



# 2021 Complaints Report

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# Foreword

Dear readers,

The many positive responses to our first Complaints Report by KfW Development Bank last year showed us how interested the professional public is in transparent information on how we deal with complaints. I am therefore all the more glad to present to you today the work of KfW Development Bank's Central Complaints Office in 2021 and to show you how we responded to complaints.

Overall, KfW Development Bank received fewer complaints in 2021 than in the previous year. Fortunately, none of these cases were serious, and similar to the previous year, we were able to resolve most of the matters in a timely manner.

While around two-thirds of all complaints related to the environmental, social and human rights impacts of our projects in 2020, the share of these issues fell to only around one-third of complaints in the reporting year.

Half of the complaints concerned governance aspects in projects we financed; we put a great deal of effort into processing these. They mainly concerned allegations against project-executing agencies, consultants or suppliers. Here we see even more potential to better support our partners' processes to prevent such complaints.

Regulatory changes also necessitate the adjustment of our processes, such as the Due Diligence Act, which will go into force in 2023. Irrespective of this, we are continuously working to make it even easier for parties with complaints to exchange ideas with us, to learn from their complaints, and, of course, to find a way with all those involved to remedy justified concerns as quickly as possible.

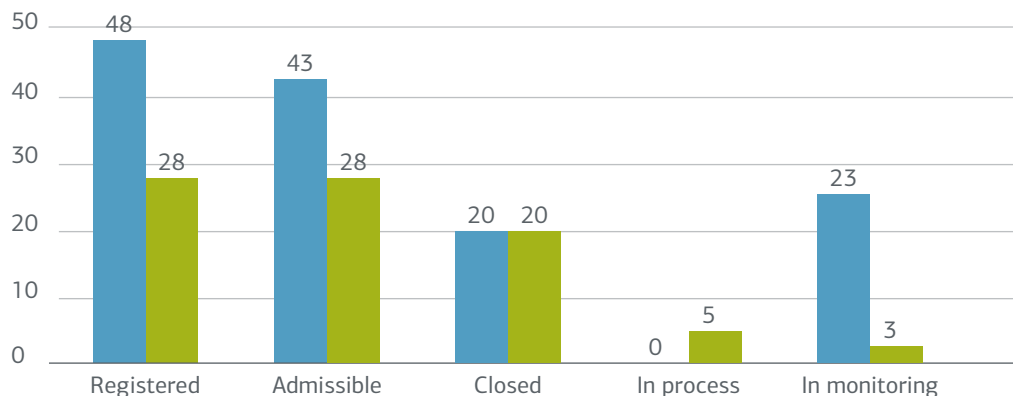
This remains a matter of personal concern to me.

*Christiane Laibach*



**Christiane Laibach**  
Member of KfW Group's  
Executive Board

# Volume of complaints



Reporting date: 30 September 2022

■ 2020  
■ 2021

There were fewer complaints in 2021 than in the previous year. A total of 39 complaints were received by KfW Development Bank in the year under review. The incoming complaints go through a process with several stages. The first stage is registration. Of the 39 complaints received in 2021, 28 cases were registered.

Eleven complaints were not registered. The reasons were that they did not relate to a KfW project, were not addressed to KfW, or the complainant was neither affected nor did they represent those affected by it. KfW nevertheless records the information and monitors these cases.

Even after registration, a complaint can still be declared inadmissible. However, that was not the case this year.

As of the reporting date of 30 September 2022, the status of the complaints was as follows: Around three-quarters of the complaint cases addressed to us in 2021 were closed. A complaint case is considered closed when it has been examined by the responsible unit, necessary measures have been taken, and appropriate feedback has been provided to the complainant. In some cases, after intensive analysis, it was found that the grounds for the complaint were not justified or could be refuted, and in one case, the complainant stopped responding to queries. Five complaints are still being processed.

The complaints mechanism is being continuously optimised. The new “in monitoring” status was introduced in the 2021 reporting year. This status is used for complaints for which resolution measures have already been agreed upon with the complainant but have not yet been conclusively implemented. As of the reporting date, this covers three complaints regarding projects in Jordan and Palestine, which are discussed below.

