



## **DISPUTE RESOLUTION CONCLUSION REPORT**

### **Egyptian Indian Polyester Company- Sokhna-02**

#### **January 2019**

*This report summarizes the CAO dispute-resolution process in relation to the Egyptian Indian Polyester Company-02 complaint.*

### **BACKGROUND**

#### **IFC Project**

At the time the complaint was filed, IFC had a Category-B project with Egyptian Indian Polyester Company (EIPET) – Sokhna (#28878) in Egypt. The IFC investment supported the establishment of a 420,000 tons per annum, greenfield polyethylene terephthalate (PET) resin plant in the Eldorado Integrated Development and Free Zone S.A.E. in Ain Sokhna, Egypt.

EIPET is a joint venture project set up by Dhunseri Petrochem Ltd. (DPL) and two agencies of the Government of Egypt: Egyptian Petrochemical Holding Company (Echem), and Engineering for the Petroleum and Process Industries (Enppi). The project was estimated to cost approximately \$160 million, with the IFC investment being an A-loan of \$35 million.

In May 2015, EIPET's operations were halted, which according to the Company is mostly due to a global decline in oil prices. The EIPET plant remained closed while DPL and lenders (including IFC) negotiated for a solution. IFC, together with all other lenders, exited the project through a settlement with DPL in May 2018. DPL re-started operations with a new investor in September 2018.

#### **The Complaint**

In August 2017, CAO received a complaint from an individual formerly engaged by EIPET as a consultant in the role of vice president of logistics, regarding the IFC-supported project in Ain Sokhna, Egypt (the Complainant). This was the second complaint received by CAO regarding the project.<sup>1</sup> The Complainant claimed that EIPET had failed to compensate him for work done between April 2015 and November 2015, and that EIPET did not comply with the terms of his contract, which required three months' advance notice prior to terminating the contract, or payment in lieu thereof. At the time the complaint was filed, the Complainant claimed that he had been waiting for outstanding remuneration due to him for two years and four months.

#### **CAO Assessment**

CAO found the complaint eligible and initiated an assessment of the complaint in October 2017. During the assessment phase, CAO held telephone discussions with the Complainant, as well as representatives of EIPET in Egypt and DPL in India, EIPET's majority shareholder (jointly referred to as the Company). The Complainant and the Company jointly indicated to CAO their willingness to address the issues raised in the complaint through a CAO-facilitated dialogue process.

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<sup>1</sup> Information regarding Egyptian Indian Polyester Company - Sokhna-01 can be found at

[http://www.cao-ombudsman.org/cases/case\\_detail.aspx?id=1254](http://www.cao-ombudsman.org/cases/case_detail.aspx?id=1254)



## PREPARATION FOR DIALOGUE

### Process Design and Capacity building

Because the Complainant and the Company were in two separate locations, India and Egypt, they were unable to meet in person. CAO designed the dispute-resolution process so that the discussions could be facilitated using an online dispute resolution (ODR) approach.<sup>2</sup> This involved CAO mediating through teleconference and other digital platforms, including Skype, Zoom, and Webex.

Prior to formally initiating the dispute-resolution process, CAO held separate bilateral meetings with the Complainant and Company representatives to help prepare them for engagement with each other regarding the issues raised in the complaint. During these meetings, CAO provided the parties with more information about the dispute-resolution process, discussed the goals and principles of mediation, and shared with them techniques for effective communication.

During those engagements, and throughout the process, the parties indicated they did not wish to participate in joint sessions. Hence, CAO used a shuttle diplomacy approach.

### THE DISPUTE-RESOLUTION PROCESS

Between January and May 2018, CAO held a series of meetings with the Complainant and the Company representatives. Following three separate meetings with each party respectively, the parties decided to engage in direct communication. In April 2018, the parties indicated that they had reached a deadlock and wished to resume the shuttle diplomacy process mediated by CAO. The parties

reached agreement in May 2018 and executed a written settlement agreement in July 2018.

The terms of the agreement remain confidential, at the parties' request. CAO monitored the implementation of the agreement to ensure that the parties were satisfied with the outcome. In December 2018, CAO received confirmation from the parties that the agreement had been fully implemented to each party's satisfaction and is concluding its involvement in the case.

### INSIGHTS FROM THE PROCESS

The parties to the dispute expressed their satisfaction with CAO's role in the dispute-resolution process and how it helped them overcome communication barriers and difficulties faced in reaching out to each other.

*"It is really appreciable that all efforts are being made from your side to settle this issue."*

**Mr. Mohan Singh Sisodia,**  
**complainant, in an email to the CAO team.**

Using ODR for the first time provided an opportunity for CAO to explore innovative ways to facilitate dialogue. ODR is not appropriate for all cases but can offer an effective tool for helping parties to address issues in certain circumstances. Given the parties' refusal to participate in joint sessions, CAO did not have the opportunity to facilitate a joint meeting using this approach, but certain digital platforms utilized offer the possibility to do so for future cases that call for or are suited to this approach.

*"We found Online Dispute Resolution (ODR) process useful and convenient. Since CAO, complainant and we were*

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<sup>2</sup> Online dispute resolution (ODR) is a method of dispute resolution that uses digital technology/platforms to engage with and facilitate the resolution of disputes or issues between parties.



*in different continents with different time zones, this process was quite useful. CAO team handled it very well."*

***EIPET's representative, in an email to the CAO team.***

Using online platforms also presented challenges. During the first sessions, CAO mediators and the parties experienced connectivity issues. However, the parties' flexibility and openness to switching between platforms when the need arose was key and enabled CAO to identify the platform that worked best for each party. Further, an important insight gained from the case was that the use of ODR requires ample time and effort to create rapport and build trust with the parties.