

# Redress



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Independent  
Redress  
Mechanism

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## **Independent Redress Mechanism**

**Grievances and Complaints**

**Initial Steps Report**

**GCF Project FP039: GCF-EBRD Egypt Renewable Energy Financing Framework**

**Case C-0009-Egypt**

**7 April 2023**

## Initial Steps Report

The Terms of Reference (TOR)<sup>1</sup> and the Procedures and Guidelines (PGs)<sup>2</sup> of the Independent Redress Mechanism (IRM) set out how the IRM deals with grievances or complaints from a person, group of persons, or community who have been, or may be affected by the adverse impacts of a GCF funded project or programme. Once a grievance or complaint has been declared eligible, the IRM, as part of its initial steps, holds discussions with the complainant(s) and potential parties to understand the issues at hand, explain the processes of the IRM, and to determine whether the parties wish to proceed with problem solving or compliance review or a combination of both. Under the IRM terminology, this phase is called the “initial steps phase.”

This process does not gather information to determine fault or make judgments on the merits of the complaint.

This report documents the initial steps process described above as well as its outcome.

### SUMMARY OF OUTCOME

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). On 8 November 2022, the IRM received another complaint (Complaint #2) submitted by a different employee of the same company (Complainant #2). This complaint was acknowledged on 11 November 2022. The complainants did not request confidentiality, but as a result of the IRM’s retaliation risk assessment and to protect personal information, the IRM has published redacted copies of the two complaints.<sup>3</sup> In addition, the IRM, in keeping with best practice per the Principles for Cooperation for Independent Accountability Mechanisms (IAMs),<sup>4</sup> engaged with the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC) and the Independent Review Mechanism (IRM) of the African Development Bank (AfDB) as they had also received complaints regarding Benban Solar Park projects.

The complaints relate to GCF funded programme FP039, “GCF-EBRD Egypt Renewable Energy Financing Framework.”<sup>5</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 16<sup>th</sup> 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.

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<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> The redacted text of Complaint #1 is available at:

<https://irm.greenclimate.fund/sites/default/files/case/complaint-text-c0009-redacted-egypt-redacted.pdf>; and the redacted text of Complaint #2 is available at:

<https://irm.greenclimate.fund/sites/default/files/case/complaint-c0009-egypt-complainant02-redacted.pdf>

<sup>4</sup> Available at: <https://thedocs.worldbank.org/en/doc/3043c724b44d475060e19be691c1a0ae-0490092016/original/IAMnet-Criteria-for-Participation-and-Principles-for-Cooperation-september-2016-ENGLISH.pdf>

<sup>5</sup> More information about the programme is available at: <https://www.greenclimate.fund/project/fp039>

Complainant #1 held multiple positions within Health and Safety Home, a company contracted by the Benban Solar Developers Association (BSDA) as the general coordinator for various projects in the Benban Solar Park. He alleged poor working conditions and inequality in access to benefits, promotions and salary increases while working on various projects in the Benban Solar Park. He also alleged facing retaliation and unfair dismissal as a result of his requests and actions to get his grievances addressed.

Furthermore, Complainant #1 added that the community had yet to see any benefits stemming from the Benban Solar Park projects. His view is that the project implementers did not keep their initial promises to the community members. He further elaborated on such community concerns during his initial engagements with the IRM, which is described in later sections of the report.

Complainant #2, who was a community liaison officer employed by Health and Safety Home, alleged arbitrary dismissal, unequal treatment of employees, lack of a proper grievance mechanism, failure to disclose information related to workers' rights and failure to consistently provide social insurance to workers. She also alleged facing retaliation and unfair dismissal as a result of her requests and actions to get her grievances addressed.

