

CAO ASSESSMENT REPORT

**Regarding the Fifth Complaint received in relation to IFC's Investments in Benban
Solar Park (IFC #39728) in Egypt**

March 2023

Office of the Compliance Advisor Ombudsman
for
the International Finance Corporation and
the Multilateral Investment Guarantee Agency
www.cao-ombudsman.org

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO reports directly to the IFC and MIGA Boards of Executive Directors. CAO's mandate is to facilitate the resolution of complaints from people who may be affected by IFC and MIGA projects in a manner that is fair, objective, and constructive; enhance environmental and social outcomes of projects; and foster public accountability and learning to enhance the environmental and social performance of IFC/MIGA and reduce the risk of harm to people and the environment.

For more information, see www.cao-ombudsman.org

About CAO Assessments

Any person who believes they may be harmed by an IFC or MIGA project can lodge a complaint to CAO. We apply three simple eligibility criteria to accept a complaint. For eligible complaints, we then conduct assessment of the concerns with the Complainant(s), project sponsor, and other relevant stakeholders. Once a complaint is determined to be eligible, we review the concerns raised in it. This assessment is conducted in consultation with the Complainant(s), IFC and MIGA Client and project teams, and other relevant stakeholders.

Purpose

The objective of the CAO assessment process is to develop a thorough understanding of the issues the complaint raises, work to understand all perspectives, engage with all key stakeholders to the complaint, consult with them to determine the process they choose to address the complaint, and consider the status of other grievance resolution efforts made to resolve the issues raised. The CAO assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the facts and empower those involved to make informed decisions on how to address the issues raised.

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LIST OF ACRONYMS

BSDA	Benban Solar Developers Association
CAO	Office of the Compliance Advisor Ombudsman
H&SH	Health and Safety Home
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency

OVERVIEW

The complaint is related to labor conditions in two active projects by the International Finance Corporation (IFC) in Benban Solar Park in the Arab Republic of Egypt (“the Project”).¹ In July 2022, CAO received a complaint from two security guards (“the Complainants”) of Al-Huda Security Company affiliated with Sterling and Wilson Company (S&W), a subcontractor for the Benban Solar Park, claiming that they had been dismissed from employment without reason after they had raised concerns to the company regarding insurance coverage and salaries.

In September 2022, the complaint was deemed eligible and referred to IFC, per the request and consent of the Complainants. In October 2022, the Complainants expressed their desire for the complaint to be referred back to CAO and to end their engagement with IFC. CAO then began an assessment of the complaint.

During CAO's assessment, the Complainants and the Benban Solar Park representatives expressed an interest in engaging in a CAO dispute resolution process to address the issues raised in the complaint. In accordance with the CAO Policy, the case will now be handled by CAO's Dispute Resolution function.

This Assessment Report provides an overview of the assessment process, including a description of the project, the complaint, the assessment methodology, and next steps.

BACKGROUND

2.1 The IFC Projects

IFC is part of a consortium of 9 international banks that are providing \$653 million (\$225 million from IFC) for the construction of 13 of the 41 solar power plants that make up the Benban Solar Park.² The Park is a 36 sq km plot composed of 32 operational power plants that are operated by different companies, near the village of Benban.

The lenders supporting projects within the park are IFC, the European Bank for Reconstruction and Development (EBRD), the Asian Infrastructure Investment Bank (AIIB), the African Development Bank (AfDB), the British International Investment (BII), Finnfund (Finland), the Industrial and Commercial Bank of China (ICBC), Europe Arab Bank, the Arab Bank of Bahrain, the Green for Growth Fund, Proparco (France), the Austrian Development Bank (OeEB), and the Dutch Entrepreneurial Development Bank (FMO).

All the project developers have joined together to form the Benban Solar Developers Association (BSDA) to manage the entirety of the Solar Park. BSDA hired a facility management company, Health and Safety Home (H&SH), to manage the operation and maintenance of the Solar Park and address environmental and social (E&S) and other relevant issues for the entire park.³

¹ Sterling and Wilson (S&W) is the current operation and management contractor for IFC project [SP Energy Egypt S.A.E \(#39728\)](#). This security arrangement is specific to this project and not for the entirety of the Park.

