

INDEPENDENT COMPLAINTS MECHANISM (ICM)

Notice of Admissibility

25 April 2025

ICM complaint 25-003

Procedural History

A complaint alleging harm related to labour and working conditions as well as unethical conduct was received by the ICM Secretary on 1 March 2025. The complaint related to various renewable energy projects in Asia/ the Middle East, including a project which is co-financed by a Client of Proparco (Proparco-Financed Operation).

On 3 March 2025, the ICM Secretary confirmed receipt of the complaint and informed the Independent Expert Panel (hereafter ‘the Panel’).

In order to obtain further information necessary for its admissibility assessment, the Panel conducted a virtual call with the complainant on 4 April 2025. Due to fear of retaliation the complainant requested the ICM to maintain identities confidential. Thus, neither the name of complainant nor the name and location of the project are disclosed by the Panel.

Admissibility criteria

The Panel assesses admissibility of complaints based on criteria laid out in paragraph 3.1.4 of the ICM Policy.¹ The ICM Policy notably requires that (i) Proparco must have or will have an active financial relationship with the Client; (ii) the complaint must contain allegations of (potentially) substantial and (in)direct and adverse impacts or risks; and (iii) there must be an indication of a relationship between the Proparco-Financed Operation and the subject of the complaint. Any allegation of harm that could fall within the ICM Policy must therefore be related to the social, environmental, and human rights standards which the ICM Policy aims to safeguard.

The Panel underlines that a decision to declare a complaint admissible does not imply a view on the alleged harm or on whether the alleged harm has been caused by non-compliances with any policies of Proparco. The admissibility assessment only assesses whether the complaint falls within the scope of the ICM based on criteria laid out in the ICM Policy. As such, the admissibility decision is based on the allegations in the complaint itself. It is only in the next phases of the ICM process that the Panel turns to verify and assess the allegations through a detailed review including discussions with all stakeholders and review of relevant documents. In addition, if after the Preliminary Review the Panel finds that no relationship can be established between the Proparco-Financed Operation and the social, environmental, and human rights standards which are applicable to the Project, the Panel may still decide to close the case.

¹ The Panel is external to Proparco. It operates independently from Proparco and is governed by a publicly available policy. See the ICM Policy: [Independent Complaints Mechanism Proparco | AFD - Proparco](#).

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The Panel's assessment

Active financial relationship with the Client

Proparco provided a loan in relation to a renewable energy project to its Client. This loan remained active at the time of receipt of the complaint.

Moreover, the complaint specifically concerns alleged harm caused by the parent company of Proparco's Client, who fully owns and operates the renewable energy project and is also 100% shareholder of the Client. The Panel thus finds that there is an active financial relationship between Proparco and its Client.

Allegations of Substantial and Adverse Impacts or Risks

The complaint contains allegations of substantial harms which relate to labour and working conditions. Generally, the Panel accepts complaints relating to labour issues when there is sufficient indication that the issues are of a systemic nature and are thus sufficiently linked to the application of IFC Performance Standard 2: Labour and Working Conditions.² The alleged harms in this case seem to exceed the scope of an individual dispute and concern broader issues. The ICM was designed to create accountability and, by extension, to enhance compliance with social, environmental, and human rights standards in Proparco-Financed Operations. The Panel notes that the alleged harms fall within the scope of the ICM.

Relationship Between the Proparco-Financed Operation and the Subject of the Complaint

The Panel finds that there is sufficient indication of a relationship between the Proparco-Financed Operation and the subject of the complaint. The co-financing agreement refers to IFC Performance Standards including labour and working conditions.

It requires adequate environmental and social due diligence and monitoring by the borrower in compliance with Environmental and Social Standards as well as prompt updates to the Environmental and Social Action Plan and the Environmental and Social Management System as and when required as agreed with the senior lenders. Lenders also receive environmental and social monitoring reports annually.

Decision

In light of the above, the Panel considers that the complaint fulfils the criteria for admissibility insofar as it concerns potential non-compliances with IFC Performance Standard 2 concerning labour and working conditions.

The Panel concludes that the complaint should thus proceed to the next phase in the ICM process. Since the contract with the Client was signed before Proparco joined the ICM in 2019, the ICM will first confirm the contractual arrangements with the Client before it can effectively address the complaint as per paragraph 2.1.3 of the ICM Policy. The procedural step will require additional time. After the contractual arrangements have been agreed with the Client, the ICM will start the Preliminary Review of the complaint case in order to develop a clear understanding of the issues raised and to determine the next appropriate steps under the terms of the ICM Policy. The ICM

² IFC Performance Standards, January 2012, para. 8, 9, 15 and 20.
https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=jkV-X6h

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will keep the stakeholders informed on a regular basis on the approach and the next steps in the complaint process.



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