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 its 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. During the initial steps phase, the IRM does not gather information to determine the merits of the complaint. The deadline for the initial steps was to lapse on 24 December 2022 for Complaint #1 and on 7 February 2023 for Complaint #2. However, 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, and therefore, the consolidated deadline for the initial steps for both complaints was 7 February 2023. This deadline was then extended to 14 March 2023 due to the need for greater coordination with all relevant stakeholders.<sup>9</sup> Moreover, since the complaints relate to a programme co-funded by multiple financiers, the IRM required more time to delineate the working arrangements with the mechanisms of other co-financiers that have received the same complaint(s). This deadline was extended once again to 7 April 2023 as the coordination with other mechanisms took longer than initially anticipated, and therefore the draft report was circulated to the parties on short notice, after which the IRM needed to engage with the parties to provide further clarifications.<sup>10</sup>

During the initial steps phase, the IRM's Dispute Resolution (DR) team met with a number of stakeholders, including the complainants, the Benban Solar Developers Association (BSDA), the European Bank for Reconstruction and Development (EBRD) and the GCF Secretariat. As part of this process, the IRM's Compliance and Dispute Resolution Specialist travelled to the project

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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 extension of time limits is available at: <https://irm.greenclimate.fund/sites/default/files/case/first-extension-time-limits-c0009.pdf>

<sup>10</sup> The second extension of time limits is available at:

<https://irm.greenclimate.fund/sites/default/files/case/second-extension-time-c-0009-egypt-web.pdf>

site and met with community members. In addition, the IRM held a series of conversations with the CAO and the IRM/AfDB to identify areas for cooperation.

The complainants raised several labour-related concerns, including unfair dismissal, inappropriate working environment and inequitable treatment of employees. Both complainants brought their complaints to the company's in-house grievance mechanism, but they felt their complaints were neglected and, according to their perspective, noticed actions of retaliation for having expressed dissatisfaction with the company. They claimed the need for the company's greater transparency regarding the hiring and management of its employees, and they also expressed the need for its employees to be treated with more respect, dignity, justice and equality, according to the safeguards standards of the project. Complainant #2 added that employees should be able to work in a safe environment without fearing retaliation.

During the initial engagements, the two complainants elaborated on the community issues first identified in Complaint #1. For example, both complainants shared that benefit-sharing activities undertaken to train young villagers on solar power projects and prepare them for employment did not meet the goals, leading to much frustration among the community members. Although community issues were not included in her original complaint, Complainant #2 indicated that as a community liaison officer, she had noticed multiple complaints shared on social media by the community members, especially concerning the project's Corporate Social Responsibility (CSR) activities, but, in her view, there was a general disinterest from the company to address them. During her engagement with the IRM, she indicated her interest in joining the community-related complaint. As per paragraph 36 of the IRM's PGs, if other similarly affected people – including Complainant #2 – are interested in joining the complaint and the original complainant has no objection, the IRM may add them as complainants.

To further explore the community issues raised by the complainants, the IRM's Compliance and Dispute Resolution Specialist travelled to the project site to engage with other community members – who claimed they represented up to seven tribes in the community – and to learn more about their concerns. The community members believe that they have not received benefits aligned with the community's needs and problems, some of which are of a very serious nature, like water contamination and unemployment. As for the ongoing activities the project is delivering, they mentioned these did not have the potential to have a positive impact. One community member mentioned that since the community already has its own activities to support the community, there is potential for collaboration between community-led and company-led activities and that these collaboration opportunities should be further explored. They generally felt excluded for not having been consulted on their needs. They believe the needs assessment and the potential benefit-sharing opportunities were only conducted with villagers unable or unwilling to object to the project's activities that aimed to benefit the community. Furthermore, they claimed the absence of a grievance mechanism that would help address concerns and grievances. Overall, they pointed out the lack of appropriate channels to voice their opinions and access transparent information regarding the project's potential benefit-sharing activities. They also noted the lack of clarity on their rights, if any, regarding project community activities, an uncertainty that is leading to increased frustration and confusion.