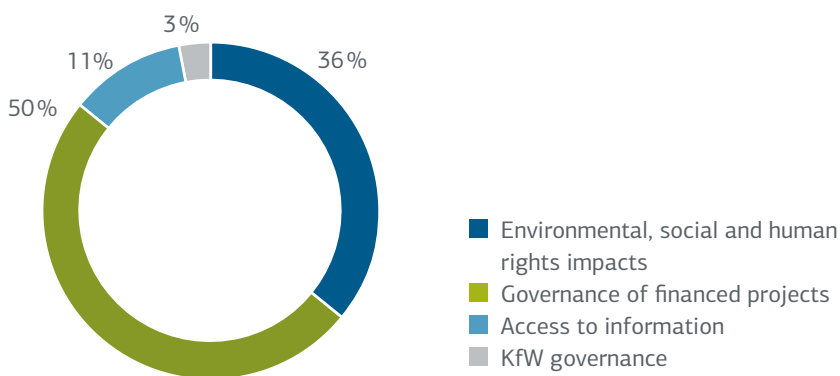
KfW provides various channels for submitting complaints, which were used to different extents. Most of the complaints in 2021 were received directly by KfW Development Bank’s Central Complaints Office, 11 of which were sent by email to the complaints mailbox (FZ-Complaints@kfw.de) and seven via the online complaint form. The distribution

# >>> Volume of complaints

of channels through which the other 21 complaints were received is as follows: Country offices (8), portfolio managers (3), Executive Board (2), Compliance (2), Press department (2), German Embassy (2), general information mailbox (1) and ombudsman (1).

## Complaints by issue area

Complaints sometimes relate to several topics and are assigned to the most relevant one in each case.



In the 2021 reporting year, half of all permissible complaints related to “governance aspects of financed projects”. This includes allegations against project-executing agencies, consultants or suppliers, such as in relation to the termination or insufficient payment of employees, as well as poor or delayed construction. As a rule, such complaints are handled by a general complaints mechanism of the partner or by a project-related complaints mechanism on site. All our partners are obliged to set up a complaints mechanism.

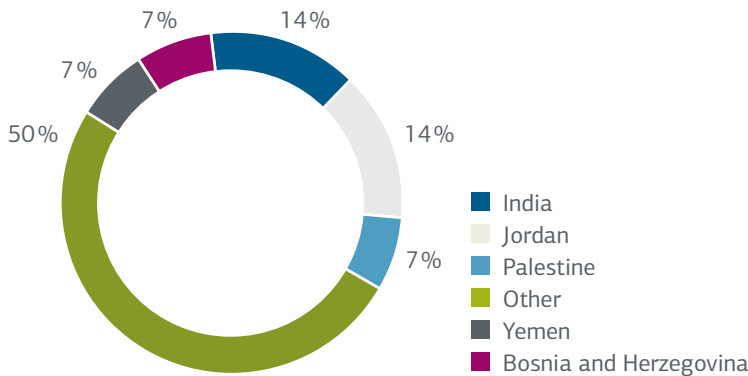
A good third of complaints in 2021 relate to the “environmental, social and human rights impacts of a project financed by KfW”. For example, the complainants raised objections to land expropriation for the construction of buildings for the general good, such as insufficient or no compensation payments, the projected felling of trees in project areas and the construction of a wastewater treatment plant near a residential area.

The focus of complaints has changed between 2018 and 2021. During this period, more than half (55%) of complaints related to the “environmental, social and human rights impacts of funded projects“, whereas complaints on governance aspects accounted for only 30%.

# Volume of complaints

## Complaints by country

In the 2021 reporting year, the 28 admissible complaints related to a total of 23 KfW projects in 19 countries.



Four complaints each related to projects in India and Jordan, and two each related to projects in Bosnia and Herzegovina, Yemen and Palestine. The remaining 14 complaints concerned projects in other countries. There is no discernible concentration in individual countries or regions.

This has been the case for a number of years. Aggregated over the years 2018 to 2021, 99 complaints were spread across 34 different countries. Accumulations of complaints were only discernible in connection with multiple complaints relating to the same project.

