

ENVIRONMENTAL AND SOCIAL COMPLAINTS MECHANISM: RULES OF PROCEDURE

Agence Française de Développement

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1. Definitions

“AFD” or Agency: Agence Française de Développement.

“E&S”: Environmental and Social.

Author of the Complaint: The person(s) submitting a Complaint under the Procedure.

Banking Secrecy: Professional secrecy, to which all credit institutions are bound, including AFD, concerning all confidential information held by the latter in the context of its professional activity.

Complaint: The written request submitted to the Mechanism in accordance with the present Rules of Procedure.

Compliance Audit: Process which aims to determine whether AFD complied with the Environmental and Social Risk Management Procedure applicable to AFD with regard to a project.

Counterparty: Beneficiary of AFD financing, responsible for the development and implementation of a project funded by the Agency.

Dispute Resolution: Informal process to resolve a disagreement between parties: the Author of the Complaint or its Representative, the Counterparty which obtained AFD financing, and the other project stakeholders who may be concerned (excluding AFD).

Environmental and Social Complaints Management Mechanism or “Mechanism”: The Mechanism which is governed by the present Rules of Procedure.

Ethics Advisor: He/she contributes to the principles and values set out in AFD’s Ethics Charter being taken on board by Group management and staff, prevents ethical risks, establishes conditions conducive to information feedback, and deals with the ethical failings identified, in conjunction with the “Ethics Committee”. He/she is responsible for the Environmental and Social Complaints Management Mechanism in conjunction with the Mechanism Secretariat, the independent Experts mandated, and the relevant AFD services.

Examination of Eligibility: The process to establish whether, based on the eligibility criteria set out in Section 6, a registered Complaint may be subject to dispute resolution or a compliance audit, or both, or may not be subject to either of these handling procedures.

Experts: Refers to external and independent Experts who are members of the Panel and are mandated by the Mechanism Secretariat to assess the eligibility of a Complaint and proceed with the handling of a Complaint recognized as eligible. In the event of the need for specific expertise, the Mechanism may benefit from the assistance of additional Experts: in this case, they are formally mandated by the Mechanism Secretariat to contribute to the Examination of Eligibility and the handling of the E&S Complaint.

Mechanism Secretariat or “Secretariat”: Permanent entry point for the management of E&S Complaints. It handles the reception, Registration and follow-up of the handling of E&S Complaints, working closely with the Ethics Advisor.

Person affected by the project: Any person adversely affected by an AFD-funded project. It concerns people who, due to the implementation of a project, lose the right to own, use or otherwise benefit from a construction, plot of land (residential, agricultural or pasture land), tree crops and other annual or perennial crops, a natural resource, or any other immovable or movable property, or for which the quality of the environment, employment conditions or social rights are totally or partially affected on a permanent or temporary basis.

Registration: The process to record in the monitoring register for the Environmental and Social Complaints Mechanism that a Complaint has been received and meets the admissibility criteria as set out in Section 5 of the present Rules of Procedure.

Representative: The person or organization duly authorized by the Author (or Authors) of the Complaint to represent them and act on their behalf concerning a Complaint submitted to the Mechanism.

Senior Management: AFD’s Senior Management.

Working Days: Days when AFD is open in Paris: Mondays to Fridays, excluding public holidays.

2. Introduction and purpose

AFD, in the context of its action plan on Corporate Social Responsibility (CSR) 2014-2016, has decided to set up a Mechanism open to third parties concerning environmental and social Complaints. The aim is to enhance the environmental and social results of the projects it finances and underscore its commitment in this field.

This Mechanism enhances AFD's transparency over its activities and forms part of an in-depth dialogue with its partners from civil society, parliamentarians, non-financial rating agencies, and the National Consultative Commission on Human Rights (CNCDH).

The Mechanism aims to ensure that there is an independent handling of Complaints sent to AFD, by one or several natural or legal persons, concerning the environmental or social impacts of a project conducted in foreign countries whose financing has been allocated by AFD, excluding projects conducted in the French overseas territories, those financed by FFEM¹ or MFIMP,² and those initiated by NGOs.

The Mechanism has two methods for handling Complaints:

- The dispute resolution function, which aims to restore a dialogue between the Author of the Complaint or its Representative and the Counterparty in order to find a solution to the problem(s) that led to the Complaint;
- The compliance audit function, which aims to determine whether or not AFD has complied with its Environmental and Social Risk Management Procedure with regard to an AFD-funded project which has been the subject of a signed agreement.

The present Rules of Procedure set forth the terms for Registration and Eligibility, as well as the method by which the Mechanism handles the Complaint, *i.e.* compliance audit, dispute resolution, or a combination of both. It also specifies other points concerning how the Mechanism functions, such as the handling time, access to information, or training and awareness-raising for AFD staff. The dispute resolution and compliance audit functions do not provide for compensation from AFD.

