints Mechanism.

This Mechanism is unique in several ways – in particular, it gives the **right to seek remedy or to alert** AFD to any natural or legal person who considers that the environmental and/or social impacts of an AFD-funded project have not been dealt with in compliance with AFD's commitments. It does not offer compensation but helps **to find an agreement** between the project sponsor and the claimant by proposing a conciliation process. This may lead AFD to launch an **audit by an independent expert** of the way in which it has implemented its environmental and social measures in accordance with/pursuance of its standards.

Since it was created in 2017, the annual report of the Mechanism, published on the AFD website, shows the activity of AFD's Mechanism in the most comprehensive and transparent way possible.

The year 2022 saw an **overhaul of the Mechanism's Rules of Procedure**, intended to respond to various lessons learnt from its first years of operation. Among the key learnings was the need for an **open and pragmatic approach** to the specifics of each file and the need for a singular and individual assessment of each complaint. We also decided to launch a **capitalisation exercise** in 2022 that will give voice to the "users" and other stakeholders of the Mechanism. The learnings from this exercise will be reflected in a road map for 2023.

I should like to take this opportunity to thank Mélanie Corbé, who ensures day-to-day the smooth running of this Mechanism with the Strategy Department.

I wish you insightful reading of this Report and hope that it will meet your expectations.

**Catherine Garreta, Ethics Advisor and Internal Mediator**

# 1 - PRESENTATION OF THE MECHANISM

AFD's Environmental and Social (E&S) Complaints Management Mechanism<sup>1</sup> (hereafter referred to as "the Mechanism") is an out-of-court (extra-judicial) mechanism enabling any individual or group of people affected by the environmental or social aspects of an AFD-funded project to file a complaint.

The Mechanism offers an amicable, additional and subsidiary recourse to populations negatively impacted, environmentally or socially, by an AFD-funded project, and thereby contributes to the continuous improvement of our operations.

The Rules of Procedure for the Mechanism, published on the AFD website,<sup>2</sup> provides that any person affected by an environmental and social harm linked to an AFD-funded projects can file a complaint.

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

- concern an AFD-funded project in a foreign country, except for projects that AFD funds under the CSO Initiatives Facility, which is geared to civil society organisations, and under the French Facility for Global Environment (FFEM),<sup>3</sup>
- be received within two years from the time the claimant becomes aware of the facts and, within no more than five years after AFD's final disbursement be it for loans or grants,
- address environmental and social damage,
- describe the prior efforts made to resolve the dispute with the beneficiary of the financing. The complaint must thus be made as a last resort, when the claimant has unsuccessfully pursued the extra-judicial remedies provided to them by the beneficiary of the funding, or as a justification, when these steps could not be undertaken due to the risk of aggravating the dispute.

Once registered, the complaint undergoes an eligibility assessment to check whether it meets the eligibility criteria<sup>4</sup> and recommend which type of treatment provided by the Mechanism should be applied, i.e., the implementation of a conciliation and/or a compliance audit:

- Conciliation involves proposing the intervention of a neutral, independent and impartial third party to help find an agreement between the claimant or their representative and the beneficiary of the AFD funding to resolve the dispute that gave rise to the complaint.

<sup>1</sup> <https://www.afd.fr/en/e-s-complaints-mechanism>

<sup>2</sup> <https://www.afd.fr/sites/afd/files/2022-10-11-24-53/afd-rules-procedure-environmental-social-complaints-mechanism-2022.pdf>

