

6 October 2022

**Joint DEG and FMO Management Response to the Independent Expert Panel's Compliance Review Report regarding the Complaint on the Lomé Container Terminal, a transshipment container terminal in Lomé, Togo**

On 29 September 2022, the Independent Expert Panel (IEP) issued its Compliance Review Report ("Report") on the complaint regarding the Lomé Container Terminal ("LCT" or "the Project"). The Project involved the development, construction and operation of a transshipment container terminal, located within the existing Autonomous Port of Lomé in Togo, and the construction of a sand spur groyne which was constructed in 2012. FMO and DEG are co-lenders to the Project.

FMO and DEG wish to express their gratitude to the complainants for their patience, as the process has taken much longer than initially foreseen. We also express our appreciation for the efforts made by the IEP in researching and understanding the impact and issues around the Project and for drafting the Report. This appreciation also applies to LCT, for their continued cooperation in this process.

The complaint is centred around coastal erosion impacts which led to loss of land and destruction of houses, loss of religious sites, loss of farms and places of tourism, and difficulties with fishing activities. FMO and DEG acknowledge that wider coastal erosion in Togo has impacted vulnerable communities for more than five decades and is still putting livelihoods of coastal communities at risk. We regret to see that these communities are confronted with these impacts and underline the importance that these impacts will be addressed.

FMO and DEG note that during the assessment of the complaint, the IEP could not take into account all information that is now available on whether the construction of the spur groyne in 2012 resulted in a significant increase in coastal erosion and subsequently led to loss of land, destruction of houses, livelihoods and religious places of the complainants. Results from studies conducted indicate that, since the construction of LCT in 2012, there has not been a significant increase in coastal erosion.

Based on its findings, the IEP concludes its Report with several recommendations. FMO and DEG will take into account most of the recommendations. It is however difficult to commit to the IEP's recommendation, to design and implement measures to address erosion impacts caused by the wider Port of Lomé in cooperation with LCT and Togolese authorities. LCT has limited influence over this. LCT however does intend to, within its level of influence, actively engage with relevant stakeholders to help identifying measures to address the erosion impacts; it remains uncertain whether all parties agree and/or are willing to participate in such process.

FMO and DEG will draft a Management Action Plan ("MAP") taking into account the IEP recommendations with reference to the aforementioned limitations. The draft MAP will be consulted with the complainant and LCT management and will consider all relevant information available. A final MAP will be published on the Independent Complaints Mechanism webpage. Throughout this process, DEG and FMO will also need to consider the ending of the financial relationship with LCT in December 2023, due to the full repayment of the loan.