3. Who can submit an E&S Complaint?

One or several natural or legal persons affected by an AFD-funded project, and whose Complaint relates to the E&S aspects of the project, can submit an E&S Complaint to the Mechanism Secretariat using the specific form.

The Complaint must be received within two years of the Author of the Complaint becoming aware of the facts, and within five years after the last disbursement of AFD's financing, whether it is a loan or

¹ FFEM: French Facility for Global Environment.

² MFIMP: Multilateral Fund for the Implementation of the Montreal Protocol.

a grant. The Complaint must be made as a last resort, when the out-of-court redress procedures made available locally by the Counterparty have been exhausted or initiated without success.

4. How to submit an E&S Complaint?

a. Complaints Form

An E&S Complaint may be submitted to the Mechanism Secretariat using a specific form, which is available on AFD's website, as well as in the Mechanism brochure, which can be obtained from AFD's agencies. It is also possible to have advice on how to draft and submit a Complaint by contacting the Mechanism Secretariat by e-mail or by post.

b. Identification of the Author of the Complaint and representation methods

The Complaint must identify the individual(s) making the Complaint. If the Author of the Complaint has called on a Representative to help it submit the Complaint, the latter must provide a power of attorney, a delegation of authority, or a proxy that is legally valid in the country of the Author of the Complaint, signed by the Author of the Complaint and certifying that it is authorized to represent it and act on its behalf with regard to the Complaint. The Representative must also provide the list of duly named complainants. The Representative is the contact point for all the official communications between the Mechanism and the Author of the Complaint. The Mechanism Secretariat may, however, communicate with the Author of the Complaint if necessary and appropriate. The Secretariat keeps the Author of the Complaint informed of the progress of the Complaint.

The Author of the Complaint may request that its identity (or the identity of certain individuals or all individuals when there are several Authors of the Complaint) remain confidential. The request for confidentiality and reasons for this request must be submitted with the Complaint. However, if safeguarding confidentiality could lead to the examination of the Complaint being prevented, the Mechanism Secretariat shall immediately inform the Author of the Complaint or its Representative. Indeed, while it is always possible to accept this request for confidentiality concerning the identity of the Author of the Complaint for public communication, maintaining this confidentiality *vis-à-vis* the Counterparty may prove to be an obstacle to the examination of the Complaint, especially if the dispute resolution function is chosen. In the event that agreement on the course of action with regard to confidentiality is not possible, the process is stopped.

c. Information to present when a Complaint is submitted

The Complaint must contain the following information:

- The identities and contact details of the Author of the Complaint and its Representative, if applicable: postal addresses, phone numbers and/or e-mail addresses and/or fax numbers;
- The project in question, defined in a sufficiently precise manner;
- The environmental and/or social impacts giving rise to the submission of the Complaint;
- The date when the facts were known;
- The description of the steps already taken and the state of the discussions with the Counterparty which obtained financing, and including elements justifying that the out-of-court redress procedures made available to it locally by the Counterparty have been exhausted or initiated without success.

d. Language of the recourse

Complaints may be submitted in French, English, or in one of the official languages of AFD's countries of operation. All correspondence by the Mechanism with the Author of the Complaint or, where applicable, its Representative, is written in French or English. If required, this correspondence may also be translated into a third language (official language of the country of the funded project which is the subject of the Complaint) in order to facilitate exchanges between the Mechanism and the Author of the Complaint or its Representative. The French version is binding.

The handling of Complaints which are not submitted in English or French takes longer due to the need for translation. The Mechanism Secretariat informs the Author of the Complaint or, where applicable, its Representative, of any time required for translation.

e. Where to send an E&S Complaint?

The Complaint is to be sent using the form available on AFD's website.

It may also be sent:

- By e-mail: reclamation@afd.fr
- By post:
Agence Française de Développement
Secrétariat du Dispositif de Gestion des Réclamations Environnementales et Sociales
5, Rue Roland Barthes
75598 Paris Cedex 12
FRANCE
- Or be delivered by hand at the headquarters or the agency.

If the Complaint is submitted to AFD's local agency, it must clearly state that it is addressed to the Secretariat of the E&S Complaints Management Mechanism. The local agency transfers the Complaint to the Mechanism Secretariat.

No later than ten (10) working days of receipt of the Complaint at AFD's headquarters, the Mechanism Secretariat notifies the Author of the Complaint or its Representative of receipt of the Complaint. AFD's relevant services are also informed of the notification of receipt of the Complaint.

In the event that the Complaint is sent to the Mechanism Secretariat by the local agency, the notification period may be extended by eight (8) working days.

The addresses of AFD's agencies are indicated on the following web page:
<http://www.afd.fr/lang/en/home/pays/coordonnees-agences-afd>.

