



The Independent Accountability Mechanism for IFC & MIGA

CAO ASSESSMENT REPORT

Regarding a Complaint Received in Relation to IFC's Investments in AI Subh Solar Power S.A.E. (#39729), Sunrise Energy S.A.E. (#39995) and Rising Sun Energy S.A.E. (#39997), and to MIGA Guarantees in relation to Rising Sun Energy S.A.E. (#14080), Sunrise Energy S.A.E. (#14059), and AI Subh Solar Power S.A.E. (#14043)

November 2024

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
CLO	Community Liaison Officer
ESIA	Environmental and Social Impact Assessment
FMC	Facility Management Company
GMP	Grievance Mechanism Policies
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
SPV	Special Purpose Vehicle

OVERVIEW

In March 2024, CAO received a complaint from three individuals from Benban village (“the Complainants”) regarding their employment with Securitas Egypt,¹ a security subcontractor to the SPVs (Special Purpose Vehicles) in the Benban Solar Park in Aswan, Egypt. The complaint raised concerns relating to non-renewal of their contracts after they expired, unfavorable working conditions, and perceptions of threats and reprisals.

In May 2024, CAO determined that the complaint met its three eligibility criteria and began an assessment of the complaint.

During CAO’s assessment, the parties expressed an interest in engaging in a CAO dispute resolution process. In accordance with the CAO policy (para 59),² the complaint 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 Projects

Al Subh Solar Power S.A.E, Sunrise Energy S.A.E, and Rising Sun Energy S.A.E are Special Purpose Vehicles (together “the Projects,” “the SPVs,” or “the Client”) for the development, construction, operation, and maintenance of solar photovoltaic (PV) power plants with a capacity of 50MW each, located within the Benban Solar Park. Benban Solar Park³ is a 36 sq km plot composed of 32 operational power plants that are operated by different companies, near the village of Benban in Egypt. All project developers have formed the Benban Solar Developers Association (BSDA) to manage the entirety of the Solar Park.

International Finance Corporation (IFC) Projects

According to IFC disclosures, the Projects^{4,5,6} are Category B Solar Renewable Energy Generation that were approved by the Board in July 2017. Each project is a greenfield 50 MW solar PV plant, part of Round 2 of the Egyptian government’s feed-in-tariff (FiT) scheme for domestic solar PV and wind energy projects. Each project was developed by a Special Purpose Vehicle (SPV)⁷ owned by a Joint Venture (JV) consortium led by Acciona Energía

¹ Securitas Egypt is contracted by the SPVs for the security services of three power plants within the Benban Solar Park. Their activities start at the plants’ entry gate of the plots of the Projects and cover all areas within the fences.

² During the assessment process, the complainant and the client and/or sub-client decide whether they would like to initiate CAO’s Dispute Resolution or Compliance function. If both parties agree to undertake dispute resolution, CAO will facilitate this process. If there is no agreement on a function, the complaint will be transferred to CAO’s Compliance function.

³ 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 and generating and transmitting electricity to the national grid.

⁴ Al Subh Solar Power: <https://disclosures.ifc.org/project-detail/SII/39729/al-subh-solar-power>

⁵ Sunrise Energy: <https://disclosures.ifc.org/project-detail/SII/39995/acciona-benban-2>

⁶ Rising Sun Energy: <https://disclosures.ifc.org/project-detail/ESRS/39997/acciona-benban-3>

⁷ SPVs: An ACCIONA/SWICORP partnership representing the owner of three PV plots called Rising Sun, Sunrise, and Al Subh, all located in Benban Solar Park.

Global (Acciona) and ENARA Bahrain SPV WLL (consisting of Investment Fund for Developing Countries, Nayar International Renewable Energy, Swicorp, KCC Corporation, and the Shoaibi Holdings). Currently, each project is owned 50% by Acciona and 50% by ENARA Bahrain. The SPVs are responsible for quality and environment, social, health, and safety management (ESHS) of the Projects, monitored by their shareholders (i.e., Acciona and Enara Bahrain). The total cost was about US\$64 million per project, with an IFC A-loan and IFC C-Loan of US\$15.3 million and syndications of US\$37.5 million per project at the time of commitment. The balance is covered by equity.⁸ All Projects achieved a Commercial Operation Date (COD) in March 2019.