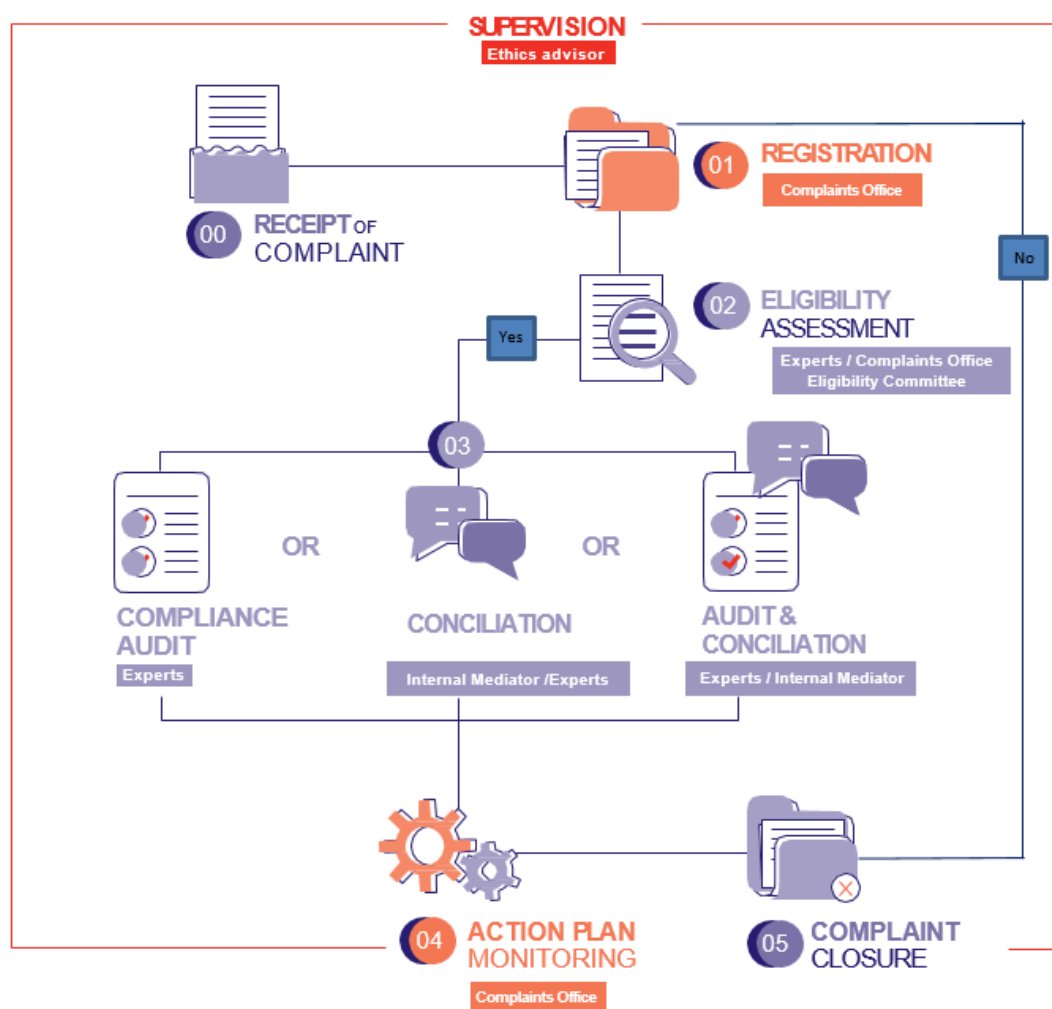
<sup>3</sup> The scope of the Complaints Mechanism is that of AFD's E&S risk management approach. Projects launched by CSOs and the French Facility for Global Environment (FFEM) apply other standards. They are not eligible for the remedies proposed by the Mechanism.

<sup>4</sup> The eligibility criteria for either one of the processing types are detailed in the Rules of Procedure and aim to establish whether the complaint is eligible for conciliation or a compliance audit or both.

- The compliance audit aims to determine whether or not AFD has complied with its E&S risk management approach on a project it has financed.

The Mechanism is managed by the Complaints Office (hereinafter “the Complaints Office”) hosted by the AFD’s Strategy Department. It is supervised by the Ethics Advisor, which is an independent position reporting to AFD Group’s Senior Management.

