

Guide for Proparco Clients

What is the Independent Complaints Mechanism?

Proparco's goal is to promote private sector development in developing and transition countries. In order to achieve sustainable growth and lasting improvements in people's lives, we are committed to applying high internationally accepted standards to our own operations as well as to those of our clients.

Together with the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and the Netherlands Development Finance Company (FMO), Proparco established the Independent Complaints Mechanism ("Mechanism") to give affected parties (e.g. local communities or individuals) who believe to be adversely affected by operations financed by Proparco the chance to raise this issue with Proparco.

Proparco has set up a Complaints Office to administrate and coordinate the work regarding the Complaints Mechanism. The Complaints Mechanism is further supported by an Independent Expert Panel ("Panel"), which decides on the admissibility of a complaint and handles all subsequent processes. The Panel is formed of three international specialists with expertise and experience in mediation, social and environmental issues, as well as in setting up and supporting complaints mechanisms. The Panel is completely independent from Proparco.

What can a complaint be about?

The complaint could be about:

- Rights abuses, negative environmental, social and corporate governance effects affecting the complainant that are linked to the operations financed by Proparco.
- A failure by Proparco to comply with its own policies that are based on international standards.

The Independent Complaints Mechanism cannot investigate:

- Complaints with the objective of gaining a competitive economic advantage or that are excessive, repetitive (i.e. covering the same aspects), clearly frivolous or malicious in nature;
- Identical Complaints aimed at Dispute Resolution that already are being handled by other high standard administrative mechanisms (being member of the network of Independent Accountability Mechanisms) or judicial review mechanisms or which have been settled by the latter. Identical Complaints that have been lodged with other mechanisms can be admissible for Compliance Review, but may be suspended while being under review by another mechanism.

What happens if a complaint is filed about operations of my institution?

If a local party files a complaint about operations of your institution, the complaint will be forwarded to the Independent Expert Panel, which determines whether the complaint is

admissible under the terms of the Mechanism. At the same time your institution will be informed about a complaint having been lodged with the Complaints Mechanism and the process that will be followed. Your institution may be asked to provide up-to-date information on the issue raised in the complaint.

If the complaint is declared admissible, your institution will be notified and the Panel will perform an initial assessment of the issues raised in the complaint. The Panel will review documentation and will speak with your institution as well as other stakeholders to identify all opinions and concerns about the matter. Based on this assessment, the Panel will identify whether a **dispute resolution** process is supported by your institution, the complainant and other stakeholders involved. Should one of the parties not be willing to participate in a dispute resolution process, the Panel will perform a **compliance review** to determine whether Proparco may have failed to comply with its own policies and procedures.

What is expected from my institution in a dispute resolution process?

The aim of **dispute resolution** is to reach a mutually-agreed resolution of the complaint. We believe that both your institution and affected parties can benefit from working together on a solution. Such a mediated process has great potential for opening up communication channels with workers, communities or other affected parties in the area and helps to build trust. This, in turn, will facilitate the resolution of existing and potential future conflicts.

In a first step, your institution will be asked to respond to the allegations, and provide up-to-date information on the issue raised in the complaint and identify whether your institution thinks there are ongoing or obvious steps that can be taken to resolve the dispute. This may require some further investigation into the situation.

If your institution and the affected parties are amenable to participate in a dispute resolution process, the Independent Expert Panel – or specialists appointed by them - will work with both sides to develop a procedure appropriate for addressing the issue(s) of dispute. This may include information sharing, joint fact-finding or facilitated discussions with the aim of finding a solution that is acceptable for both sides. Such interactions present an opportunity to discuss issues and clarify different points of view as they are confidential and as informal as possible.

As the aim is a mutually-agreed resolution, the person who participates in the mediation from your organization must have the authority to reach and implement an agreement. If an agreement is reached, it may necessitate remedial action. Such action may involve changes in your company's policies or processes.

In the whole process, the Independent Expert Panel does not take a position on particular allegations nor does it find fault with a party or decide liability.

What is expected of my institution during a compliance review?

A **compliance review** assesses whether Proparco may have failed to comply with its policies. For example, the Panel may analyze whether Proparco identified all relevant topics for due diligence or whether Proparco adequately monitored the implementation of agreed-

upon action plans. A compliance review will in particular include an assessment of Proparco's compliance with the following policies:

- E&S principles of AFD Group
- Exclusion List of AFD Group

During the review, the Panel members will contact your institution in order to gather the information they need to come to a decision. In order to provide the specific information needed, your institution may need to conduct some further investigation into the subject. If the Panel feels it is necessary to have an on-site visit, then we would ask that your institution assists in ensuring that they have access to all the relevant people in your company and free access to the site.

Following a compliance review, the Panel may make recommendations for how Proparco could strengthen its application of policies to existing and future clients, which may include the operations you are involved in.

Is there a specific timeframe for the process?

At the outset of the process, the Panel will discuss the timeframe with your institution, the complainant and Proparco. Based on the Panel's assessment they will suggest an indicative timeframe for the various phases of the process.

Who will have access to the information provided by me?

In order to enable the Panel to process a complaint and assess the situation, your institution will be asked to provide the Panel any documentation that is relevant to the complaint. However, this and any information gathered in the process will be treated confidentially and will only be used to process the complaint.

Proparco and the Panel will ensure that reports produced by the Panel and status updates on the complaint that will be published at Proparco's website will not contain any confidential information.

Will my institution be able to comment on documents prior to publication?

At the end of the dispute resolution phase, the Panel prepares a draft report on the outcome of the process. Your institution will receive, in parallel with all other parties involved in the process, a draft report to comment on facts and sensitivities. With the comments received by all parties, the Panel will then finalize the report for publication.

In case of compliance review, Proparco will get to see the first draft of the report considering it is the policy implementation of the institution that is under scrutiny. An updated draft will then be shared with your institution and the complainant simultaneously to allow you to check facts before the document is finalized and published.

In both phases, your institution has 15 working days after receiving the draft report to provide comments. It is up to the Panel to incorporate the comments received and decide upon the final text.

Who will cover the costs?

The costs of the Panel will be covered by Proparco. Your company will however be asked to make time available for discussion with the Panel members and providing information. Should a complaint require an on-site visit, your institution may be requested to receive the Panel and to provide local (organizational) support.

Who can I contact if I have any questions?

Should you have any additional questions about the Proparco Complaints Mechanism, please contact the Proparco Complaints Office:

Proparco
Complaints Office
151 rue Saint Honoré
75001 Paris
France

E-mail: complaintsoffice@proparco.fr