



2020 Complaints Report

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»»» Introduction

Dear readers,

This report marks the first time that we have disclosed the complaints that we received in relation to KfW Development Bank projects in 2020. At the same time, we will also be providing you with a brief description of the process we use to deal with these submissions. This publication is another step towards making our work in developing countries and emerging economies even more transparent.

We are a bank and development institution with many years of expertise in financing and an in-depth understanding of development policy. We finance and support development programmes and projects in our partner countries on behalf of the German Federal Government – primarily the German Federal Ministry for Economic Cooperation and Development (BMZ) – as well as other donors, including the European Commission. In the course of these efforts, we work mainly with governmental partners, right from the project's design process through to the implementation and final review. Our objective is to assist these countries with improving people's living standards, alleviating poverty, maintaining peace, protecting the environment, mitigating climate change and ensuring fair globalisation.

We conduct extensive environmental and social compatibility assessments at the start of every project to prevent or minimise negative impacts on the environment or the population affected. This process does not always run entirely smoothly, particularly in countries with difficult legal systems and those in fragile situations. This is why we believe strongly in giving the people who are directly affected by our projects and programmes a chance to express themselves.

We handle all the complaints that we receive in a proper, fair and prompt manner. If we receive justified criticism, we work with our partners to find solutions to the problems and share these with the people affected as quickly as possible. As a development bank committed to sustainability, we do not see complaints as a nuisance but as an important source of information. They are a form of feedback from the people affected and can help us to make our projects even better and avoid mistakes in the future. As such, complaints also help us to keep developing our processes and workflows.

We are currently in the middle of revising and improving our complaints mechanism based on the United Nations' Guiding Principles on Business and Human Rights. The process for submitting a complaint needs to be simple and easy to understand, and it must then be dealt with using a transparent and structured approach. This first public report is an important step on our path towards a new complaints mechanism, with the aim of delivering greater transparency about KfW Development Bank.

As the member of the Executive Board responsible for KfW Development Bank, I hope this Complaints Report meets with your interest.

Christiane Laibach



Christiane Laibach
Member of the Executive Board of
KfW Group

»»» KfW Development Bank's complaints mechanism

The complaints mechanism is designed to ensure that complaints can be submitted by anyone who is adversely affected or is concerned they may be affected by a project financed by KfW Development Bank. This could refer to individuals, businesses, organisations, groups or other stakeholders with powers to represent those affected. Complaints are normally sent to our e-mail address (FZ-Complaints@kfw.de) or are forwarded in-house to KfW Development Bank's Central Complaints Office. What's more, complainants without access to the Internet have the chance to submit complaints directly to KfW via their local KfW office or to KfW Group offices in Frankfurt am Main. And every complainant is entitled to have their complaint dealt with in a confidential manner.

The Central Complaints Office, which is part of KfW Development Bank's Policy Department, is responsible for coordinating incoming complaints. The Central Complaints Office records the complaints in a structured manner and examines their admissibility.

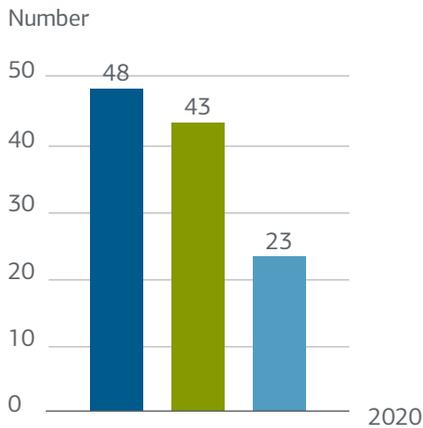
An admissible complaint is forwarded to the responsible division, which, if necessary, will work closely with the Competence Centre for Environmental and Social Sustainability to deal with the issue. The Central Complaints Office provides support and supervises the complaints handling process until completion. It monitors compliance with in-house processes, pushes for quick response times and provides advice on potential ways to resolve the problems in question. If projects are co-financed with other development banks, the Central Complaints Office also acts as a coordinator between the banks, enabling them to take a common approach to dealing with the issue.

Complaints are evaluated systematically in an annual in-house complaints report for the KfW Development Bank management team. This report also reveals any areas where processes and projects could potentially be improved.



