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## Final Problem-Solving Conclusion Report on IRM Case C-0009-Egypt in relation to GCF Project FP039: GCF-EBRD Egypt Renewable Energy Financing Framework – Labour Complaints

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### **Summary**

This report provides information to the Board on the outcomes of problem-solving in the Independent Redress Mechanism (IRM)'s case C-0009-Egypt in relation to GCF Project FP039: GCF-EBRD Egypt Renewable Energy Financing Framework, as required by paragraph 44 of the Procedures and Guidelines of the IRM (Decision B.22/22). This report discusses processes and outcomes of the labour complaints related to the case, and a separate report dealing with the community related matters is available on the IRM case register.



## Executive Summary

Following the settlement of the community-related complaint in December 2023, the Independent Redress Mechanism (IRM) continued engaging with the two complainants and the Benban Solar Developers Association (BSDA) in relation to labour complaints filed with regard to FP039, "GCF-EBRD Egypt Renewable Energy Financing Framework." The labour complaints, received in September and November 2022, pertained to poor working conditions and inequality in access to benefits, promotions and salary increases, arbitrary dismissal, unequal treatment of employees, lack of transparency with information related to workers' rights and unclarity on workers' social insurance. Both complainants alleged retaliation as a cause for their dismissals and also indicated the inadequacy of the local grievance mechanism.

Initially, in accordance with the working arrangement agreed upon between the IRM and the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC), the CAO handled the problem-solving phase of the two aforementioned complaints. On 7 February 2024, the IRM communicated to the CAO that the IRM would handle the cases independently, and the IRM started directly engaging with the parties in relation to the two labour complaints. Towards the end of the problem-solving process facilitated by the IRM, Complainant #1 and BSDA reached a mutually satisfactory agreement, and the IRM will now monitor the agreements reached.

With regard to Complaint #2, despite continuous efforts made by the IRM, the parties to the complaint were unable to reach an agreement. As a result, the IRM closed the problem-solving phase of the complaint and referred this second labour-related complaint to compliance review.

In conclusion, the case has reached the end of its problem-solving process with a full settlement of the community-related complaint and one labour complaint, with the other labour complaint referred to compliance review. The complaints with settlement agreements have been fully transferred to the monitoring phase of the IRM's complaints handling process, while the second labour complaint that ended without a settlement has been referred to compliance review for further processing.



## I. Introduction

1. The Independent Redress Mechanism (IRM) is mandated to handle complaints received from a person or group of two or more persons or communities who have been or may be affected by adverse impacts of a project or programme, under paragraph 11 of its Updated Terms of Reference (Decision B.BM-2017/10).<sup>1</sup> In handling the complaint, the IRM is required to offer problem-solving to the parties as a means of resolving a complaint under the Procedures and Guidelines (PGs) of the IRM (Decision B.22/22).<sup>2</sup> When problem-solving is agreed to by the parties and the parties resolve their dispute through an agreement or series of agreements, the IRM informs the Board accordingly in line with paragraph 44 of the PGs. This report is the second and final problem-solving conclusion report to the Board in relation to this case, subsequent to the first and partial problem-solving conclusion report that was submitted to the Board in December 2023. While the first report focused on community-related complaints, this report summarises the handling of the two labour complaints that remained to be resolved.

## II. Background

### 2.1 GCF Project

2. The complaint relates to the GCF-funded programme FP039, "GCF-EBRD Egypt Renewable Energy Financing Framework."<sup>3</sup> The programme is intended to support the construction of 8-12 renewable energy projects with an aggregate capacity of 600MW and to support the planning and integration of renewable energy through technical assistance. FP039 was approved at the 16th meeting of the GCF Board on 6 April 2017, and the Accredited Entity ("AE") for this programme is the European Bank for Reconstruction and Development ("EBRD"). FP039 was originally estimated to be completed by September 2022, but the completion date has been extended to September 2024 at the request of the AE.

### 2.2 Complaint

3. On 28 September 2022, the IRM received and acknowledged a complaint (Complaint #1) submitted by an employee of a company hired to work on projects in the Benban Solar Park in Egypt (Complainant #1).<sup>4</sup> On 8 November 2022, the IRM received another complaint (Complaint #2) submitted by a different employee of the same company (Complainant #2).<sup>5</sup> This complaint was acknowledged on 11 November 2022.

4. Both Complainant #1 and #2 were employees of Health and Safety Home, a company contracted by the Benban Solar Developers Association (BSDA). Complainant #1 alleged poor working conditions and inequality in access to benefits, promotions and salary increases while working on various projects in the Benban Solar Park. Complainant #1 also alleged facing retaliation and unfair dismissal as a result of the complainant's requests and actions to have their grievances addressed.

<sup>1</sup> Available at: <https://irm.greenclimate.fund/document/irm-tor>

<sup>2</sup> Available at: <https://irm.greenclimate.fund/document/2019-procedures-and-guidelines-irm>

<sup>3</sup> More information about the programme is available at: <https://www.greenclimate.fund/project/fp039>

<sup>4</sup> Complaint #1 is available at: <https://irm.greenclimate.fund/sites/default/files/case/complaint-text-c0009-redacted-egypt-redacted.pdf>

<sup>5</sup> Complaint #2 is available at: <https://irm.greenclimate.fund/sites/default/files/case/complaint-c0009-egypt-complainant02-redacted.pdf>



5. Complainant #2 alleged arbitrary dismissal, unequal treatment of employees, failure to disclose information related to workers' rights and failure to consistently provide social insurance to workers. Complainant #2 also alleged facing retaliation and unfair dismissal as a result of the requests and actions to get their complainant's grievances addressed.
6. Both mentioned that the local grievance mechanism was ineffective.

