

INDEPENDENT COMPLAINTS MECHANISM (ICM)

Annual Report

Independent Complaints Mechanism

DEG / FMO / Proparco

January – December 2023



Definitions

Client	The entity that is financed by DEG/FMO/Proparco based on a direct contractual relation and responsible for carrying out and implementing all or part of the DEG/FMO/Proparco-Financed Operation.
Complaints Office	Function performed by FMO's Internal Audit function, by DEG's Corporate Strategy and Development Policy Department, and by Proparco's Risk Department respectively, which registers and acknowledges receipt of Complaints, coordinates adequate fulfilment of the Complaints process, and provides practical support to the Independent Expert Panel.
Compliance Review	The process to determine whether DEG/FMO/Proparco have complied with the policies that may be relevant for an admissible complaint.
DFI	Development Finance Institution
Dispute Resolution Process	The process to assist in finding a resolution for the issues underlying an Admissible Complaint. This process may include information sharing, fact-finding, dialogue, and mediation. A pre-condition for Dispute Resolution is that all relevant parties are willing to participate in such a process.
DEG/FMO/Proparco-Financed Operation	Any activity or any asset of the Client that is or is going to be financed by DEG/FMO/Proparco funds or from funds administered by DEG/FMO/Proparco in whole or in part, regardless of the nature of the financial instrument (loans, equity, project financing, grants, technical cooperation assistance and guarantees).
IAM	Independent Accountability Mechanism
Independent Expert Panel/IEP	A group of three persons assessing and handling Complaints, with environmental, social, legal, and financial expertise. In exercising its mandate, the Panel is fully independent of DEG, FMO and Proparco.
Mechanism/ICM	Independent Complaints Mechanism

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1 Introduction

This Annual Report covers the activities and performance of the Independent Complaints Mechanism (ICM or Mechanism) of DEG, FMO and Proparco (the DFIs) from 1 January 2023 until 31 December 2023. It is published simultaneously on the websites of the DFIs. The Report provides information about the ICM's operations in complaint-handling as well as its institutional activities.

1.1 About the ICM

The ICM was established in 2014 by DEG and FMO as part of their commitment to accountability and transparency. Proparco joined the ICM in February 2019. The ICM was designed to enhance compliance with social, environmental, and human rights standards in the operations of DEG, FMO, and Proparco. The ICM adheres to good international good practice and works in accordance with its 2017 ICM Policy.¹

The Mechanism ensures that individuals, groups, communities, or other parties who believe that they have been adversely affected by the DFIs-Financed Operations have the right to raise complaints and seek redress. The ICM addresses complaints through its two main functions:

- By conducting a **Compliance Review**, which seeks to determine whether the DFI(s) have complied with their relevant policies and procedures that may be relevant to an admissible complaint. The Compliance Review process is investigative in nature. It aims at assessing the alleged harms and, where necessary, determining whether they are the result of non-compliances of the DFIs with their own policies and procedures.
- By facilitating a **Dispute Resolution Process (DRP)**, which has the objective of seeking a mutually agreed resolution of the issues underlying an admissible complaint via a collaborative dialogue between the complainants, the Client and the DFI. A Dispute Resolution Process may include information sharing, fact-finding, dialogue, and mediation. A pre-condition for DRP is that the relevant parties, at the very least the Client and the complainant, are willing to participate in such a process.

1.2 About the Independent Expert Panel

The Independent Expert Panel (IEP or Panel) is composed of three members. The IEP members have relevant expertise in human rights, in Environmental and Social Policy of Development Finance Institutions, and in investigation proceedings. To conduct its functions, the Panel is supported by the ICM Secretary and by the Complaints Offices of DEG, FMO, and Proparco.

In the exercise of its mandate, the Panel applies the ICM Policy and interprets it as necessary. The IEP is fully independent of DEG, FMO and Proparco. The Panel decides on the admissibility of each complaint received by the ICM Complaints Offices, performs preliminary reviews, and conducts a Compliance Review or facilitates a Dispute Resolution Process in accordance with the ICM Policy. Following a Compliance Review, the Panel monitors the implementation of measures agreed upon to bring a project into compliance. After the conclusion of a DRP, the Panel monitors the implementation of agreed outcomes.