## Complaints Management Process



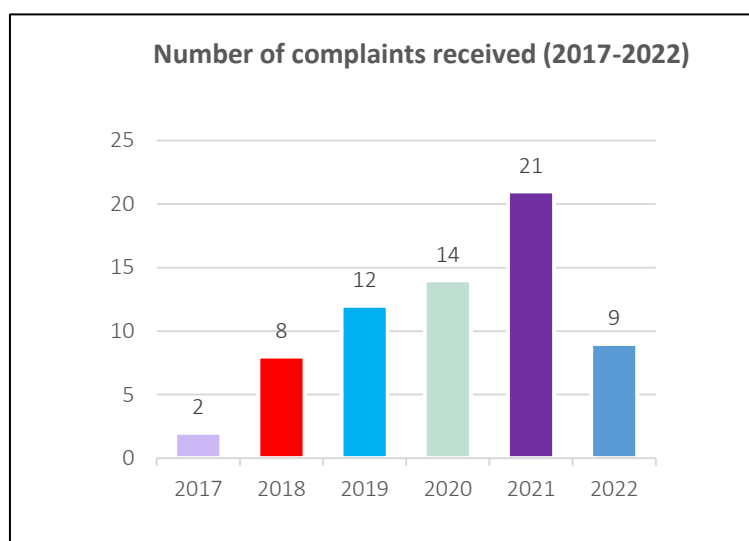
Independent expertise is core to the functioning of the Mechanism: experts intervene in the different stages of the eligibility process, conciliation and compliance audits.

Note that in 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 is regularly cofinances projects. One complaint was received in 2021 and none in 2022. The AFD’s and Proparco’s Mechanisms exchange information on their respective activity and, when necessary, work in close collaboration. Further information on Proparco’s mechanism is available on the dedicated page at [ICM Proparco - AFD Group](#).

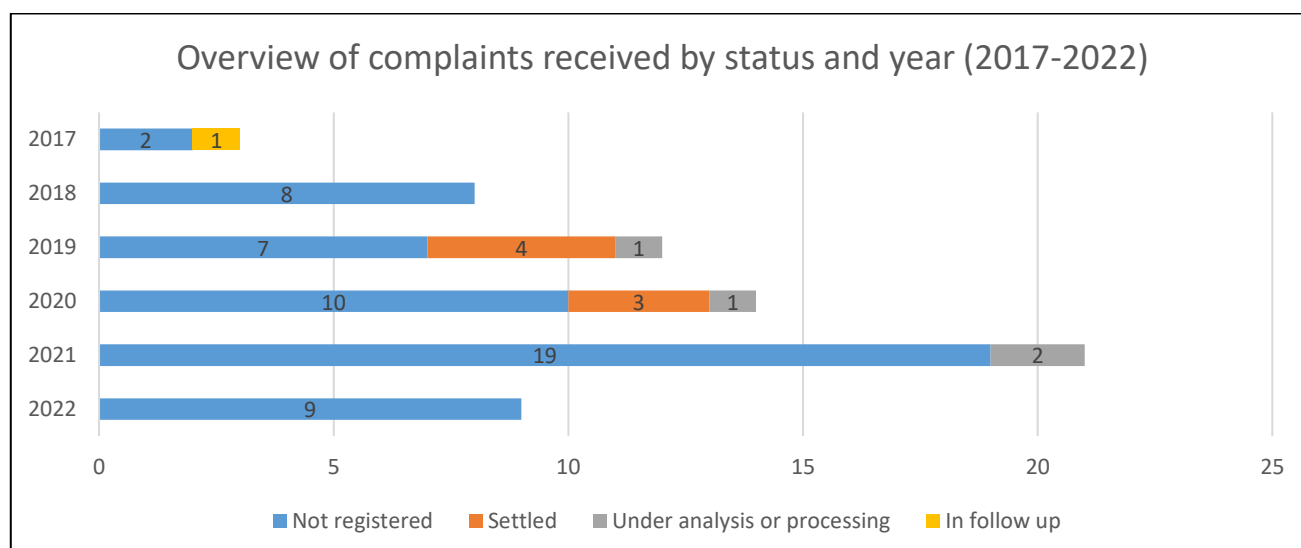
## 2- OVERVIEW OF THE COMPLAINTS ACTIVITY