5. Registration of E&S Complaints

a. Registration criteria

No later than twenty (20) working days following the notification of receipt of a Complaint by the Mechanism Secretariat, the latter makes a decision concerning the Registration of the recourse on the basis of the criteria identified below, working closely with the Ethics Advisor.

The Mechanism Secretariat registers the Complaint if it:

- a) Identifies the Author of the Complaint;
- b) Identifies, where applicable, the Representative, and provides evidence that it is authorized to represent the Author of the Complaint;
- c) Includes the contact details of the Author of the Complaint and, where applicable, of the Representative (residential address(es) and/or postal address(es), phone number(s), e-mail address(es) and/or fax number(s));
- d) Includes the name and/or a description of the Project which is the subject of the Complaint, this Project being effectively financed by AFD;
- e) Describes the ascertained or potential environmental and/or social impacts giving rise to the submission of the Complaint;
- f) When the Complaint concerns a dispute with the Counterparty, the Author of the Complaint or its Representative must describe the good-faith efforts made beforehand by the Author of the Complaint to settle the disputes set out in the Complaint with the Counterparty and/or AFD, – and, in particular, the use of out-of-court redress procedures made available by the Counterparty – as well as the outcome of these efforts, or an explanation of the reason why the latter failed;

g) The Complaint must be submitted no later than two (2) years after becoming aware of the facts, and within five years after the last disbursement of AFD's financing, whether it is a loan or a grant.

The Mechanism Secretariat shall not register the Complaint if:

- It exclusively raises accusations of fraud or corruption (in which case, the recourse will be referred to the relevant AFD structure or the appropriate mechanism set up by the Agency);
- It concerns a project which is not conducted in foreign countries, a project which is not financed by AFD, or a project initiated by an NGO;
- It concerns issues for which recourse has already been handled by the Mechanism, unless new elements have come to the fore which were not known at the time of the previous Complaint;
- The Author of the Complaint has not exhausted the out-of-court redress procedures made available by the Counterparty, or has initiated them without success, unless it provides elements testifying that in good faith it has not been possible to use these redress procedures.

b. Suspension or rejection of the Registration

If, within twenty (20) working days following the notification of a Complaint, the Mechanism Secretariat decides not to register a Complaint because it does not meet a criterion or several criteria for Registration set out above and if, according to the Mechanism Secretariat, working closely with the Ethics Advisor, this formal obstacle may be overcome (for example, transmission of evidence of the authorization of representation of the Author of the Complaint omitted when the Complaint was filed), the Ethics Advisor informs the Author of the Complaint or its Representative about this. In this case, the Secretariat suspends the decision regarding the Registration and gives the Author of the Complaint a period of ten (10) working days to comply with the Registration criteria, by providing additional elements.

If these elements cannot be provided and do not allow the Registration to be made, the Ethics Advisor informs the Author of the Complaint, or its Representative, of the decision not to make the Registration and not to follow up the Complaint, indicating the reason for this decision. The Mechanism Secretariat informs AFD's relevant services about this.

c. Action taken following Registration

The Complaint is recorded in the E&S Complaints Mechanism Register. The information recorded in this Register includes the dates at which the Complaint was received and registered by the Mechanism Secretariat, the name and location of the project concerned by the Complaint, the subject of the Complaint, and the identity of the Author of the Complaint and/or its Representative, where applicable.

This file is declared at the CNIL,³ in compliance with the Data Protection and Freedom of Information Act (n° 78-17 of 6 January 1978, amended on 6 August 2004), which guarantees the protection of personal privacy and personal data. All Authors of Complaints have the right to access and rectify information concerning them.

The Ethics Advisor notifies the Author of the Complaint or its Representative, the Counterparty concerned, and the relevant AFD services of the Registration of the Complaint. The Secretariat collects project information concerning the Complaint from AFD's relevant services.

The Secretariat refers the case to the external and independent Experts of the Mechanism Panel, who assess the eligibility of the Complaint.

d. Cooperation with other financial institutions

When the Mechanism Secretariat registers a Complaint, if the project which is the subject of the complaint benefits from cofinancing allocated by other institutions, the Ethics Advisor notifies the equivalent mechanism(s) of the cofinancing institution(s) of the Registration of the Complaint and may communicate and cooperate with the mechanism(s) in question.

6. Determination of the eligibility of Complaints

A preliminary process to assess the eligibility of the Complaint must be conducted prior to initiating the phase to handle the Complaint by the Mechanism. This phase aims to determine, on the basis of eligibility criteria defined below, whether or not the recourse is eligible for the dispute resolution function, or for the compliance audit, or for both functions.

Firstly, in order to examine the eligibility of the Complaint, the Experts take note of the procedures already engaged and of the state of discussions with the Counterparty which obtained financing, particularly the elements which have been exhausted, or the unsuccessful introduction of out-of-court redress procedures made available locally by the Counterparty.