¹ Available under <https://www.deginvest.de/icm>, <https://www.fmo.nl/icm>, <https://www.proparco.fr/icm> and <https://www.proparco.fr/en/icm>.

In December 2023, the term of Prof. Arntraud Hartmann came to an end after five years of serving as a member of the Independent Expert Panel. The ICM is grateful for the important contributions Prof. Hartmann made to the Mechanism in her years of service.

Since January 2024, Mrs. Seynabou Benga has officially joined the ICM Panel. Together with Mrs. Inbal Djalovski and Mr. Michael Windfuhr, they form the three IEP members of the ICM.

Mrs. Benga is a human rights and humanitarian laws specialist with more than two decades of work experience. She is a former Expert Member of the Working Group on Extractive Industries of the African Commission on Human Rights and Peoples' Rights. Mrs. Benga is the currently the Director of Human Dignity, an NGO promoting economic, social and cultural rights and a lecturer in human rights law. The ICM is looking forward to the cooperation with Mrs. Benga and the expertise she brings to the Panel.



Meeting of ICM Complaints Offices and Independent Expert Panel in Cologne, February 2024.

2 Overview of admissible complaints

2.1 Complaints received in 2023

In 2023, the ICM received five new complaints that were submitted to the Panel for admissibility assessment based on the criteria laid out in paragraph 3.1.4 of the ICM Policy. Four complaints, related to three different projects in Cameroon and one project in Togo, were declared inadmissible by the Panel. Two of these were declared inadmissible as there was no financial relationship between the project and the DFI at the time of filing the complaint. The other two complaints were declared inadmissible on the basis that identical complaints are already being handled or have been settled by other Independent Accountability Mechanisms (IAMs), in line with paragraph 3.1.7 of the ICM Policy. Paragraph 3.1.7 calls for a case-by-case assessment. In its consideration, the Panel assesses whether admitting such a complaint would cause duplication of work or hinder ongoing procedures. One complaint, which was filed in December 2023, is currently in the admissibility assessment phase.

ICM Complaints received in 2023:

Complaint number	Date of complaint	Receiving complaints office	Business sector	Country of DFI Client	Status
23-001	13.04.2023	FMO, DEG, Proparco	Logistics	Togo	Not admissible/ Closed
23-002	21.03.2023	Proparco	Transport	Cameroon	Not admissible/ closed
23-003	26.05.2023	Proparco	Energy	Cameroon	Not admissible/ closed
23-004	24.06.2023	Proparco	Energy	Cameroon	Not admissible/ closed
23-005	11.12.2023	FMO	Energy	Uganda	Admissibility/ assessment

2.2 Ongoing complaints

Currently, the ICM handles six active complaints. All active complaints concern projects which are located in Africa (four complaints in West Africa, one in Central Africa, and one in East Africa).

During the reporting period, the ICM Panel made significant progress in all its pending cases. The Panel conducted seven site visits in 2023 to projects sites and engaged directly with complainants and other relevant stakeholders. The ICM visited complainant communities and project sites in Senegal, Togo, the Democratic Republic of Congo (DRC), Uganda, Liberia, and Ghana.

Furthermore, the Panel published one admissibility decision in a complaint concerning Niche Cocoa, a cocoa processing company in Ghana. The Panel published four reports: two Preliminary

Review Reports concerning the Niche Cocoa case and a financial intermediation complaint concerning FirstRand Bank, as well as two Monitoring Reports in relation to the implementation of DRP outcomes in the Nyamagasani project in Uganda and in relation to action taken to address non-compliance findings in the Sendou case in Senegal.

Additionally, the ICM Panel had successful mediation outcomes. In the case concerning Plantations et Huileries du Congo SA (PHC), following roundtable dialogues in two different complaint locations.² In the Niche Cocoa case, the ICM saw the signing of ground rules and first agreements in the DRP. In the FirstRand Bank case, parties have agreed on ground rules for the DRP.