Complaints received in 2020

Volume of complaints



*) Deadline 30.11.2021 (for in process)

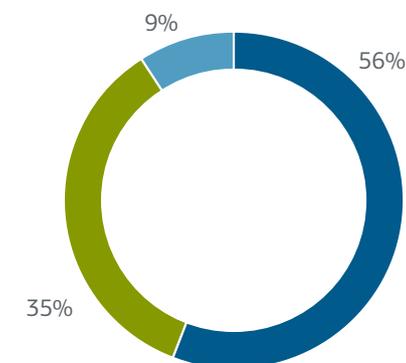
- registered
- of which admissible
- of which still in process

In the year under review, 2020, KfW Development Bank's Central Complaints Office registered a total of 48 complaints. Forty-three of these were admissible, while five complaints failed to meet the criteria for admissibility. Complaints are not admissible if they do not concern a KfW Development Bank project; if they make an allegation of a criminal offence, such as corruption; if they relate to a contract awarding process; if the complainant is anonymous; or if the complainant is not personally affected by the negative impacts put forward. Complainants who fail to meet the admissibility criteria are generally notified of this and referred to an alternative contact.

Complaints referring to alleged criminal offences are investigated by KfW's Compliance Department. Complaints relating to contract awarding processes are dealt with by the tendering office in the partner countries, with KfW assuming a control duty. However, inadmissible complaints are still taken into account as they may contain important information for KfW and thus help to improve projects.

As of 30 November 2021, 23 complaints from 2020 were still being dealt with. This is because together with our partners in the respective countries, we subject complaints to very careful, in-depth analyses so that we can deliver a comprehensive and satisfactory response. If a complaint is deemed to be justified, we start looking for possible solutions straight away. Depending on how complex a case is, this process can take some time.

Complaints by origin



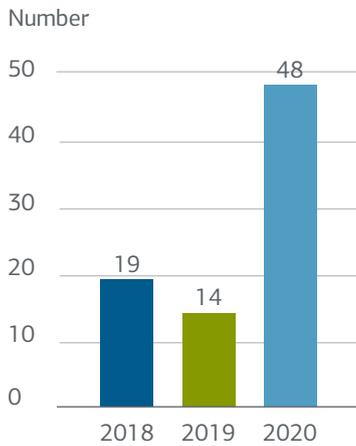
- Individual(s)
- Civil society organisations
- Corporate

Accounting for almost 56% in 2020, individuals were the biggest group of complainants. Local civil organisations in the form of groups of individuals affected submitted 35% of the complaints received, while 9% of complaints came from corporate organisations.

In 2020, no registered complaints were received from critical civil society organisations who represent particular social interests, including on an international scale. This type of complaint is only admissible if the organisations themselves are affected or if they have the power to represent the individuals affected.

Statistics for 2018 to 2020

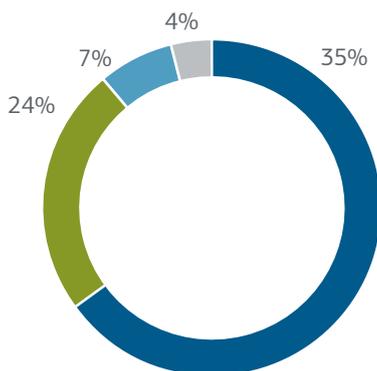
Number of complaints in 2020 compared to the past two years



The number of complaints received by KfW Development Bank has increased considerably compared to previous years. However, this is partly down to a change in the system used to register complaints. Prior to 2020, figures were recorded on a project basis, but now every complaint is registered individually. So, the 48 complaints in 2020 related to 23 projects in total, whereas the old system would have registered just 23 complaints. Nevertheless, even without this methodology-based effect, the number of complaints has risen significantly by 64% from the previous year, when 14 complaints were received. However, the improved visibility of the complaints mechanism on KfW Development Bank's website may have contributed to this.

Complaints by issue area 2018 to 2020

Over the past three years (2018–2020), around two thirds of all complaints have related to project impacts concerning the environment, social issues and human rights. These issues included planned tree felling on project areas, the rejection of a hydropower plant on indigenous land, and unpaid/unsatisfactory compensation payments, e.g. in the case of resettlement. Almost a quarter of complaints related to a lack of access to information and a failure to involve those affected in the project design.