When the Complaint raises issues which would appear to be suitable for dispute resolution, the Experts shall determine whether such resolution is feasible in the case in question. To do so, they take into account the following elements:

- The nature of the facts related to the Complaint;
- Whether the Author of the Complaint has raised the problems outlined in the E&S Complaint with the equivalent mechanism of a cofinancing institution, or before a court,

³ CNIL: National Commission for Data Protection and Civil Liberties.

court of arbitration or mediator. In this case, the Expert takes into consideration the progress of these procedures/processes;

- Whether dispute resolution may create duplication or interfere with any other process or procedure initiated by the same Author (or when the Author of the Complaint is a group of individuals, by certain members of the group), or by the person with whom the Author has a dispute, or be hampered by this process or procedure concerning the same project and/or the same problems.

When the Complaint raises elements which question AFD's compliance with the E&S Risk Management Procedure prevailing when the financing agreement was signed and would appear to be suitable for a compliance audit, in order to validate the choice of this handling method, the Experts shall verify whether the Complaint concerns:

- Acts or omissions which AFD may be responsible for;
- An act or acts ranging from a minor technical violation of AFD's appropriate processes, except in the event that the said technical violation may have caused damage;
- The implementation of AFD's E&S Risk Management Procedure.

A Complaint is not eligible for either dispute resolution or a compliance audit if:

- It is submitted for futile or malicious purposes;
- It reveals a potential conflict of interest;
- Its main objective is to gain a competitive advantage from the Complaint, by obtaining access to information or delaying project implementation;
- The subject of the Complaint has been handled by the equivalent mechanism of a cofinancing institution and if the Expert considers that the Complaint has been handled appropriately by the said mechanism, unless there is new evidence or circumstances that were unknown when the Complaint was previously submitted. If the Complaint requires a compliance audit by AFD, an examination conducted by another mechanism does not mean that the Complaint cannot be handled by AFD, in accordance with the present Rules of Procedure, since it questions the way in which AFD itself has complied with its E&S Risk Management Procedure;
- Regarding dispute resolution, the subject of the Complaint has already been settled in the context of court or out-of-court mediation, arbitration, or another alternative dispute resolution method;
- Regarding dispute resolution, the Complaint is the subject of court action, unless there is evidence of a request for suspension to be ruled on;

- It concerns the undertakings of a third party, such as an environmental authority, or the undertakings of a country under an international law or treaty, rather than those of the Counterparty or AFD.

In order to conduct the Examination of Eligibility of the Complaint, the Experts consult the parties concerned and take into consideration the elements provided by the latter, and in particular those provided by AFD. They may also visit the site and use any other method deemed appropriate.

The Experts prepare an assessment report on the substance of the eligibility. This report sets out the content of the Complaint and also comprises:

- A summary of the facts and positions of the parties concerned;
- A decision establishing whether the Complaint is eligible for dispute resolution, a compliance audit, for both or neither of these two methods; the mandates of the Complaint handling phase: compliance audit, dispute resolution or both processes. As far as possible, and in the event of dispute resolution, the parties concerned are consulted during the preparation of the mandates.

The mandate for dispute resolution defines the type of expertise required to conduct the process, indicates the methods which shall be used, and a tentative schedule for the process.

The mandate for a compliance audit defines the type of expertise required to conduct the examination, the scope of the audit, and a tentative schedule for the examination.

The conclusions of the eligibility assessment (eligibility or non-eligibility and Complaint handling method(s) proposed) are recorded in the Mechanism Register and the Author of the Complaint or its Representative, the Counterparty concerned, and AFD's relevant services are informed about the outcome of the eligibility assessment by the Ethics Advisor, in conjunction with the Mechanism Secretariat.

In the event that the Complaint is not eligible, the Ethics Advisor informs the Author of the Complaint or its Representative of his/her decision, indicating the reasons.

If the Experts consider that the Complaint is not eligible because it does not meet a criterion or several criteria for eligibility and that it is possible to remedy this situation, they may suspend the procedure and give the Author of the Complaint ten (10) working days to remedy the situation.

If the eligibility assessment recommends the implementation of dispute resolution, the Counterparty is invited to participate in the dispute resolution process.

As AFD is subject to banking secrecy, it is unable to disclose information covered by professional secrecy to all the parties concerned without the agreement of the Counterparty.

The Ethics Advisor, at the request of the Secretariat, calls on the parties concerned in order to formalize an agreement on: (i) the dispute resolution mandate, and (ii) if required, the disclosure of information covered by banking secrecy.

If there is no agreement over the dispute resolution mandate among all the parties concerned and/or by the Counterparty regarding the disclosure of information covered by banking secrecy, the Secretariat shall record the closure of the Complaint.