Overview of active ICM cases:

Complaint Number	Date of Complaint	Receiving Complaints Office	Business Sector	Country of DFI Client	Status
16-001/ 16-002	09.05.2016 15.07.2016	FMO	Energy	Senegal	Compliance Monitoring
18-001	22.08.2018	DEG and FMO	Logistics	Togo	Compliance Monitoring
18-002	05.11.2018	DEG	Agri	Democratic Republic of the Congo	DRP Monitoring
20-001/ 20-003	18.05.2020 06.07.2020	FMO	Energy	Uganda	DRP Monitoring
21-001	25-02.2021	DEG and Proparco	Finance	South-Africa/ Liberia	Dispute Resolution
22-004	01.01.2022	FMO	Agri	Ghana	Dispute Resolution

² ICM, Successful Mediation Outcome, DEG Complaint 18-002 (PHC), 24 March 2023, published [online](#).

3. Compliance reviews

The ICM has two ongoing Compliance Review cases, which are currently in the monitoring phase. A description of the complaint details and of activities conducted by the Panel in the reporting period is provided below.

3.1 Sendou I Coal Power Plant, Senegal (16-001, 16-002 / FMO)



View of the Sendou power station in Senegal, September 2022.

The Complaint

On 9 May 2016 and 15 July 2016, the ICM received two complaints on the FMO-project Sendou I, a 125 MW coal-fired powerplant project near the town of Bargny in Senegal. The Panel decided to treat the two complaints as one case. The complainants allege harms with respect to resettlement, air pollution, health impacts, marine impacts, and community consultation. Of particular concern are the loss of land rights and the right to continue fish drying activities of a large community of vulnerable women in an area adjacent to the coal-based powerplant. The complainants raise concerns about the establishment of a coal-based powerplant in a densely populated area in the immediate vicinity of a major town. On 12 October 2017, the Panel issued a Compliance Review Report.³ The Panel made non-compliance findings with regards to Environmental and Social policies applicable to FMO-Financed Operations, with the IFC Performance Standards as well as with resettlement policies and possible violations of land rights. On 27 January 2020, the Panel issued a first Monitoring Report, finding substantial outstanding non-compliances.⁴

³ ICM, Compliance Review Report, FMO Complaint 16-001/002 (Sendou), 12 October 2017, published [online](#).

⁴ ICM, Monitoring Report, FMO Complaint 16-001/002 (Sendou), 27 January 2020, published [online](#).

Completed activities in 2023

On 30 October 2023, the ICM published its second Monitoring Report.⁵ The Report is based on a site visit conducted in September 2022, as well as on documents review and interviews with different stakeholders. In the Report, the Panel concludes that five issues remain in non-compliance with Environmental and Social standards: (i) the ash disposal facility; (ii) the coal storage; (iii) the air quality monitoring; (iv) economic resettlement of the fish drying women; and (v) the issues with land titles. Three issues remain in partial compliance: (i) drinking water impacts; (ii) marine impacts; and (iii) coal transport. While the Panel notes that encouraging progress is underway to rectify important non-compliance areas on environmental impacts, the Panel is of the view that more progress and engagement is needed to address the status of the fish drying women.

3.2 Lomé Container Terminal, Togo (18-001 / FMO and DEG)



View from Lomé Container Terminal, December 2023.

The Complaint

The complaint in relation to Lomé Container Terminal (LCT) in Togo was received by the Complaints Offices of FMO and DEG on 28 August 2018. The complainants are local community members represented by a civil society organization called "Collectif des personnes victimes d'érosion côtière" (Collective of victims of coastal erosion). The complainants allege that the project has accelerated the erosion of the coast east of the port of Lomé with negative impacts on their homes, livelihoods, and communities. The complaint raises several questions in relation to the due diligence carried out by FMO and other lending institutions and to the quality of the Environmental and Social Impact Assessment which did not assess the impact on the coast east of the port. A comparable complaint

⁵ ICM, Second Monitoring Report, FMO Complaint 16-001 / 002 (Sendou), 30 October 2023, published [online](#).

had already been filed with the Office of the Compliance Advisor Ombudsman (CAO) of the IFC in 2015. The CAO issued a Compliance Investigation Report on this complaint in August 2016.⁶ On 23 January 2020, the Panel issued a Preliminary Review Report and decided to proceed with an investigation, focusing on actions taken since the issuance of the CAO's Investigation Report of 8 August 2016. The Panel has completed its investigation and issued its Compliance Review Report on 31 August 2022, finding a number of non-compliances.⁷ In particular, the Panel underlined that at the time the Panel completed its investigation, the Study on the Causes of Coastal Erosion along the Togolese coast was not yet completed. The purpose of the study was to determine causes for coastal erosion, including impacts of the port and infrastructure associated with the Container Terminal. The Study has since been completed but has not been shared with the affected communities as government authorities have not, to date, agreed to the release of the study.