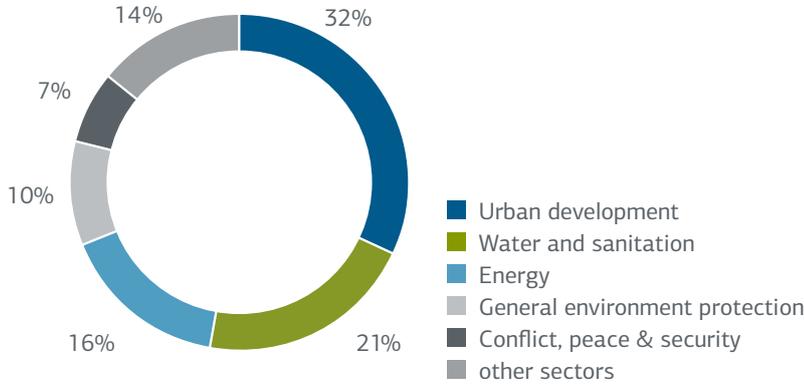


The “governance aspects of financed projects” category covers allegations against executing agencies, consultants or suppliers involving, for example, the firing of employees, poor construction or building material left lying around. Complaints relating to the governance of KfW concern, for example, outstanding payments for suspected cases of poor performance or the issue of data privacy.

- Environmental, social and human rights impacts
- Governance of financed projects
- Access to information
- Governance KfW

Statistics for 2018 to 2020

Complaints by sector 2018 to 2020

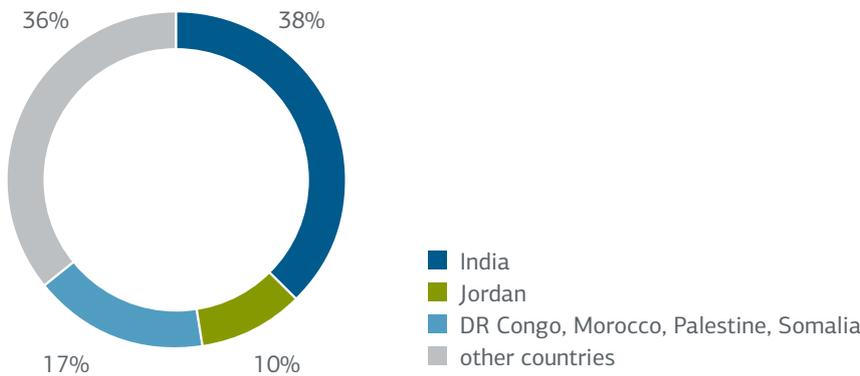


Aggregated by frequency over the past three years, 86% of admissible complaints stem from projects in five sectors: the sector of urban development is in first place, followed by water supply and sanitation, and then energy. The general environment protection sector is in fourth place.

The 14% of complaints summarised under other sectors relate to projects from the sectors of finance, healthcare, education, transport, sustainable economic development, rural development and agriculture.

Complaints by country 2018 to 2020

The 72 admissible complaints from the period 2018 to 2020 are spread across 28 countries in total. Projects in six countries account for 64% of all admissible complaints. India tops this list with 38% of cases, followed by Jordan (10%) and then the Democratic Republic of the Congo, Morocco, Palestine and Somalia, each of which accounted for around 4% and collectively made up 17% of all complaints.



Examples of complaints from 2020

KfW Development Bank is committed to transparency to the public and at the same time takes its obligations to data protection very seriously. This first public complaints report therefore looks at two projects without any data protection concerns since the information is already publicly available.

Refurbishment of Biougra treatment plant, Morocco



Region	North Africa / Middle East
Sector	Water supply and waste water disposal
Project no.	37912
Project	Support for National Waste Water Programme PNA I
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Complaint	admissible
Status	closed

In February 2020, the Group of Biougra Civil Initiatives submitted a complaint regarding the refurbishment of the existing treatment plant in Biougra. Other co-financing partners also received this complaint. In KfW's case, the complaint was a follow-up to a complaint from 2017 regarding a completed KfW project that had received its final evaluation in 2016. The aim of the executing agency – the Office National de l'Électricité et de l'Eau Potable (ONEE) – for this refurbishment project is to resolve the environmental concerns addressed in 2017. The measures proposed by the executing agency are being implemented as part of the Moroccan government's national waste water programme (Programme National d'Assainissement, PNA). This programme is also supported by KfW Development Bank under a scheme known as Mutual Reliance Initiative with the French development bank AFD assuming the lead in this case.