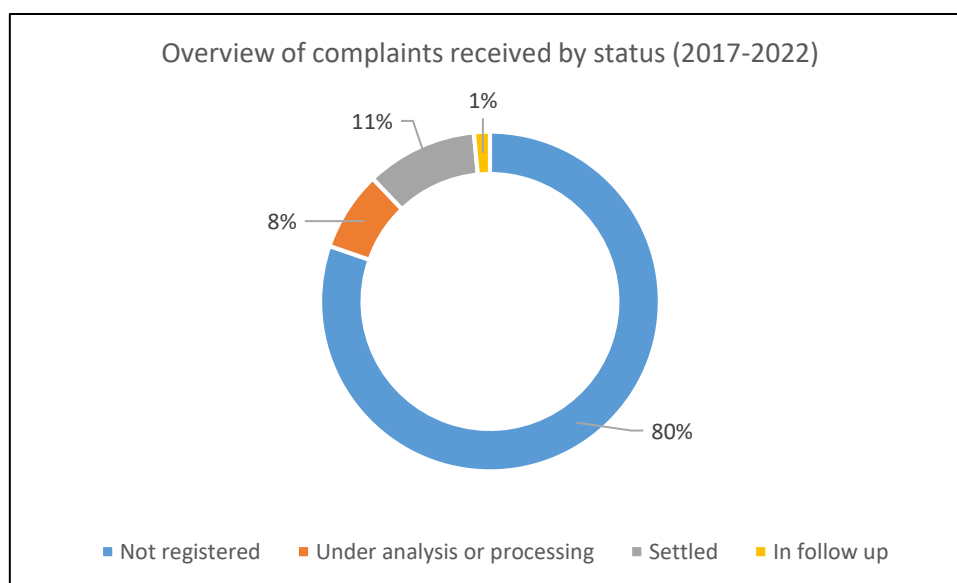
### A- EVOLUTION OF COMPLAINTS RECEIVED

Since the Mechanism was created in 2017, **66 complaints** have been received. While 2021 marked up a substantial increase with 21 complaints received, the number of complaints received in 2022 fell to nine. Although it is always difficult to explain these variations, this decrease may be one of the consequences of the health crisis (works and missions stopped, worsening living conditions in AFD's intervention countries).



The number of complaints under analysis or processing can be explained by the number of complaints received since 2017 and by the time needed for processing, which can be highly variable depending on the complexity of the complaint, the associated impacts and the actors' response time.





The registered complaints led to 5 audits and 5 conciliations. Some complaints were processed jointly (when several complaints were received on the same project).

## B- COMPLAINTS BY COUNTRY

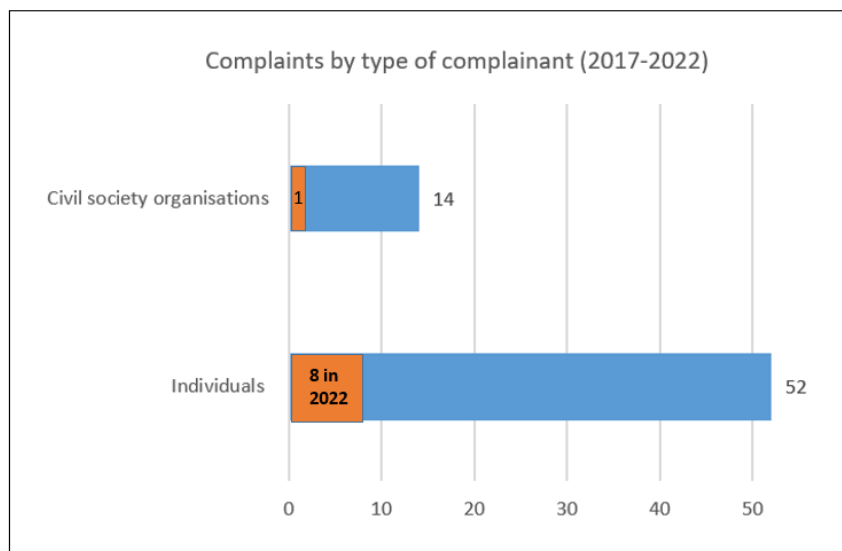
in 2022, the complaints originated from 8 different countries and, since 2017, from 32 countries across three continents. Seventy per cent of the complaints received since 2017 come from the African continent.