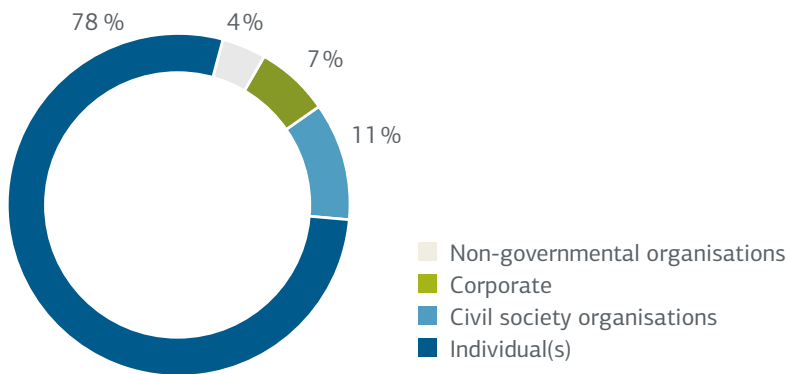
The number of complaints for India in 2020 can be used as an example. Of a total of 31 complaints about India, 23 related to the same project, which resulted in more than one-third (31%) of all complaints relating to India. A high number of complaints about an individual project is therefore distorting the statistics.

## Complaints by origin

At 78%, private individuals remained the largest group of complainants in 2021. This is because only complaints from affected persons or their representatives are allowed.

This criterion means the proportion of complaints from non-governmental organisations (NGOs) is rather small. Complaints from NGOs are only admissible if they represent those affected and prove this with a power of representation.

# >>> Volume of complaints



In 2021, there was one complaint from a local NGO. This was dealt with in conjunction with a complaint from a private individual relating to the same project.

The “affected” criterion can also be seen in the average over the past four years; with a 60% share, the group of private individuals as complainants is the largest, followed by citizens’ initiatives with 21% and companies with 11%. NGOs account for the smallest proportion (8%) of complaints.

# Examples of complaints in 2021

KfW Development Bank is subject to two competing requirements. It is committed to transparency to the public and also takes its obligations to data protection very seriously. The Complaints Report, therefore, only goes into more detail on two projects where there are no concerns about data protection, as the information is already publicly available elsewhere.

## Example 1: Solar farm in Jordan



Intended PV system site

|  |  |
|--|--|
| <b>Region</b>                            | Middle East  |
| <b>Sector</b>                            | Energy   |
| <b>Project number</b>                    | 42892  |
| <b>Project</b>                           | Regional Programme for the Improvement of Living Conditions in Palestine Refugee Camps |
| <b>Commissions<br/>Internal Auditing</b> | Federal Ministry for Economic Cooperation and Development (BMZ)                        |
| <b>Complaint</b>                         | Admissible   |
| <b>Status</b>                            | In monitoring  |

In August 2021, KfW and the UN Agency for Palestinian Refugees (UNWRA) received complaints regarding the “Palestinian Refugee Camp Middle East” project in Jordan. The aim here is to improve living conditions in and around Palestinian refugee camps and provide access to social and economic infrastructure. The complaints relate to the planned construction of a solar farm to provide green electricity for the operation of UNRWA education and health facilities in Jordan. Complaints with similar concerns regarding this project were received before the contract was concluded in 2020.



# »»» Examples of complaints in 2021

Two private individuals and one NGO complained about possible adverse environmental and social impacts, including the fact that the project is to be implemented close to residential areas in Amman, and trees have been felled for this purpose. There is also concern about the glare effect from the PV solar cells, as well as other negative effects such as heating up the surroundings during the day, a heat island effect during the night and increased water consumption for cleaning the panels. The Central Complaints Office of KfW Development Bank has declared the complaints admissible and is processing them in close cooperation with the project-executing agency UNRWA.

KfW has made an agreement with the project-executing agency that it will communicate with the complainants and other parties affected by the project and provide comprehensive information about it. UNRWA has provided the complainants with detailed written information, held various information and dialogue events (town hall meetings) and disseminated information in public media. The project's environmental and social risks were analysed as part of an independent [study](#) co-financed by KfW, including addressing the concerns of the first complaints. In this context, the grounds for the complaint could either be disproved or measures agreed upon to respond to the complaints, such as planting new trees. The environmental and social impact study can be viewed on the UNRWA website.