7. Effect of Complaints on AFD projects

The fact that a Complaint has been registered and/or is considered as eligible for an examination by the Mechanism does not in itself lead to AFD's participation in the project being suspended. However, if at any time during the handling of a Complaint, the Experts consider that serious and irreparable harm (related to E&S risks) could be caused by the implementation of the AFD-funded project (particularly when the project implementation depends on funds being made available by AFD under the project), the Ethics Advisor, in conjunction with the Mechanism Secretariat, may make a recommendation to suspend the provision of funds by AFD under the project. This type of recommendation shall, where applicable, take into account the implications in the case of cofinancing.

8. Implementation of dispute resolution

When a Complaint has been considered as eligible for dispute resolution, the Ethics Advisor, in conjunction with the Mechanism Secretariat:

- Refers the case to the Experts, who start the process as soon as possible;
- Notifies the parties concerned that dispute resolution has been launched following the Examination of Eligibility.

The dispute resolution is considered as being completed when the parties concerned reach an agreement or when, in the opinion of the Experts, no further progress towards achieving dispute resolution is possible. At the completion of the process, the Experts establish a Draft Dispute Resolution Report outlining the issues raised in the context of the Complaint, the methods used, as well as the outcomes of the dispute resolution, including, where appropriate, any issues still to be resolved.

This draft completion report is sent by the Ethics Advisor, in conjunction with the Mechanism Secretariat, for comments, to all the parties concerned, which have twenty (20) working days to answer and confirm, as the case may be, their agreement on the terms of the dispute resolution. The Mechanism Secretariat sends the comments to the Experts for an opinion. The latter draft the final report within thirty (30) working days. In the event of confirmation of the agreement, the Experts gather the parties in order to proceed to the signing of the dispute resolution agreement.

The Final Dispute Resolution Report is sent to the parties concerned for information. A summary of this report is published on AFD's website, subject to the agreement of the parties who were not informed about the publication prior to the handling of the Complaint by the Mechanism. This summary may also be "anonymized" where necessary.

The Mechanism Secretariat monitors the implementation of any agreement achieved by dispute resolution. The Ethics Advisor, in conjunction with the Secretariat, submits Draft Monitoring Reports on the implementation of the dispute resolution to the Parties concerned, which are given the reasonable possibility of twenty (20) working days to comment on them. Should the Secretariat receive comments made by the Parties concerned, it has ten (10) working days from the date of receipt of the last comments to finalize the Report, and sends the Final Report to the parties concerned. The Mechanism Secretariat drafts Monitoring Reports at least twice a year and until it deems that these reports are no longer necessary. The Mechanism Secretariat does not publish the implementation monitoring reports, but a feedback summary is provided in the Annual Report.

If there is no agreement in the context of dispute resolution, two situations are likely to occur:

- In the event of non-compliance with AFD's E&S Risk Management Procedure, identified during the dispute resolution, a compliance audit is conducted. In this case, the Experts issue a recommendation for this, which automatically triggers the implementation of a compliance audit in the context of the Mechanism;
- In the event of failure in the dispute resolution, without the identification of non-compliance with E&S aspects, the Complaint file is closed.

9. Implementation of a compliance audit

When the Complaint involves non-compliance with AFD's E&S Risk Management Procedure, identified at the initial analysis of the Complaint, or identified during dispute resolution, a compliance audit may be conducted.

The Ethics Advisor, in conjunction with the Secretariat, calls on the Experts, who conduct the audit or commission an external audit if necessary.

The aim of the audit is to establish whether (and, where necessary, how and why) action or an omission on the part of AFD in relation to a funded project has led to non-compliance with AFD's E&S Risk Management Procedure, and if so, recommend remedial measures to ensure that its E&S Risk Management Procedure is complied with.

When implementing the compliance audit, the Experts, to conduct the audit, examine the main documents and consult the Parties concerned, and in particular AFD. The Experts may also conduct one or several site visits, and use other methods which they deem appropriate (use of other experts, etc.). They prepare a Draft Compliance Audit Report.

If the Experts conclude that AFD has complied with its E&S Risk Management Procedure, the Mechanism Secretariat sends, for information and as soon as possible, the Draft Compliance Audit Report to the relevant AFD services for comments within twenty (20) working days. The Experts subsequently produce a Final Compliance Audit Report, which is sent to the Author of the Complaint or its Representative and relevant AFD services by the Ethics Advisor, in conjunction with the Secretariat. As soon as possible after the submission of this Report, the Mechanism closes the Complaint file with no further action being taken.

If the Experts conclude that AFD did not comply with its E&S Risk Management Procedure:

a) The Secretariat submits the Draft Compliance Audit Report, giving a detailed list of the shortcomings and including a proposal for recommendations to be implemented in the specific context of the project, to the relevant AFD services for comments within twenty (20) working days. The Report proposes an implementation schedule for the recommendations.

b) Upon receipt of the comments, the Experts have thirty (30) working days to send a final version of the Compliance Audit Report. The Experts can adapt their recommendations (but not the factual findings if they have been proven) and send the final version of the Compliance Audit Report to the Mechanism Secretariat.