»»» Examples of complaints from 2020

The complainants have raised a number of different social and environmental concerns, including a lack of civil participation, pollution as well as odour nuisance and the destruction of argan trees. Furthermore, the complainants are demanding that the sewage treatment plant be moved to another location due to alleged illegal expropriation prior to the planning and construction of the treatment plant in the late 1990s.

The complaint submitted in 2020 was processed under the lead of the AFD Complaints Mechanism for Environmental and Social Complaints together with the Central Complaints Office of KfW Development Bank. After the complaint was declared admissible, a mediation process was put forward to the complainants. Given that all parties were fundamentally willing to settle the conflict, AFD and KfW appointed an external mediator. The complainants terminated the mediation process in the preliminary phase since no agreement on the framework conditions of the mediation procedure could be reached. The complainants are now seeking a judicial settlement. For this reason, the complaint has been closed under the complaints process and handed over to the legal department for further handling.

Examples of complaints from 2020

Stormwater drainage Chennai, India



Region	Asia/Oceania
Sector	Urban development and administration
Project no.	34180
Project	Sustainable Urban Infrastructure Development
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Complaints	admissible
Status	in process

In autumn 2020, multiple individuals and local civil organisations complained about one component of a project to finance the construction of drains and canals to prevent flooding and water stagnation caused by heavy rainfall in Chennai, India. The complainants' main concerns relate to a lack of stakeholder participation and poor provision of information, challenges regarding the need for the project because the areas inhabited by the complainants are said not to be affected by flooding, even in heavy rain, and the alleged failure to obtain an environmental permit and a range of environmental and conservation-related concerns (ground water, sea turtles). Further individual grounds for complaint included corruption, damage to residential buildings as a result of building work, and poor-quality construction work.

In autumn 2020, some of the complainants also called on the National Green Tribunal (NGT) to review the executing agency's (the Greater Chennai Corporation (GCC)) compliance with environmental law and the actual need for the project. An order was issued to halt construction in late December 2020. On 6 September 2021, the NGT finally instructed the

»»» Examples of complaints from 2020

executing agency to review the project's design and then resubmit the application for the environmental permit with the amended design. Construction cannot continue on this project until this step has been completed.

During the project preparations, the project-executing agency conducted an extensive project study in 2014, including an assessment of environmental and social compatibility, which was then reviewed and extended by a consultant in 2017. The project-executing agency provided KfW with plausible evidence that it would not require an environmental permit.

The Central Complaints Office has welcomed the fact that the NGT's recent decision has led to clarification regarding the various interpretations of national legislation. Under the approach to handling complaints related to this project, similar complaints from different complainants are bundled together. KfW's team of operatives has declared that disbursements will not be made until the necessary environmental permits have been received. KfW has also requested that the executing agency resolve further complaints; in particular, residents and complainants need to be included in the now pending project appraisal.

»»» Improvements to the complaints mechanism

KfW Development Bank is eager to keep improving its processes and is currently revising the way in which complaints are registered and dealt with. The UN Guiding Principles for Business and Human Rights are the basis for this, while suggestions by the German Institute for Human Rights (DIMR) are also being incorporated. The complaints mechanism should be as unbureaucratic as possible and be geared primarily towards the people who use it, while also helping to continue improving projects in developing countries and emerging economies.

To achieve this, KfW commissioned an advisory task force to analyse and assess the process and the current role of the Central Complaints Office. This effort was aimed at improving access to the complaints mechanism, increasing transparency and providing complainants with more protection from reprisals.

In future, complaints will be dealt with by two possible methods. First, the Central Complaints Office can check whether KfW Development Bank complied with its procedures and standards during the project planning or implementation process – either independently or with support from external experts. Second, in the case of justified complaints, the Central Complaints Office will also contribute to conflict resolution or redress by facilitating a mediation process.