UNRWA will expand its complaints mechanism at the project level. This is to ensure that possible further complaints can be easily submitted and adequately processed. The Central Complaints Office welcomes the fact that UNRWA will, in future, coordinate the individual steps of further project planning and implementation more effectively. The implementation of the planned measures, such as the orientation of the panels to avoid glare and the planting of seedlings, is still being monitored.

# Examples of complaints in 2021

## Example 2: School construction in Palestine



Still waiting for lessons to start

|  |   |
|--|---|
| <b>Region</b>                            | Palestine   |
| <b>Sector</b>                            | Education   |
| <b>Project number</b>                    | 40711   |
| <b>Project</b>                           | Educational Programme V   |
| <b>Commissions<br/>Internal Auditing</b> | Federal Ministry for Economic Cooperation and Development (BMZ) |
| <b>Complaint</b>                         | Admissible  |
| <b>Status</b>                            | In monitoring   |

In November 2021, a complaint was received at KfW's Ramallah Country Office in Palestine regarding the expropriation of a plot of land in Gaza. The "Education Programme V" project in question is part of basket funding to support the Palestinian Ministry of Education in implementing the nationwide education strategy.

Several members of one family submitted a complaint that the municipality of Al-Bureij had authorised itself to build a school on one of their properties without their knowledge or consent. The Central Complaints Office of KfW Development Bank determined this complaint was admissible.

Even before the complaint was received, the Ministry of Education commissioned a consultant as part of the preparation of the Environmental and Social Management Framework (ESMF). This consultant had not yet concluded the preparatory tasks at the time of the complaint. In the meantime, the corresponding ESMF regulations are in place and require that all locations intended for the construction of schools are examined

# »»» Examples of complaints 2021

and evaluated in accordance with current World Bank standards. In accordance with the ESMF rules now in force, the tasks of the consultant included clarifying whether there was informal land use and, if the land was acquired by the Ministry of Education, whether the previous owners were compensated for justified claims. The World Bank standards stipulate that a project like this can only begin once the claims of previous owners have been clarified. An approval process like this is included in the ESMF, and after a transition phase, the project partner must also take this into account. The Ministry of Education is also planning to introduce a project-specific complaints mechanism and a participation procedure for the local population.

After an amicable solution was found with the complainants, in which no construction took place on the site until full clarification, the Central Complaints Office set this complaint to the newly introduced status “in monitoring”.

The example of this complaint shows how important it is to apply all current environmental and social compatibility standards, especially in projects with many subsequent phases and/or long terms. During the implementation of these types of long-term projects, regulations may change, which must be addressed flexibly.

# »»» Outlook and further development of the complaints mechanism

KfW Development Bank is continuously improving its complaint mechanism in order to respond to justified complaints and to make the complaints mechanism even better known and more accessible. It is currently analysing whether the German Supply Chain Due Diligence Act, which will come into force next year and puts greater emphasis on corporate due diligence obligations to prevent human rights violations in supply chains, requires an adjustment of the complaints mechanism. KfW Development Bank is planning to revise the complaints mechanism and publish the updates next year. Before publication, KfW Development Bank's Central Complaints Office wants to give stakeholders, especially civil society, the opportunity to comment on it.

Since March 2022, the complaint mechanism of KfW Development Bank has been a member of the Independent Accountability Mechanisms Network (IAMnet). Through this network, the Central Complaint Office can exchange views with other independent complaint mechanisms and learn from other organisations how to best deal with issues such as accessibility to the complaint mechanism, the handling of complaints, follow-up or the protection of complainants.