When a case of non-compliance is observed, the Final Compliance Audit Report includes recommendations inviting AFD to:

- a) In this case, remedy cases of non-compliance observed in the Project implementation;
- b) In the future, remedy types of observed cases of non-compliance in order to avoid similar situations arising again; and/or
- c) Control the implementation of recommendations and report on this implementation.

AFD's Senior Management has thirty (30) working days upon receipt of the report to propose an action plan in response to the Compliance Audit Report. This action plan does not provide for compensation by AFD.

The final version of the Compliance Audit Report, including a summary and AFD's action plan, approved and signed by Senior Management, is sent to the Parties concerned by the Ethics Advisor, in conjunction with the Secretariat. A summary of the report, along with AFD's action plan, is made public and published on AFD's website, subject to the agreement of the parties which were not informed about the publication prior to the handling of the Complaint by the Mechanism. This publication can be "anonymized" where necessary.

The Secretariat monitors the implementation of the action plan.

Monitoring Reports on the implementation of the compliance audit are established at least twice a year and until the Secretariat deems that these Reports are no longer necessary. During the preparation of each Report, the Parties concerned are consulted where necessary. The Compliance Audit Monitoring Report is sent to Senior Management for information. The Mechanism Secretariat

does not publish its monitoring reports, but summary information regarding the implementation of recommendations is given in the Mechanism's annual report.

10. Roles of the Ethics Advisor, Mechanism Secretariat and independent Experts

Role of AFD's Ethics Advisor. The Ethics Advisor guarantees that there is an independent examination of E&S Complaints regarding AFD-funded projects, and ensures that the Secretariat carries out the functions and administrative responsibilities of the Mechanism in compliance with the present Rules of Procedure. He/she is responsible for notifying the external Parties concerned about decisions.

Role of the Mechanism Secretariat. The Mechanism Secretariat is responsible for the operational management of the Mechanism, including:

- The preparation and management of the Mechanism budget;
- The procurement, recruitment and mobilization of independent Experts;
- The assessment of the relevance of the Registration of Complaints;
- The keeping of the Complaints register;
- The preparation, in conjunction with the relevant AFD services, of the detailed file for the Examination of Eligibility;
- The selection and mobilization of Experts in order to carry out the Examination of Eligibility, dispute resolution and/or compliance audits;
- The role as an interface between the Author of the Complaint (or its Representative, where applicable), the Counterparty, any co-financiers, the Experts, and AFD's services;
- The monitoring of the handling of Complaints – dispute resolution processes and/or compliance audits – and the dissemination of six-monthly monitoring reports;
- The monitoring of the implementation of the conclusions of this handling: agreement of Parties and/or action plan;
- The communication of the Mechanism: management of the website and online publication of information and public documentation;
- The drafting of the Annual Activity Report of the Mechanism;
- The management of relations with the stakeholders concerned by the Mechanism, as well as with the Complaints management mechanisms of other donors.

This management is conducted in compliance with the confidentiality and banking secrecy rules which AFD is bound by.

Role of the Mechanism's Panel of Independent Experts. The Mechanism Experts are tasked with performing the functions of the Examination of Eligibility, compliance audits and dispute resolution

and may, by delegation of the Secretariat, be tasked with any monitoring and monitoring report. They may, where necessary, use additional expertise for the Examination of Eligibility or the handling of E&S Complaints.

Submission of applications for Mechanism Experts. Experts are recruited in the context of a transparent public process, in accordance with AFD's procurement rules which apply to consultants. The Experts are selected taking into account their experience, particularly in the economic, legal, social, environmental and related fields, their proven ability to interpret E&S procedures and resolve disputes in a comprehensive and equitable manner, the integrity and independence they have demonstrated, their ability to interact effectively with the Parties concerned and civil society, as well as their knowledge of AFD and similar institutions.

An Expert's mandate may be subject to a revocation for cause, declared by the Mechanism Secretariat. Should an Expert appointed to conduct an Examination of Eligibility, dispute resolution or compliance audit resign or be unable to complete his/her mission, or when this mission cannot be accomplished due to scheduling constraints, or because none of the Mechanism Experts are available, the Secretariat shall mobilize an appropriate ad hoc Expert to complete the handling of the Complaint at the earliest opportunity.

Training of Mechanism Experts. The Mechanism Experts are required to participate in training meetings organized by the Mechanism Secretariat. They last for a maximum of two (2) days per calendar year and aim to increase their knowledge of AFD's policies, procedures and operations, and to discuss the functioning of the Mechanism. The Mechanism Secretariat informs the Experts of the dates of these meetings and sets the agenda for them.