The knowledge gained as a result of this can contribute to KfW Development Bank's efforts to adjust its internal processes and enhance the quality of its projects. Furthermore, training concepts will be prepared and an in-house knowledge management system will be set up. Further improvements to the complaints management process also involve more in-depth dialogue with our clients, particularly the Federal Ministry for Economic Cooperation and Development (BMZ), with other bilateral and multilateral development banks, as well as with various experts and stakeholders.

KfW Development Bank's Central Complaints Office is already in regular contact with the KfW subsidiary DEG and benefits from the experience of its partners from the Mutual Reliance Initiative (MRI) – specifically, the complaints mechanism of the French development bank Agence Française de Développement (AFD) and the complaints office of the European Investment Bank (EIB-CM). In addition, exchanges were launched within the framework of the GRAM partnership, a platform for learning and interaction set up by the Green Climate Fund's Independent Redress Mechanism (IRM).

KfW Development Bank's Central Complaints Office considers dialogue with the affected parties, critical civil society and experts from other institutions an essential prerequisite for continuously improving the complaints mechanisms and continuing to put the claim for responsibility into practice.

Overview of complaints in 2020

Received	Project	Sector	Country	Type of complaint	Status (30-11-2021)
15.01.20	Programme for entrepreneurial development and promotion of MSME in Central America (LAIF)	Banking & financial services	El Salvador	Governance of financed projects	closed
17.02.20	Programme to promote energy efficiency and access to energy	Energy	Senegal	Governance of financed projects	closed
10.02.20	Improved water and wastewater programme	Water supply and sanitation	Egypt	Governance of financed projects	closed
02.03.20	Support for the national wastewater programme, phase II – Wastewater treatment plant Biougra	Water supply and sanitation	Marocco	Environmental, social and human rights impacts	closed
03.03.20	Renewable energies programme – Wind farm Gulf of el Zayt	Energy	Egypt	Environmental, social and human rights impacts	closed
17.04.20	Climate-adapted water and sanitation in regional centers	Water supply and sanitation	Tanzania	Governance KfW	closed
24.04.20	Sewerage Salfeet	Water supply and sanitation	Palestine	Environmental, social and human rights impacts	closed
05.05.20	Regional reference laboratory and laboratory network in the EAC for combating communicable diseases	Health	East African Community	Governance KfW	closed
25.06.20	Support to strengthen health systems in Puntland	Health	Somalia	Environmental, social and human rights impacts	closed
24.08.20	Integrated water transport Kochi	Transport & storage	India	Governance of financed projects	closed
24.08.20	UNOPS Jordan: labor-intensive maintenance in public areas (Phase I)	Emergency response	Jordan	Governance of financed projects	closed
31.08.20	Water supply/basic sanitation and sustainable land management in Somaliland	Water supply and sanitation	Somalia	Governance of financed projects	closed
08.09.20	Pro-hydro	Energy	DR Congo	Governance of financed projects	closed
15.09.20	Regional programme for the improvement of living conditions of Palestinian refugee camps (REPAC XI) (VPT) – Solar power system to supply schools and health centres with green electricity	Energy	Jordan	Environmental, social and human rights impacts	closed

Overview of complaints in 2020

Received	Project	Sector	Country	Type of complaint	Status (30-11-2021)
Sept 2020*	Sustainable urban infrastructure development – Chennai storm-water drainage	Urban development and management	India	Access to information	in process
Sept/Oct 2020*	Sustainable urban infrastructure development – Chennai storm-water drainage	Urban development and management	India	Environmental, social and human rights impacts	in process
27.10.20	Rehabilitation of infrastructure in West-Georgia	Conflict, peace & security	West-Georgia	Governance of financed projects	closed
29.10.20	Water supply and sanitation for Syrian refugees and host communities V/VI	Water supply and sanitation	Jordan	Environmental, social and human rights impacts	closed
02.12.20	Employment-intensive investment programme for Jordanians and Syrian refugees in Jordan (ILO)	Reconstruction relief & rehabilitation	Jordan	Environmental, social and human rights impacts	closed



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