² Benban Solar Park is subdivided into 41 separate plots (projects) assigned to different developers for the development of solar power plants, 32 of which are now operational, generating and transmitting electricity to the national grid.

³ Other issues include security and crisis management, traffic and roads management, solid waste management, wastewater management, community liaison and communications, central facilities services, and the H&SH oversight and governance.

In the project involved in this complaint (SP Energy Egypt S.A.E. (IFC #39728)), Sterling and Wilson Company is specifically in charge of the operation and management of the security companies. Al Huda Security Company is contracted by Sterling and Wilson Company to provide gate security service for the individual plot of this IFC project within the Solar Park.

2.2 The Complaint

In July 2022, CAO received a complaint from two security guards of Al-Huda Security Company affiliated with Sterling and Wilson Company, a subcontractor for the Benban Solar Park. The security guards claimed that they had been dismissed from employment without reason after they had raised concerns to the company regarding insurance coverage and salaries.

The issues raised during the assessment are described in more detail below.

ASSESSMENT SUMMARY

3.1 Assessment Methodology and Findings

The aim of the CAO assessment process is to clarify the issues and concerns raised by the Complainant(s), gather information on the views of different stakeholders, and determine whether the Complainant(s) and the IFC client(s) would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO's Compliance function for appraisal of IFC's performance (see Appendix A for more on CAO's complaint-handling process).

CAO's assessment of the complaint included:

- A desk review of project documentation
- telephone conversations with the Complainants
- virtual meetings with the representatives of BSDA, on behalf of the Benban Solar Park, H&SH and the Al Huda Company
- virtual meetings with IFC project teams.

The assessment was conducted by the CAO team with the support of a local mediator based in Cairo. The CAO team and the mediator communicated with the Parties and collected information through in-depth telephone conversations.

This report summarizes the views heard by the CAO team from the parties and describes the next steps based on the decisions taken by the complainants and Benban Solar Park.

3.2 Summary of Views

Complainants' perspective

The security guards explained that after working for Al Huda Security Company for 15 months, their employment had been terminated without reason. They indicated that their contracts were of limited duration (18 months) and had been terminated 3 months before the employment term was due to end. The security guards believe that the termination of their employment was linked to the questions they had asked the company regarding insurance coverage and the possibility to receive a transport allowance as part of their salaries. They had been in contact with the Human Resources Officer at Al Huda company to discuss these points.

The complainants expressed interest in engaging with representatives of Al Huda company in a dispute resolution process facilitated by CAO.

Clients' perspective

BSDA, on behalf of Benban Solar Park, H&SH and the Al Huda company, explained that from their perspective, the issues raised by the security guards were unfounded. BSDA representatives alleged that one of the Complainants acknowledged having received compensation from Al Huda company and that he had signed a form indicating that he will not pursue further claims against the company regarding the same issue. They did not provide information regarding the compensation of the other complainant.

However, BSDA expressed willingness to engage in a mediation process with both security guards to address the issues raised.

ASSESSMENT CONCLUSION AND NEXT STEPS

During CAO's assessment, both the Complainants and the Benban Solar Park representatives expressed an interest in addressing the issues raised in the complaint through a voluntary dialogue process convened by CAO's Dispute Resolution function. CAO will facilitate the process, including assisting the parties in preparing for dialogue, agreeing on ground rules and on the scope of the dialogue, and working together in a collaborative way to try to reach a resolution of the issues raised in the complaint and summarized in this assessment report.

APPENDIX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO Dispute Resolution specialists. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the Complainant(s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,¹ the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgment** of receipt of the complaint.

Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).

Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if after the 90-business day period (1) the Parties confirm that resolution of the complaint is likely; or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.

Step 4: **Facilitating settlement:** If the Parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the Parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the Parties affected.²

OR

Compliance Appraisal/Investigation: If the Parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Complainant must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where

¹ For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>.

² Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**