Completed activities in 2023

In January 2024, FMO and DEG have presented a Management Action Plan (MAP).⁸ In December 2023, the Panel conducted a monitoring site visit to Togo. During the visit, the ICM engaged with complainants, the Client (LCT), and government authorities and visited the communities affected by coastal erosion. The Monitoring Report will be published in the first half of 2024. It will contain an assessment of whether the MAP is sufficiently responsive to the non-compliance findings of the Panel as laid out in its Compliance Review Report.

⁶ A second complaint regarding the LCT project has been filed with the CAO in February 2018, which raises different concerns. The complaint filed with the ICM relates to issues raised with the CAO in the first complaint.

⁷ ICM, Compliance Review Report, FMO and DEG Complaint 18-001(LCT), 31 Augus 2022, published [online](#).

⁸ FMO and DEG, Joint Management Action Plan to the ICM Compliance Review Report on Lomé Container Terminal SA, 15 January 2023, published [online](#).

4 Dispute resolution processes

The ICM currently has four ongoing cases related to complaints that are being addressed through Dispute Resolution Processes. In 2023, a new DRP has commenced in Ghana in the Niche Cocoa case. Two other DRPs are ongoing in the Democratic Republic of the Congo (DRC) and Liberia. In Uganda, the DRP has been concluded in 2022 and the Panel is currently monitoring the implementation of reached agreements. The following paragraphs provide an overview of the activities conducted by the Panel in the reporting period.

4.1 Plantations et Huileries de Congo SA (PHC), DRC (18-002 / DEG)

The Complaint

On 5 November 2018, DEG's Complaints Office received a complaint about "Plantations et Huileries du Congo SA" (PHC), a palm oil producer based in the Democratic Republic of the Congo. PHC was a subsidiary of Feronia Inc., Canada. The complainants claim to have been negatively affected by the project, identifying multiple issues to be addressed by the ICM regarding (i) title and access rights to part of the plantation, (ii) treatment of community members, particularly by security forces, and (iii) lack of information provided to community. The complaint was filed with DEG as the leader of a consortium of DFIs including FMO and other European Development Banks. DEG confirmed that the case was to be treated as a complaint to DEG only. In 2021, the case proceeded to a Dispute Resolution Process.

The mediation could formally start in 2022 as due to Covid-19 travels to DRC were not possible. The company changed ownership and the ICM needed to get the consent from the new ownership to proceed with the DRP, which was granted in 2022. Also in 2022, the Panel was able to identify in both locations the participants for the Mediation process and to agree with the complainants, the communities, and the company on the composition of the mediation tables. With the DFIs ceasing to be lenders, the company chose to continue with the mediation process as an opportunity to improve the relationships with the communities. In both locations the Panel conducted trainings for Mediation processes with all selected participants.

Completed activities in 2023

In March 2023, the Panel facilitated a first round of mediation sessions based on the selected members. The two mediation roundtables were held in Mbandaka (Province of Equateur) and in Kisangani (Province of Tshopo) in March 2023.⁹ Amongst the 15 agreed outcomes that were signed by all participants, it was agreed that in both locations separate land commissions would be created to assess pending land disputes. In addition, it was agreed that a complaint mechanism would be set up to address potential cases of conflict and human rights violations. In May 2023, the ICM's Expert Mediator conducted a site visit to monitor the implementation of agreed outcomes and gain insights into implementation challenges. Since autumn of 2023, the two multi-stakeholder land commissions (communities, complainant, company, land cadaster administration and the governor's offices) are operational and their work has started in both locations of Boteka and Lokutu.

The ICM held additional mediation sessions in January 2024 to agree on a final implementation plan for the mediation outcomes, including the results on the land issues. Both land commission finalized their reports in the second half of January 2024. The final implementation agreements were signed in February 2024 in both locations. The mediation phase will come to an end with these outcomes and the ICM will start the monitoring phase.