While on mission, the Compliance and Dispute Resolution Specialist also met with the managers of the Benban Solar Developers Association (BSDA). To the issues raised by the complainants, BSDA responded that the complainants' concerns filed with the internal grievance mechanism were handled with adequate due diligence; that the company had regularly met with

community members, including women, different tribes, less educated people and other disadvantaged people; that they have designed a five-year CSR strategy based on a thorough and comprehensive needs assessment, which was completed by a third party expert using the best known research methods; that the commodities produced with skills acquired through workshops sponsored by the project were marketable and sustainable; that the company initiated entrepreneurship programme focusing on palm tree, a main crop in Benban; that the company has an effective grievance mechanism; that their activities are publicly shared through Facebook pages, website and magazine; that the community has shown overall satisfaction with the undergoing and planned CSR activities; and that potentially, the only source of frustration from a limited part of the community was connected to unrealistic expectations as to what the project could deliver, mainly because the problems that the community was facing, such as the lack of sewage, water contamination, proper roads, are not a direct impact or responsibility of the project, because these community needs fall under the remit of the government and not of the project. The company added that they are currently developing ways to build a stronger relationship with the community, such as by developing new communications policies and hiring an environmental and social safeguards expert to fill any remaining gaps.

By 7 April 2023, the complainants and the BSDA indicated their willingness to resolve the issues through the problem solving process. The EBRD and the GCF Secretariat have been provided with updates regarding the processing of the case and will join as observers in the problem solving process. Joining as an observer means applying different levels of participation as freely decided by each party. A problem solving plan, which further elaborates on the roles, timelines, and agendas, will be developed and consented to by all parties involved.

Problem solving is a participatory and flexible process, focused on assisting the parties in finding and/or developing an effective solution to the concerns raised by the complainant(s). The focus of a problem solving process is on addressing the concerns that gave rise to the grievance or complaint in a way that meets the interests of the complainant(s) and the other potential parties in the process and is mutually satisfactory. A problem solving process does not seek to determine culpability or to assign blame, nor is it a compliance review. The entire problem solving process is conducted in confidence to enable the complainant(s) and other parties to engage with each other, build trust, and collectively explore solutions in a safe and protected space. All information used in a problem solving process by the parties is held in confidence by the IRM problem solving team and will not be used in any future IRM processes, including compliance review.

Finally, given that the same individuals have filed complaints to both the IRM and the CAO and that they have already expressed their preference to proceed to problem solving with the cases handled by the CAO,<sup>11</sup> the two mechanisms held a series of conversations to enable more effective and efficient processing of the complaints with a view to avoiding duplications. Given that the two complaints filed with the CAO do not contain community-related issues and the CAO has already initiated the problem solving process on labour issues, the IRM and the CAO needed to find a collaborative working arrangement on only the labour-related issues. The two mechanisms agreed that the CAO would take the lead on labour-related concerns and the IRM would focus on community-related issues. The IRM will participate in the CAO's process as an

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<sup>11</sup> The CAO assessment report for Complaint #1 is available at: [https://www.cao-ombudsman.org/sites/default/files/downloads/Benban%2002\\_CAO%20Assessment%20Report\\_Final\\_Jan%202023\\_English.pdf](https://www.cao-ombudsman.org/sites/default/files/downloads/Benban%2002_CAO%20Assessment%20Report_Final_Jan%202023_English.pdf); and the CAO assessment for Complaint #2 is available at: <https://www.cao-ombudsman.org/sites/default/files/downloads/Benban%2006%20CAO%20Assessment%20Report%20English.pdf>

observer and complainants will retain the option to approach the IRM with any concerns regarding their labour complaints. The two mechanisms will deploy their own resources to handle their respective cases but will share information as necessary. Furthermore, the IRM/AfDB has informed the IRM that the IRM/AfDB's case deals with matters related to labour issues and has been referred to compliance review. Therefore, the IRM deemed it unnecessary to seek a working arrangement with the IRM/AfDB at this point in time but the two mechanisms will continue to communicate to enable effective cooperation where possible.

## **NEXT STEPS**

As the parties have agreed to pursue problem solving, the IRM will now work with the parties to complete a stakeholder map and to establish a problem solving plan, including a reasonable timetable and structure for an effective process. In addition, the IRM will hire a mediator with expertise in community relations. The entire problem solving process should ordinarily be completed within one year of the parties' agreement to pursue it unless an absolute need for an extension arises and is agreed by the parties and the IRM. The IRM hopes that the parties reach an agreement sooner. Once an agreement is reached, the IRM will inform the GCF Board of the result and will monitor the implementation of the agreement.

*[Signed]*

Prepared and signed by:

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