| Complaints by country of origin (2022) | Number of complaints |
|--|----------------------|
| Palestinian territories                | 1                    |
| Iraq                                   | 1                    |
| Afghanistan                            | 1                    |
| Tunisia                                | 1                    |
| Morocco                                | 1                    |
| Senegal                                | 2                    |
| Congo                                  | 1                    |
| Cameroun                               | 1                    |



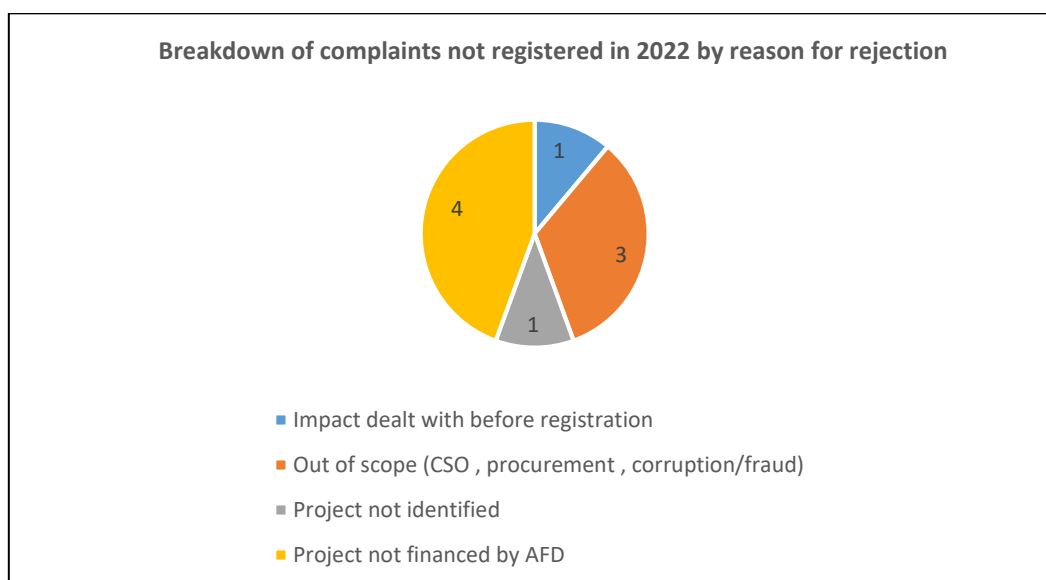
## C- COMPLAINTS BY TYPE OF COMPLAINANT

Over three-quarters of the received complaints are filed by individuals, the remaining quarter by civil society organisations or residents' collectives.



## D- REASONS FOR NON-REGISTRATION OF COMPLAINTS

In 2022, none of the 9 complaints filed were eligible for registration. The chart below shows the reasons for their rejection.



Seven out of nine complaints did not concern the Mechanism, either because they were out of scope, or because the projects in question are not financed by AFD. The other two complaints were not registered for two reasons: for one, the impact reported by the complaint had been dealt with before the complaint was registered; for the other, the elements provided by the complainant



did not allow the project concerned to be identified and the complainant did not pursue their exchanges with the Mechanism, which would have enabled all of the necessary information to be obtained.

Although not formally registered, these complaints enabled – when possible and relevant – work to be done on information, facilitation and awareness-raising at the level of AFD's project teams and its beneficiaries, which can contribute to resolving disputes. The Mechanism's out-of-scope complaints are systematically redirected and handled by the relevant AFD departments.