Multilateral Investment Guarantee Agency (MIGA) Project

MIGA issued guarantees to Acciona Energia Global SLU from Spain and Enara Bahrain SPV WLL from Bahrain for their equity investments in Rising Sun Energy S.A.E. and Sunrise Energy S.A.E.,⁹ as well as their equity and quasi-equity investments in Al Subh Solar Power S.A.E.¹⁰ The guarantees, each in the amount of \$14.49 million per project, were issued in 2018 for a duration of 15 years against the risks of Transfer Restriction and Inconvertibility, Expropriation, War and Civil Disturbance, and Breach of Contract. These projects are part of Round 2 of Egypt’s feed-in-tariff program.¹¹

2.2 The Complaint

In March 2024, CAO received a complaint from three individuals from Benban village (“the Complainants”) regarding their employment by Securitas Egypt, a security subcontractor to the SPVs in the Benban Solar Park in Aswan, Egypt. One individual was delegated to represent all three Complainants. The complaint raised concerns relating to non-renewal of their contracts after they expired, unfavorable working conditions, and perceptions of threats and reprisals.

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/MIGA Client 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 to determine whether the complaint merits a compliance investigation (see Appendix A for CAO’s complaint-handling process).

In this case, CAO's assessment of the complaint included:

⁸ IFC has been leading a consortium of nine international banks that are providing \$653 million (\$225 million from IFC) for the construction of 13 of the 41 solar power plants that constitute the Benban Solar Park. To date, IFC has invested in 14 active projects in the Benban Solar Park.

⁹ MIGA project information: <https://www.miga.org/project/rising-sun-energy-sae-0> and <https://www.miga.org/project/sunrise-energy-sae-0>.

¹⁰ MIGA project information: <https://www.miga.org/project/al-subh-solar-power-sae>

¹¹ MIGA is covering 12 solar power projects in Benban Solar Park, of which 3 are the subject of this complaint.

- a desk review of project documentation;
- telephone, text, and Zoom conversations with the Complainants;
- virtual meetings with representatives of the Client, BSDA, and the BSDA Consultant; and
- virtual meeting with IFC/MIGA project teams.

The assessment was conducted by the CAO team with the support of a local mediator based in Egypt and an interpreter based in Jordan. The CAO team did not conduct an assessment trip to the project site.

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 Complainant and the Client.

3.2 Summary of Views

Complainants' perspective

According to the Complainants, before non-renewal of their contracts, they were employed by Securitas Egypt, providing security services for the SPVs at the Benban Solar Park. Two of the Complainants were employed by Securitas Egypt for four years, and one was employed for eight months.

The Complainants presented several concerns about what they perceived as unfair non-renewal after expiry of their employment contracts. They believe that the non-renewal was a result of demands they had previously made for wage increases and a request they had made to Securitas Egypt to provide them with meals during working hours. Additionally, they reported unfavorable working conditions.

The Complainants reported a visit by a representative of BSDA,¹² which handles the final tier of the internal grievance mechanism at the solar park, to one of the Complainant's homes. They perceived this visit as an attempt to pressure them to settle the issues in exchange for promises of future employment. The Complainants explained that they had submitted a complaint to Securitas Egypt in line with the SPVs' internal grievance mechanism process available at the solar park, but that they were asked to close it and to sign release documents that they did not fully comprehend. They allege that promises for future employment were made by the representative and remain unfulfilled.

During bilateral meetings between CAO and the Complainants, issues related to retaliation were clarified and withdrawn, particularly those related to the BSDA representative's visit and any associated activities. They mentioned their disappointment with the unfulfilled promises of

¹² The SPVs are members of the Benban Solar Developers Association (BSDA).

employment, and that some pending issues related to employment documents and unpaid allowances remained unaddressed by their employer, Securitas Egypt.

During the factual review of this report, one of the Complainants decided to withdraw from the complaint, and thus the Complaint became limited to two complainants.

As part of the assessment, CAO clarified the specific issues and needs of each Complainant. The specific issues that each Complainant individually wants resolved with the Client are outlined below. For identity protection, they are referred to as Complainant #1 and Complainant #2.