# Overview of complaints in 2021

| Received   | Project   | Sector                               | Country                | Type of complaint                              | Status (30.09.2022) |
|------------|---|--------------------------------------|------------------------|--|---------------------|
| 06.01.2021 | Climate-friendly urban mobility IV  | Transport                            | India                  | Governance of financed projects                | Closed              |
| 15.01.2021 | Programme for the development of hydropower I   | Energy                               | Bosnia and Herzegovina | Access to information                          | In process          |
| 16.01.2021 | Programme for the development of hydropower I   | Energy                               | Bosnia and Herzegovina | Access to information                          | In process          |
| 04.03.2021 | Roma Education Fund: Improving the educational and integration opportunities of the Roma in Serbia II | Education                            | Serbia                 | Governance of financed projects                | Closed              |
| 06.04.2021 | Improvement of infrastructure in Palestinian refugee camps  | Urban development                    | Palestine              | Governance of financed projects                | Closed              |
| 14.04.2021 | Steam field development Bogoria-Silali Block  | Energy                               | Kenya                  | Governance of financed projects                | Closed              |
| 02.07.2021 | Peace and stabilisation fund IX   | Other                                | DR Congo               | Governance of financed projects                | Closed              |
| 05.07.2021 | Tuberculosis control programme IV   | Health care                          | Kyrgyzstan             | Governance of financed projects                | Closed              |
| 14.07.2021 | Sewage disposal Southwest IV (Inv.)   | Water supply and wastewater disposal | Kosovo                 | Environmental, social and human rights impacts | Closed              |
| 27.07.2021 | Housing for internally displaced persons (ISP)  | Financial sector                     | Ukraine                | Governance of financed projects                | Closed              |
| 20.08.2021 | Education for all in times of crisis II   | Education                            | Turkey                 | Environmental, social and human rights impacts | Closed              |
| 25.08.2021 | Regional programme for the improvement of living conditions in Palestinian refugee camps (REPAC XI)   | Energy                               | Jordan                 | Access to information                          | In monitoring       |
| 30.08.2021 | Regional programme for the improvement of living conditions in Palestinian refugee camps (REPAC XI)   | Energy                               | Jordan                 | Environmental, social and human rights impacts | In monitoring       |
| 14.09.2021 | Industrial wastewater treatment plants  | Other                                | Tunisia                | Environmental, social and human rights impacts | Closed              |

# Overview of complaints in 2021

| Received   | Project  | Sector                               | Country    | Type of complaint                              | Status (30.09.2022) |
|------------|--|--------------------------------------|------------|--|---------------------|
| 15.09.2021 | ACF Employment intensive environmental programme   | Waste management                     | Lebanon    | Governance of financed projects                | Closed              |
| 16.09.2021 | Regional programme for the improvement of living conditions of Palestinian refugee camps (REPAC XI)  | Energy                               | Jordan     | Environmental, social and human rights impacts | Closed              |
| 19.09.2021 | ILO Jordan - Employment-intensive investment programme for Jordanians and Syrian refugees Phase VIII | Other                                | Jordan     | Governance of financed projects                | Closed              |
| 20.09.2021 | Green energy corridors   | Energy                               | India      | Governance of financed projects                | Closed              |
| 04.10.2021 | Wastewater disposal Podgorica  | Water supply and wastewater disposal | Montenegro | Environmental, social and human rights impacts | Closed              |
| 15.10.2021 | SFD Water/wastewater programme   | Water supply and wastewater disposal | Yemen      | Governance of financed projects                | Closed              |
| 15.10.2021 | SFD Water/wastewater programme   | Water supply and wastewater disposal | Yemen      | Governance of financed projects                | In process          |
| 22.10.2021 | Programme for communal land development (PCLD) IV  | Rural development & agriculture      | Namibia    | KfW governance                                 | Closed              |
| 17.11.2021 | Rural family planning  | Health care                          | Pakistan   | Governance of financed projects                | Closed              |
| 22.11.2021 | MyAgro   | Rural development & agriculture      | Mali       | Governance of financed projects                | Closed              |
| 01.12.2021 | Education programme V  | Education                            | Palestine  | Environmental, social and human rights impacts | In monitoring       |
| 01.12.2021 | Decentralisation programme FEICOM - medium-sized cities (PDVM)                                       | Sustainable economic development     | Cameroon   | Environmental, social and human rights impacts | Closed              |
| 14.12.2021 | Surat Metro  | Transport                            | India      | Environmental, social and human rights impacts | In process          |
| 29.12.2021 | Surat Metro  | Transport                            | India      | Environmental, social and human rights impacts | In process          |



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