# 3- COMPLAINTS PROCESSED IN 2022

## A- CLOSED COMPLAINTS



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|                            |   |                        |                        |
|----------------------------|---|------------------------|------------------------|
| <b>Project</b>             | <b>Hybrid power plant project</b>   | <b>Location</b>        | <b>Sahelian Africa</b> |
| <b>Reported impacts</b>    | A complaint was filed about the working conditions and the absence of remuneration.   |                        |                        |
| <b>Complainant</b>         | An individual   | <b>Date of receipt</b> | November 2020          |
| <b>Processing stage</b>    | Closure   | <b>Status</b>          | Closed                 |
| <b>Mechanism's actions</b> | <p>The Eligibility Committee declared the complaint eligible for conciliation as well as a compliance audit, in line with the recommendations of the eligibility assessment.</p> <p>Given the lack of response and the absence of the counterparty's agreement, as required under this out-of-court Mechanism, the processing of the complaint was discontinued and the complaint was closed.</p> |                        |                        |

## B- COMPLAINTS UNDER ANALYSIS



@YHA

| Project                    | Urban renewal project  | Location               | Central Africa |
|----------------------------|--|------------------------|----------------|
| <b>Reported impacts</b>    | A complaint was filed alleging non-payment of the compensation due following the expropriation of the complainant's land.  |                        |                |
| <b>Complainant</b>         | An individual  | <b>Date of receipt</b> | January 2021   |
| <b>Processing stage</b>    | Pre-registration   | <b>Status</b>          | In progress    |
| <b>Mechanism's actions</b> | <p>The Mechanism contacted the operational teams who were able to follow how the situation with the counterparty was evolving.</p> <p>The first third of the amount due was paid to the current owner in May 2022. The City Hall committed to paying the remaining amount due before the end of the first quarter 2023.</p> <p>Given the context and the ongoing dialogue between the parties, the Mechanism considered it unnecessary to register the complaint to find an amicable solution for the complaint.</p> |                        |                |

## C- COMPLAINTS BEING PROCESSED



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| Project                    | Collective transport project  | Location               | West Africa |
|----------------------------|---|------------------------|-------------|
| <b>Reported impacts</b>    | A complaint was filed alleging social harm during the implementation of the Resettlement Action Plans (RAPs), as well as the inadequacy of the consultations with people affected by the project.   |                        |             |
| <b>Complainants</b>        | A collective and an NGO   | <b>Date of receipt</b> | June 2019   |
| <b>Processing stage</b>    | Compliance audit  | <b>Status</b>          | In progress |
| <b>Mechanism's actions</b> | <p>The complaint underwent an on-site eligibility assessment conducted jointly by an independent expert and the independent inspection mechanism of the development bank associated with the financing.</p> <p>The Eligibility Committee declared the complaint eligible for conciliation, which was accepted by the parties, as well as for a compliance audit.</p> <p>The Mechanism called on AFD's internal mediator to conduct the conciliation, jointly with the conciliator of the associated development bank. The conciliation, which involved several meetings and support from a local consultant, was closed in November 2021. It enabled the resolution of a number of cases but it was deemed that no further progress could be made towards a broader agreement. This part of the complaint is closed.</p> <p>The compliance audit is currently underway.</p> |                        |             |



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| Project                    | Sanitation project   | Location               | North Africa     |
|----------------------------|--|------------------------|------------------|
| <b>Reported impacts</b>    | Two complaints were filed alleging the absence of public consultation and the potential pollution of an oasis.   |                        |                  |
| <b>Complainants</b>        | An individual and an NGO   | <b>Date of receipt</b> | July/August 2020 |
| <b>Processing stage</b>    | Compliance audit   | <b>Status</b>          | In progress      |
| <b>Mechanism's actions</b> | <p>The complaints underwent an eligibility assessment, which recommended that a compliance audit be conducted.</p> <p>The Eligibility Committee declared the complaint eligible for a compliance audit.</p> <p>The compliance audit is currently underway.</p> |                        |                  |