Appointment of ad hoc Experts. Should, at any given time, no Mechanism Expert be available, the Mechanism Secretariat may recommend the special appointment of an ad hoc Expert. The Mechanism Secretariat, which is responsible for procurement for this recruitment, invites applications for the function of ad hoc Expert in a transparent public context, in accordance with AFD's procurement rules which apply to consultants, taking into account their experience, particularly in the economic, legal, social, environmental and related fields, their proven ability to interpret and apply E&S risk procedures and resolve disputes in a comprehensive and equitable manner, the integrity and independence they have demonstrated, their ability to interact effectively with the Parties concerned and civil society, as well as their knowledge of AFD and similar institutions.

Appointment of additional expertise. The selection and appointment of interpreters, translators and/or other technical experts are conducted in accordance with AFD's procurement rules for the selection and appointment of consultants, and these persons conduct their activities under the authority of the Mechanism Secretariat.

Appointment of the Ethics Advisor. The Ethics Advisor is appointed by AFD's Senior Management in the context of an in-house call for applications process.

Appointment of the Mechanism Secretary. The Mechanism Secretary is an AFD officer who reports to the Ethics Advisor. He/she is recruited through a transparent process, taking into account his/her

knowledge of AFD, his/her knowledge of subjects concerning E&S risk management and the existing Risk Management Procedure in this field at AFD, and his/her ability to interact effectively with the Mechanism stakeholders.

Mandate. The Mechanism Secretary and Ethics Advisor perform their duties as full-time AFD employees.

Communication and training. The Mechanism Secretariat communicates on the Mechanism at AFD, in AFD's countries of operation and, more generally, among civil society. The Mechanism Secretariat and Experts regularly organize training on the Mechanism for AFD staff (from the Paris headquarters and local agencies). The Secretariat develops and implements communication actions which aim to effectively inform populations in AFD's countries of operation, non-governmental organizations and civil society about the Mechanism. The communication actions also comprise, where necessary, cooperation with the other mechanisms, presentations and, on request, information sessions about the modalities for submitting a Complaint to the Mechanism.

Publication of Mechanism documents. The Mechanism Secretariat creates and makes public documents concerning the Mechanism. This material includes an information brochure for populations in AFD's countries of operation concerning the modalities for submitting a Complaint. The documents are available in French and English on AFD's website, as well as at AFD's headquarters in Paris and in the local agencies. These documents may be translated into other languages, if necessary or if requested by a stakeholder.

Publication of information and documents concerning an Environmental and Social Complaint. AFD publishes the following information and documents on its website in the case of an eligible Complaint: (i) the date the Complaint was submitted; (ii) a short description of the Complaint; (iii) the status of the Complaint; (iv) the summary of the Experts' reports and (v) the Annual Report.

General information about the process. All the Mechanism activities are implemented promptly, without ever prejudicing the integrity or comprehensibility of the process. The Mechanism Secretariat takes into account the need to consider the views of the Author of the Complaint, the Counterparty, any AFD member of staff, and all the stakeholders concerned likely to have useful information. The Secretariat does its utmost to ensure that the daily activities of all the Parties concerned are disrupted as little as possible.

Access to staff, information and confidentiality. When the Experts conduct an Examination of Eligibility, dispute resolution or a compliance audit, they have access to AFD's staff and the relevant files, with the Secretariat being responsible for ensuring that these relations are well organized (interviews, requests for information). AFD's staff is required to fully cooperate with the Mechanism. The information collected by the Mechanism Secretariat and Experts in the context of their activities is used and disclosed in accordance with the Monetary and Financial Code, AFD's Transparency Policy, and any other applicable requirement aiming to preserve the confidentiality of sensitive information. AFD is subject to the Data Protection and Freedom of Information Act (n° 78-17 of 6 January 1978, amended on 6 August 2004), which guarantees the protection of personal privacy and

personal data: all Authors of Complaints have the right to access and rectify information concerning them.

No member of the Mechanism staff, Mechanism Expert, consultant, researcher, interpreter, translator or other technical Expert recruited by the Mechanism may disseminate a document or information based on the said document without the express written consent of the Party which provided this document and of AFD.

Related Complaints. When two or several Complaints are submitted by the same Author(s) of the Complaint or different Authors but concern the same project, and the substance of the Complaints is reasonably related, the Mechanism Secretariat informs the Author(s) about this and can either request that the Complaints be examined together, or suspend the handling of any Complaint received after the first until it receives the results of the examination of the initial Complaint. The Mechanism Secretariat can adjust the response times to the Complaints, in order to take into account the joint examination of the Complaints or the suspension of the handling of the Complaint(s) received thereafter.