⁹ ICM, Successful Mediation Outcome, DEG Complaint 18-002 (PHC), 24 March 2023, published [online](#).



Mediation table in Lokutu / Kinshasa, March 2023.

4.2 Nyamagasani II Hydro Power Plant, Uganda (21-001, 21-003 / FMO)

The Complaint

Between May and November 2020, the ICM received eight complaints comprising of 50 individual cases of alleged harms caused by FMO-Financed Operation Nyamagasani II Hydro Power Plant (HPP). The complaints concerned allegations of harm to property (houses, crops, and land) that was damaged or rendered unsuitable for living due to construction activities of the project. The complaints also alleged that no appropriate replacement housing nor compensation was provided. Moreover, the complainants raised allegations of procedural irregularities and unfair treatment by the project's grievance mechanism. The issues related to the Nyamagasani II HPP were addressed during a Dispute Resolution Process that took place from July 2021 to December 2021. The DRP was a voluntary process, in which Frontier and the complainants engaged in a collaborative dialogue to resolve the complaints. On 31 March 2022, the ICM published a Report on the Conclusions of the DRP in which it outlined six monitoring items for full implementation of the reached agreements.¹⁰

Completed activities in 2023

On 20 January 2023, the ICM published a Monitoring Report for the period of January to October 2022.¹¹ This Report presents the Panel's observations in the context of its monitoring role. In the Report, the Panel confirms full implementation of three issues, namely (i) the referred cases to the sub-county; (ii) cases found eligible for compensation; and (iii) the completion and ensuing actions with respect to the allegations of misconduct by company staff members. In 2023, the Panel continued to monitor the completion of two remaining pending actions: (i) the implementation of the revised project-level grievance mechanism, and (ii) the handling of the ICM complaints that were referred to the revised project-level grievance mechanism.

¹⁰ ICM, Report on the Conclusion of the Dispute Resolution Process, FMO Complaint 20-001/20-003 (Nyamagasani II), 31 March 2022, published [online](#).

¹¹ ICM, Monitoring Report for the Period of January to October 2023, FMO Complaint 20-001/20-003 (Nyamagasani II), 20 January 2023, published [online](#).

In November 2023, the ICM conducted a site visit to the project area to monitor the implementation of the outstanding agreements. Between March and September 2023, the ICM received some new complaints which were similar or identical to complaints handled in the DRP. During the visit, the ICM reconvened the dialogue table and facilitated a dialogue on the issues that are negatively affecting the implementation of the DRP agreements and the proper functioning of the project-level grievance mechanism. The Panel continues to monitor the implementation and pending actions, based on the recent dialogues and discussions with the parties, and expects to publish a second Monitoring Report in 2024.



Community meeting during the ICM visit to Uganda, November 2023.

4.3 FirstRand Bank, Liberia/South-Africa (21-001 / DEG and Proparco)

The Complaint

In November 2020, the ICM received five complaints, representing five communities from around the area of the New Liberty gold mine in Liberia. The gold mine is operated by Bea Mountain Mining Corporations (BMMC), a company that received extended loans by FirstRand Bank which is a Client of DEG and Proparco. The complainants allege that the gold mine caused multiple adverse impacts to neighbouring communities without any proper compensation or mitigation measures to the affected people. The IEP declared the complaint admissible on 2 July 2021, and conducted a first site visit in August 2022 (due to COVID-19 restrictions).



Community workshop during the ICM visit to Liberia, June 2023.

Completed activities in 2023

On 2 February 2023, the IEP issued its Preliminary Assessment Report which provided an overview of the issues raised in the complaint, including the perspectives of the different parties on the issues.¹² Furthermore, the Panel recommended to proceed with a Dispute Resolution Process to which both parties agreed.

Unfortunately, at the start of 2023, the ICM's Mediator in this case sadly passed away. The ICM was able to appoint a new Mediator for the case in May 2023. As part of the preparation work towards the DRP, in June 2023, the Panel, together with the Mediator, met in Liberia with the Parties and government officials who were invited to participate in the process as observers, as desired by the parties. In August 2023, the ICM facilitated the first joint sessions leading to the agreement on the Ground Rules for the DRP. The DRP is expected to continue in 2024.