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|                            |  |                        |                     |
|----------------------------|--|------------------------|---------------------|
| <b>Project</b>             | <b>Sanitation project</b>  | <b>Location</b>        | <b>North Africa</b> |
| <b>Reported impacts</b>    | A complaint was filed alleging irregularities in the environmental and social due diligences.  |                        |                     |
| <b>Complainant</b>         | An NGO   | <b>Date of receipt</b> | April 2021          |
| <b>Processing stage</b>    | Compliance audit   | <b>Status</b>          | In progress         |
| <b>Mechanism's actions</b> | <p>The complaint underwent an eligibility assessment which recommended that conciliation and a compliance audit be carried out.</p> <p>The Eligibility Committee declared the complaint eligible for conciliation and a compliance audit.</p> <p>As the parties reached no agreement, the conciliation could not be conducted. This part of the complaint is thus closed.</p> <p>The compliance audit is currently underway.</p> |                        |                     |

## D- COMPLAINTS UNDER MONITORING<sup>5</sup>



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|  |  |                        |                       |
|--|--|------------------------|-----------------------|
| <b>Project</b>                                       | <b>Rainwater drainage project</b>  | <b>Location</b>        | <b>Central Africa</b> |
| <b>Reported impacts</b>                              | A complaint was filed alleging the absence of compensation following the complainant's expropriation.  |                        |                       |
| <b>Complainant</b>                                   | An individual  | <b>Date of receipt</b> | July 2017             |
| <b>Processing stage</b>                              | Compliance audit   | <b>Status</b>          | Under monitoring      |
| <b>Mechanism's actions</b>                           | <p>The complaint underwent an eligibility assessment, which recommended carrying out conciliation and a compliance audit.</p> <p>The Eligibility Committee declared the complaint eligible for conciliation and a compliance audit.</p> <p>The conciliation resulted in an agreement. This part is closed.</p> <p>The compliance audit identified a number of non-conformities. In response to the audit, AFD published an action plan now being monitored by the Mechanism.</p> |                        |                       |
| <b>Monitoring of the action plan recommendations</b> | <p><b>Analyse the cases of non-compliance in the implementation of the project</b></p> <p>A decentralised ex-post evaluation of the project was carried out in 2022 with particular attention paid to how resettlement issues were dealt with.</p> <p><b>Enhance the quality of projects financed in Central Africa involving resettlements.</b></p>   |                        |                       |

<sup>5</sup> Complaints in the monitoring phase for which an action plan has been proposed following a compliance audit. The Complaints Office then monitors the progress made by the action plan.



In 2019, AFD assigned an E&S expert to its new Central Africa regional office. This appointment aimed to establish common practices to limit the impacts of resettlements, while at the same time ensuring fairer compensation. The way in which a project is structured with respect to population resettlement has thus been rethought.

**Improve AFD's practices on future financing for projects that involve resettlements.**

AFD is pursuing the objective of reducing resettlements to a minimum in the projects it finances. As a result, for a project to rehabilitate a railway line in Central Africa, no population displacement took place as the rehabilitation was limited to existing rights of way.

AFD thus is engaging a public policy dialogue on the theme of expropriation by strongly encouraging alternative solutions.

# 4- LEARNINGS AND OUTLOOK

## A- KEY LEARNINGS IN 2022

### Activity

The year 2022 saw a decrease in the number of complaints received. Of the nine complaints received none was registered.

In 2022, it was decided to make the Mechanism more accessible.

The Mechanism's Internet page can be accessed from the home page of the AFD website and is now available in French, English and Spanish. A motion design video was produced in the three languages as a reminder of the purpose and scope of the Mechanism. It explains in a very instructive and concrete manner how a complainant can file a complaint and how the complaint is processed.<sup>6</sup>

### Review of the Mechanism's Rules of Procedure

In 2022, the review of the way the Mechanism operates was finalised and aimed at strengthening its equity and efficiency, while maintaining high standards in processing complaints. The new Rules of Procedure, which informs the public about the functioning of the Mechanism, has been available in the three languages on the AFD website since May 2022.

The Rules of Procedure clarify the purpose and scope of the Mechanism:

- The purpose of the Mechanism is to propose an out-of-court, additional and subsidiary recourse for populations negatively impacted in terms of E&S by an AFD-funded project, and thereby contribute to the continuous improvement of our operations.
- The scope of the Mechanism corresponds to that of the E&S risk management policy. Practically, this means that complaints are required to refer to the way in which the negative impacts of AFD-funded projects have been managed. As a result, complaints that solely concern the appropriateness of a project are not eligible – i.e., those that oppose the very principle of a project being implemented.

