

NOTICE OF ADMISSIBILITY
Independent Complaints Mechanism
2 July 2021

ICM complaint #21-001 regarding alleged harm caused by a Mine in an African country

On 25 February 2021, the Complaints Offices of DEG and PROPARCO received a complaint which alleges harm caused by an open pit mine located in an African country. The complaint was filed by a group of people living in villages nearby the mine. For fear of retaliation complainants requested confidentiality. Thus, neither the name of complainants nor the name of the investment and its location is disclosed. The Complaint Offices acknowledged receipt of the complaint.

The Complaint

The complaint alleges harms supposedly caused by the mine. The complainants allege that they have suffered significant harm from resettlement from the area where the mine was established, from environmental impacts and impacts from river diversion. Allegedly, harm was caused by the release of harmful chemicals over a six months period. The Complaint further alleges harm caused by an ongoing expansion of the mine. Although there are not yet mining activities in the expansion area, the complainants allege that the expansion led to access restrictions to farmland. They further argue that the mine restricted small-scale artisanal mining. In addition, the complainants allege likely future environmental and social harm as construction activities proceed for the new expansion area.

Admissibility

The ICM Panel assesses admissibility of complaints based on criteria laid out in para. 3.1.4 of the ICM Policy. 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/DEG. The admissibility assessment only assesses whether the complaint falls within the scope of the ICM mechanism based on criteria laid out in para. 3.1.4 of the ICM Policy.

The ICM policy requires that the complaint must contain allegations of (potentially) substantial and (in)direct and adverse impacts or risks. The complaint alleges substantial direct impacts and potential impacts.

The ICM policy requires that PROPARCO/DEG must have or will have an active financial relationship with the client. The investment which allegedly causes harm has been financed by loans of significant amounts by a Bank, which is a client of DEG and Proparco. DEG and PROPARCO have provided a series of loans to the Bank of which two loans are still active. Thus, an active financial relationship between DEG/PROPARCO and the Bank is in place.

The ICM policy requires that there must be an indication of a relationship between the DEG/PROPARCO financed operation and the subject of the complaint. Moreover, the ICM criteria state that the external party (the complainant) must be affected or likely to be affected by a DEG/PROPARCO financed operation. The Panel is of the view that requirements established under the credit agreements establish such a relationship. The credit agreements between PROPARCO/DEG and the Bank which financed investment loans for the mine, state that category A Projects require an Environmental and

Social Audit or an Environmental and Social Impact Assessment and shall meet all applicable World Bank Group Environmental and Health Standards and the IFC Performance Standards. These requirements apply to the Bank's portfolio as a whole. As the mine which allegedly causes harm is a category A Project, the IFC Performance standards apply. The subject of the complaint relates to alleged environmental and social harm which is the subject of IFC Performance Standards. The ICM panel is of the view that the requirement of application of IFC Performance Standards and the possibility of a violation of these standards is an indication of a relationship between the DEG/PROPARCO financed operation and the alleged harm. The complainants could be affected through the potential non- or only partial application of these standards. The ICM wishes to underline that in this admissibility decision the Panel does not take a position whether such a violation actually occurred. Such material assessments of potential non-compliances and related harm may come at a later stage in an ICM process.

The members of the Panel are satisfied that the complaint fulfils the criteria for admissibility as laid out in the ICM Policy. The Panel therefore is of the opinion that this complaint should proceed to the ICM Preliminary Review phase in order to determine the appropriate next steps under the terms of the mechanism.



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