4.4 Niche Cocoa Ltd., Ghana (22-004 / FMO)

The Complaint

On 1 December 2022, the FMO Complaints Office received a complaint concerning FMO-Financed Operation Niche Cocoa Industry Ltd. The company is the largest privately owned cocoa processing company in Ghana, producing finished chocolate goods. The complaint was filed by workers of the company who raised several concerns regarding to company's failure to comply with labor standards. Amongst others, their concerns relate to the interference with the labor union, adequate

¹² ICM, Preliminary Review Report, DEG and Proparco Complaint 21-001 (FirstRand Bank), 2 February 2023, published [online](#).

pay, working conditions, unfair termination of employment, and the absence of a project-level grievance mechanism.

Completed activities in 2023

On 20 January 2023, the IEP declared the complaint admissible and published a Notice of Admissibility on the ICM webpage.¹³ The IEP conducted a site visit in February 2023 as part of the preliminary assessment of the complaint. During the visit, the Panel met with workers of the company, labor union representatives, as well as the company's management. On 11 April 2023, the Panel published its Preliminary Review Report.¹⁴ The Report provides an overview of the 15 complaint issues and recommends the initiation of a DRP in light of both parties' agreement to enter a collaborative dialogue. In accordance with the Parties' mutual preference, the Panel set a deferral period to allow the newly established labor union and the company management to directly negotiate a collective bargaining with the aim of reaching a collective bargaining agreement.

Following the deferral period, in November 2023, the Panel, with the support of a local Expert Mediator, convened roundtable dialogues. The Parties agreed on ground rules for the mediation and initiated discussions on the issues of the complaints.

In addition to the company and the complainants' representatives, the national trade union and FMO participate in the DRP as observers. It is the first ICM case in which a DFI is actively involved in a DRP. The Panel is hopeful that FMO's participation will buttress positive outcomes in the ICM process and will pave the way to effective remedy.



Signing of first agreements in the DRP in Ghana, November 2023.

¹³ ICM, Notice of Admissibility, FMO Complaint 22-004 (Niche Cocoa), 20 January 2023, published [online](#).

¹⁴ ICM, Preliminary Review Report, FMO Complaint 22-004 (Niche Cocoa), 11 April 2023, published [online](#).

5 Lessons learned

The year 2023 was the busiest year yet for the ICM since its establishment. As the ICM continues to accumulate experience in complaints-handling, it can draw from its growing experience and its interactions with other Independent Accountability Mechanisms some lessons learned on systemic issues that cut across its ongoing cases. The insights below focus on: (i) developing an approach to remedy; (ii) Dispute Resolution Processes presenting an opportunity for Clients and affected communities to build trust and achieve long-term shared interests; (iii) integrating compliance objectives in DRPs; and (iv) attention for retaliation risks of ICM complainants.

(i) Developing an Approach to Remedy

ICM Monitoring Reports issued in the LCT and the Sendou cases in 2023 demonstrate the persistent challenges in achieving effective remedy, especially where leverage is limited and action is delayed. Remedial action to address negative impacts is already a policy requirement of DEG, FMO and Proparco in their existing applicable standards and, specifically, the UN Guiding Principles on Business and Human Rights. However, to deliver effective remedy there is a need to transform this high-level commitment into a clear operational strategy. Remedy may take many different shapes and forms, from restitution and compensation, through prevention and guarantee of non-repetition, to recognition and restoration of dignity. The appropriate remedy may vary significantly depending on the case and its circumstances. Experience of other IAMs has shown that early planning for remedy is key, including through a regular project contingency planning as proposed by the UN High Commissioner for Human Rights.¹⁵ The ICM encourages the DFIs to consider adopting a strategic framework towards remedy.