The main revisions aim to strengthen the following points:

- Governance: a better cross-cutting anchorage of the Mechanism within AFD

The Eligibility Committee now has a broader two-pronged role and a larger composition. It can thus be called on to act as a Steering Committee and support the Ethics Advisor on the Mechanism's strategic orientations. It also integrates the lessons learnt from practice and guides the Mechanism's development, while anticipating the overall consequences on AFD's activity, particularly on the operational side.

- Securing the Mechanism's processing capacity

A privileged link with the field: only those concretely affected by E&S impacts can have their complaints registered. However, they can always call on to a duly authorised representative, NGO or physical person of the diaspora to file their complaints.

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<sup>6</sup> The video is available at: [Environmental and Social Complaints Mechanism | AFD - Agence Française de Développement](#)

- Dissemination of information: greater transparency within a strict regulatory framework

Unless the Beneficiary (of AFD financing) and/or the Complainant have expressly refused:

- Dissemination of the eligibility assessment summary: the summary report of the eligibility assessment, drafted by the expert, is published on the Mechanism's Internet page.
- Dissemination of elements from the compliance audit closure: two documents will be published online: the conclusions of the compliance audit (the independent expert is tasked with drafting this) and the AFD operational teams' response to the auditor's conclusions, as well as the action plan that AFD undertakes to implement, as and when appropriate. They are sent to the parties and published on the Mechanism's Internet page.

## **B- OUTLOOK**

### **Capitalisation**

The decision was taken to engage the Environmental and Social Complaints Mechanism in a capitalisation process. This aims to examine the lessons learnt from the complaints received since the Mechanism was set up in 2017 and from the way it is perceived by the different stakeholders.

The capitalisation process involves two phases:

- A first phase analyses the complaints received, which helps to provide not only a more granular knowledge of the complaints, but also gives a perspective with the environmental and social risk assessments.
- A second stage includes conducting surveys with the different actors involved the complaints process (complainant, counterparty, AFD project team, cofinancers) and focuses more on the efficiency and the actors' perception of the Mechanism's functioning.

Launched in 2022, this capitalisation approach will continue until the end of the first semester 2023 and has already proved highly instructive. It provides deeper knowledge on the origin of our complaints and thus gives us a better insight into the complainants who file them. It also helps us to better appreciate the position of the parties involved and the Mechanism's added value from both the donor's and parties' standpoints. As regards improving our methods, the challenge is to identify upstream those projects that are likely to give rise to complaints. This would make it easier to establish, right from project identification, the points requiring particular vigilance during AFD's project appraisals and management.

The lessons learnt will be formulated in a road map for the Mechanism, but also provide recommendations for the departments concerned. The implementation of its actions will continue throughout 2023 and further if need be. The deliverables will also constitute a basis for exchanges and help to strengthen awareness of the Mechanism both internally and externally.

## **Internal and external communication**

### **Internal awareness-raising**

The actions planned for 2023 focus on internal awareness-raising. Even though the Mechanism is now a well-known tool, a reminder of its functioning and the stakes involved is necessary both at AFD head office and in the network.

The Mechanism's Complaints Office will thus propose to intervene in the various departments involved in processing complaints. One or two interventions per month have been scheduled and will also be an opportunity to exchange with the teams.

### **External communication**

The Mechanism's page on the AFD website was fully translated into Spanish in 2022 and will be supplemented and improved in 2023. More specifically, information on complaints processing will be updated in line with the 2022 revision of the Rules of Procedure.

### **What about civil society organisations?**

In 2023, there are plans to organise an event geared to civil society organisations. The goal is to communicate on the Mechanism's role, missions and activity, but also to hear what CSOs have to say and gather their perceptions of the AFD Mechanism both in general and in the field.

Agence Française de Développement (AFD) implements France's policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. It also provides training in sustainable development (at AFD Campus) and other awareness-raising activities in France.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 3,250 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.