### III. Eligibility and Initial Steps Phase

7. Complaint #1 was declared eligible on 25 October 2022<sup>6</sup> and Complaint #2 was declared eligible on 9 December 2022<sup>7</sup> under the IRM's TOR and PGs. Following eligibility determination, the IRM started engaging with the complainants and other stakeholders in the initial steps phase to further evaluate the issues in the complaint and to provide further information on the options available with regard to the processing of the complaint, as indicated in paragraph 36 of the IRM's PGs. As noted in the clarification of time limits,<sup>8</sup> the processing times of the two complaints were aligned to enable more efficient and effective processing of the case. By 7 April 2023, the complainants and the BSDA indicated their willingness to resolve the issues through the problem-solving process.<sup>9</sup>

8. As referred to in the initial steps report, given that the same individuals filed complaints to both the IRM and the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC) and that the complainants had already expressed their preference to proceed to problem-solving with the cases handled by the CAO, the two mechanisms agreed that the CAO would take the lead on labour-related concerns and the IRM would focus on community-related issues. Following an agreement reached on the community issues during a joint session on 14 and 15 December 2023, the first and partial Problem-Solving Conclusion Report was submitted to the Board on 29 December 2023. Subsequently, the CAO continued its problem-solving process with regard to the two individual labour cases. On 7 February 2024, the IRM communicated to the CAO that the IRM would handle the cases independently. This report is a summary of the problem-solving process pursued in relation to the individual labour concerns raised by Complainant #1 and Complainant #2.

### IV. Problem-solving Process

9. The initial problem-solving processes for the two labour complaints were handled by the CAO. This involves building the capacity of the parties to prepare for mediation and assisting the parties in agreeing to process ground rules that would enable them to respectfully and effectively engage in the process. The parties to the problem-solving process are the Benban Solar Developers Association ("BSDA"), as the general coordinator for various projects in the Benban Solar Park, and Complainant #1 for Complaint #1, and BSDA and Complainant #2 for Complaint #2.

10. **The IRM-CAO working arrangement:** The IRM agreed to play an observer role in the CAO process, and thus, the IRM received updates from the CAO on certain matters. During its missions to Egypt to process community-related complaints, it met with the parties to the

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<sup>6</sup> The eligibility determination for Complaint #1 is available at:

<https://irm.greenclimate.fund/sites/default/files/case/determination-eligibility-c0009.pdf>

<sup>7</sup> The eligibility determination for Complaint #2 is available at:

<https://irm.greenclimate.fund/sites/default/files/case/determination-eligibility-c0009-complainant2.pdf>

<sup>8</sup> The clarification on time limits is available at:

<https://irm.greenclimate.fund/sites/default/files/case/clarification-time-limits-31-january.pdf>

<sup>9</sup> The initial steps report is available at: <https://irm.greenclimate.fund/sites/default/files/case/initial-steps-report-c-0009-egypt-final-web.pdf>



labour complaints to ensure the process was on track, although full details of the case were not disclosed to the IRM. During the IRM's mission in December 2023, the CAO paused its processes on the two labour complaints so that the IRM could engage with the parties of the labour complaints and explore options and alternatives. Following the CAO's mission in January and subsequent meetings, on 7 February 2024, the IRM communicated to the CAO that the IRM would handle the cases independently.

11. **The IRM's independent management of the case:** The IRM used a mix of virtual meetings and site visits to effectively manage the process while ensuring the process kept momentum. The IRM continued to work with the parties to think outside the box and produce creative solutions to this case. Noticing the continued challenges to reaching an agreement, after having considered all parties' interests and needs with regard to the case and with the consent of all parties involved, on 18 March 2024, the IRM circulated a mediator's proposal to each party. A mediator's proposal is a confidential proposal that is not based on the merits of the case and is only based on the mediator's assessment of a practical solution that can be mutually accepted by the parties. In the case one or both parties reject the mediator's proposal, the party or parties that reject the proposal are not informed of the other party's response. The initial one-year problem-solving timeline was to lapse on 7 April 2024, but it was extended to 20 April 2024 at the request of BSDA and the consent of the complainants.<sup>10</sup> While the mediator's proposals eventually did not lead to mutual agreements, new alternatives for resolution were presented to the parties.

12. Complainant #1 accepted this alternative proposal. As a result, the parties to Complaint #1 entered into an agreement. As agreed to by the parties of the complaint, the content of this written agreement will remain confidential in accordance with paragraphs 44 and 46 of the IRM's PGs.

13. With regard to Complaint #2, despite numerous productive attempts to settle the case, the parties were unable to enter into an agreement. The nature of the impasse lies in the continued divergent views on whether the complaint was legitimate and, therefore, the ultimate disagreement on the solutions proposed. As a result, in accordance with paragraph 48 of the IRM's PGs, Complaint #2 has been referred to compliance review and the IRM website will be updated accordingly.

## V. Conclusion

14. The IRM is fully concluding its problem-solving phase of the case, given that the parties have reached a mutually satisfactory agreement with regard to the community complaint and Complaint #1, and that Complaint #2 has been referred to compliance review. The IRM thus launched a monitoring phase on the agreements reached between the community and BSDA and between Complainant #1 and BSDA, during which the IRM will follow up with the parties to confirm the implementation of the agreements, as agreed to by all parties to this process.

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<sup>10</sup> The extension of time limits for the problem-solving phase is available at: <https://irm.greenclimate.fund/sites/default/files/case/c0009-egypt-irm-extension-time-decision-problem-solving-12apr.pdf>