- Complainant #1 expressed that he wants his due of two months' salary per year served (four years), food allowance to compensate for the four years of employment in which the company never gave him meals during work hours, and seven days of paid leave.
- Complainant #2 expressed that he wants salary for the six months after his employment contract expired (March 2024-September 2024/at the time of drafting this report) and an administrative job in an office to accommodate his health condition.

The Complainants indicated a preference to resolve the issues through a CAO-facilitated dispute resolution process.

Clients' perspective

In general, the Client believes that the complaint submitted by the Complainants is based on the issue of non-renewal of their contracts. The Client indicated that the Complainants had previously raised this issue through the internal grievance mechanism and had later closed it without any coercion. As for other claims, the Client deemed them neither substantive nor justified and believes the Complainants raised them for the sake of bargaining to get employment contracts for themselves or their relatives, or for financial compensation, which the Client sees as non-conforming with the law. The Client added that these claims were not raised as part of the complaint items submitted to the FMC. The Client considered the withdrawal of the threat allegation by the Complainants during the deliberations with the CAO team as a sign of unrealistic perceptions and a result of personal anger. The Client said the threats do not rise to the level of becoming a fact.

The Client refuted the claim by the Complainants that the non-renewal of their contracts upon expiration was done unfairly. The Client indicated that the claims were baseless and that they investigated the matter internally with Securitas Egypt, the FMC, and the BSDA consultant, as well as the Labor Office. The Client mentioned that all parties confirmed that the non-renewal of the contracts was consistent with the nature of fixed-term employment contracts as regulated by Egyptian labor law.

Regarding the Complainants' allegation that the non-renewal was a form of retaliation due to their previous demands, the Client indicated that this claim was also incorrect. The Client

stated that the demand for wage increases and meals submitted to Securitas Egypt and signed by 20 security officers (without one of the Complainants) was settled.

As for the claim that working conditions were unfavorable, the Client indicated that work at the three plots was proceeding in an organized and disciplined manner, with more than 100 workers onsite. The Client also indicated that it regularly reviewed and examined the employment contracts, in addition to conducting monthly interviews with a representative from the security personnel to listen to their opinions and requests, in order to safeguard their rights. Thus, the Client believes this claim lacks objectivity and is unfounded.

Concerning the visit by a representative from BSDA to pressure the Complainants to settle the issues in exchange for promises of employment, the Client considered this a mere fabrication. The Client explained that the representative's visit was not intended to create any pressure or threat against the Complainants, but rather was intended to provide an explanation of the company's legal commitments toward the employees associated with the termination of this position. Additionally, the visit provided an opportunity to explain the assistance available to the Complainants through the community service opportunities provided by BSDA for workers whose contracts were not renewed and who are looking for new employment opportunities.

Regarding the employment documents and unpaid allowances (dues) that had remained unresolved by Securitas Egypt, the Client stated that Securitas Egypt had indeed provided all documents and entitlements owed to the Complainants. To expedite the process for the Complainants and make it easier for them, documents and dues were sent to their residences; only one of the Complainants voluntarily accepted to take them and the others refused.

Regarding meals, the Client indicated that there is a canteen at the three project sites to cater for the employees' food needs. The Client also clarified that Securitas Egypt, upon the request of the majority of workers, provided cash allowances to the workers, as most of them lived in Benban village close to the work site.

Regarding the Complainants' compensation requests, the Client clarified that they were not realistic, were based on contrasting perceptions and considerations, were not aligned with the nature of their fixed-term contracts, and did not comply with the law, as previously confirmed by the Labor Office.

In conclusion, the Client noted that the Complainants are in continuous contact with individuals of the Benban community regarding their grievances, which the Client perceives as harmful to its reputation.

The Client presented CAO with two detailed reports in response to the Complaint. The first report clarifies the gaps in the Complainants' claims and use of the grievance process, and includes other concerns related to the eligibility process. The second report is a consultant

report that registered the internal process detailing the procedures, statements and requests of the complainants, as well as the minutes of the sessions and achieved settlements.

The Client expressed willingness to meet with the Complainants in a dispute resolution process facilitated by CAO to address the issues raised in the complaint.

ASSESSMENT CONCLUSION AND NEXT STEPS

During CAO's assessment, both the Complainants and the Client 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 appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business

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.

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**