Extended timeframes. Any timeframe mentioned in the present Rules of Procedure may be extended by the Mechanism Secretariat, provided that the additional period is strictly necessary for a comprehensive and appropriate handling of the complaint. The Mechanism Secretariat promptly informs all the Parties concerned of any additional period and records the said time period in the Register. Additional periods shall be limited in time, and if it is necessary to renew them, all the Parties concerned shall be informed. To determine whether an additional period is necessary, the Mechanism Secretariat shall take various factors into account, such as the geographical location of the project site, the need for AFD staff to participate in the process, any urgent issue concerning the project, the availability of Mechanism Experts, and the need to have the documents translated.

Annual Report. The Mechanism Secretariat prepares an Annual Report outlining the activities of the Mechanism during the previous year. The Report is submitted to AFD's Board of Directors and Compliance and New Activities and Products Committee, then made public as soon as possible by being published on AFD's website. This publication is "anonymized" for each Complaint set out in the Annual Report, unless agreement has been obtained from all the Parties involved in the Complaint concerned.

CODE OF CONDUCT FOR EXPERTS, THE SECRETARY AND ETHICS ADVISOR

The Experts, Ethics Advisor and Mechanism Secretary perform their duties by respecting the principles of:

- **Independence:** They must have the operational independence required for the fulfillment of their mission, which they carry out free from interference by any person or entity;
- **Objectivity:** They must show objectivity at every stage of the Complaint management process. Their judgment is based on a consideration of all relevant information and must not be influenced by their own interests or by those of others. The Experts, Secretary and Ethics

Advisor must not participate in activities, maintain relations or accept anything which may affect the impartiality of their judgment. They are required to disclose any information or fact that may affect the handling of the Complaint. The Experts, in the course of the performance of their duties under the Mechanism, shall work on an individual and personal basis and shall be subject to the provisions of the Professional Ethics Charter and to the rules and provisions in terms of conflicts of interest and confidentiality. The Mechanism Experts shall be required to act in an impartial and independent manner and shall not participate in the assessment or examination of any Complaint relating to affairs in which they have or have had personal interests, or in which they were involved in any capacity, in order to avoid any conflict of interest. The Mechanism Experts shall immediately inform the Ethics Advisor of:

- Any circumstances which may affect their impartiality or their independence in the performance of their duties under the Mechanism;
- Any attempt, whatever the source, to interfere in an inappropriate manner with the performance of their duties under the Mechanism, or to exert influence on the performance of these duties.
- Confidentiality: The Experts, Secretary and Ethics Advisor are required to protect information in the performance of their duties and, in particular, personal information, when the Author of the Complaint has made such a request, in accordance with the Data Protection and Freedom of Information Act;
- Probity and integrity: The Experts, Secretary and Ethics Advisor perform their duties with honesty and uprightness. They shall abstain, in all circumstances, from any act contrary to honor and probity that may adversely affect AFD or the other stakeholders.

Communication of Mechanism Experts and ad hoc Mechanism Experts. The Experts shall show caution and discretion in the use of information which concerns all the stakeholders. They shall make no public or private statement to parties other than the Author of the Complaint or, where applicable, its Representative, the Counterparty, or the AFD structure concerned by the issues examined by the Mechanism, in compliance with the undertakings and in accordance with the modalities set out in their service contract with AFD.

GENERAL PROVISIONS

Legal issues. The Legal Department shall provide, at the request of the Secretariat, any necessary information and any legal advice concerning AFD's policies and procedures, as well as AFD's rights and undertakings relating to the project which is the subject of the Complaint.

Budget. AFD shall provide the Mechanism Secretariat with sufficient budget resources to allow all the activities authorized in the present Rules of Procedure to be conducted. The Mechanism Secretariat shall prepare the annual budget, which indicates the level of resources required for the activities provided for under the Mechanism for the coming year and shall be responsible for determining the allocation of resources.

Language of the Reports. All the reports are established either by the Mechanism Secretariat or by one of the Mechanism Experts and are published in French on AFD's website. The reports are available in French and English when the country of operation concerned is not French-speaking. They may, where necessary, be translated into the language of the country where the Complaint has been made.

Modalities for correspondence. The information concerning the key stages in the process (Registration, eligibility, draft and final reports) shall be sent by post to the Author of the Complaint or its Representative and to the Counterparty. The letter shall also be sent by e-mail when an e-mail address has been provided at the time of the submission of the Complaint.

Amendment and effect of the present Rules of Procedure. The present Rules of Procedure may be amended by AFD's Chief Executive Officer, who shall report on substantial amendments to the present Rules of Procedure to the Board of Directors. In the event of a discrepancy between the present Rules of Procedure and any other AFD document, and unless otherwise expressly provided, the present Rules of Procedure shall prevail.

Language regime. The present Rules of Procedure are in French and have been translated into English. In the event of a discrepancy between the French version and any other version, the French version shall prevail.

Examination of the Mechanism. The Mechanism is examined by the Board of Directors every five (5) years or when required.