(ii) Dispute Resolution Processes present an opportunity for Clients and affected communities to build trust and achieve long-term shared interests

The ICM facilitated successfully a number of Dispute Resolution Processes and a couple are currently underway. Some of these processes take place in exceptionally challenging environments, after years of mistrust and conflict. In particular, in 2023, the ICM's facilitated dialogues in the PHC case brought groundbreaking progress, mutual agreements and significant reduction of violence, after years of tensions. These processes allow the parties to engage directly and openly and seek forward-looking resolutions to their grievances. When facilitating Dispute Resolution Processes, the Panel is guided by the following principles: neutrality and independence, voluntary participation, parties-led process, confidentiality of dialogue discussions, and inclusivity. The Panel has generally observed that both community and companies report that they find the processes advantageous as they increase trust and create a foundation for addressing future challenges in an amicable manner.

(iii) Integrating Compliance Objectives in Dispute Resolution Processes

Dispute Resolution Processes are aimed at resolving project-related complaints via a mutually agreed solutions in a flexible, inclusive, and forward-looking manner. Dispute Resolution methods include information sharing, fact-finding, dialogue and mediation. In general, as noted above, DRPs have proven beneficial to trust building and achieving positive outcomes. However, reaching agreements often involves difficult compromises for the parties. The ICM has found that, in certain cases, where there are clear indications of substantial non-compliances, there is a need to integrate compliance objectives into the process design. Integrating compliance objectives into the DRP aims to ensure that parties will not have to settle on outcomes that are below minimum standards, as well as to facilitate organisational learning and improvements at the DFIs. In this context, the ICM has also welcomed FMO's decision to participate in a DRP as an observer for the first time, with agreement of parties involved in the process. The ICM considers it a positive development, which has the potential to bolster the outcomes of a DRP by utilising the leverage that the DFI brings to the table.

¹⁵ See, UN Office of the High Commissioner of Human Rights, [Remedy in Development Finance, Guidance and Practice](#), 2022.

(iv) Attention for retaliation risks of ICM complainants

In the past year, across several ICM cases, the Panel observed an increase in retaliatory threats reported by complainants. Complainants indicate that they face intimidation and fear reprisals due to speaking up against harms related to a DFI-Financed Operation, either directly from the project or from local government. In 2021, the ICM published its Non-retaliation Statement on Addressing the Risks of Reprisals related to ICM Operations.¹⁶ To minimize risks for complainants, it has proven important for the ICM to work in close collaboration with DEG, FMO, and Proparco, out of a shared understanding that addressing reprisal risks goes to the core of both the ICM and the DFIs operations.

¹⁶ ICM, Non-retaliation Statement Independent Complaints Mechanism, February 2021, published [online](#).

6 ICM policy review

According to paragraph 3.6.1 of the ICM Policy, the ICM Policy is due to be evaluated at least every four years. To this end, in 2022 the ICM initiated and completed an external review process of its 2017 ICM Policy and the Mechanism's institutional set-up. A highly qualified external consultant was engaged in May 2022 to conduct this review and benchmark the ICM Policy with established good international practice as well as to assess the effectiveness and efficiency of the present institutional set-up. In February 2023, the consultant presented her findings to DEG, FMO, and Proparco in a final Report. As a next step, a new consultant has been hired to guide the consultation process with internal and external stakeholders, with a view to implement policy revisions. Public consultations on a proposed new ICM Policy are expected to take place in the second half of 2024.

7 Learning activities

Accountability Talent Workshop organized by IPAM in London

FMO and DEG Complaints Office staff participated in the Accountability Talent Workshop that was organized by IPAM in London on 22 and 23 June 2023. The topics of the training were: identifying risks of retaliation, safe methods of communication, remediation techniques and their effectiveness, dispute resolution and conflicts, technology, and tools for stakeholder management, and exploring good practices.

Panel's presentation at FMO

In June 2023, the Panel conducted a seminar to FMO staff on developments surrounding the PHC Dispute Resolution Process. The seminar was attended by around 40 participants and was followed by a Q&A on the case and ICM procedures more generally.

Participation in the Independent Accountability Mechanisms Network (IAMNet) Annual Meeting in London

In October 2023, representatives of the ICM Panel and Complaints Offices participated in the Annual Meeting of the Independent Accountability Mechanisms Network (IAMnet), a global network of 22 accountability mechanisms, which facilitates learning and exchanges of good international practice on complaints-handling and institutional development of IAMs. As a longstanding member of the Independent Accountability Mechanisms Network, the ICM has both benefited and contributed to the development of lessons learned across the network.

