

SEPTEMBER 10, 2025

## **Compliance Appraisal Report**

### **Regarding the Second Complaint to CAO about IFC Investments and MIGA Guarantees in Benban Solar Park, Egypt**

**Egypt: Benban Solar-02**

**IFC Project #37633, #40386, #40390, #37636, #37637, #39728, #37580, #40019, #37713,  
#37591, #39995, #39997, #39729**

**MIGA Project #14043, #14059, #14080, #14516, #14517, #14518, #14519, #14520, #14521,  
#13956, #13952, #13971**

## About CAO

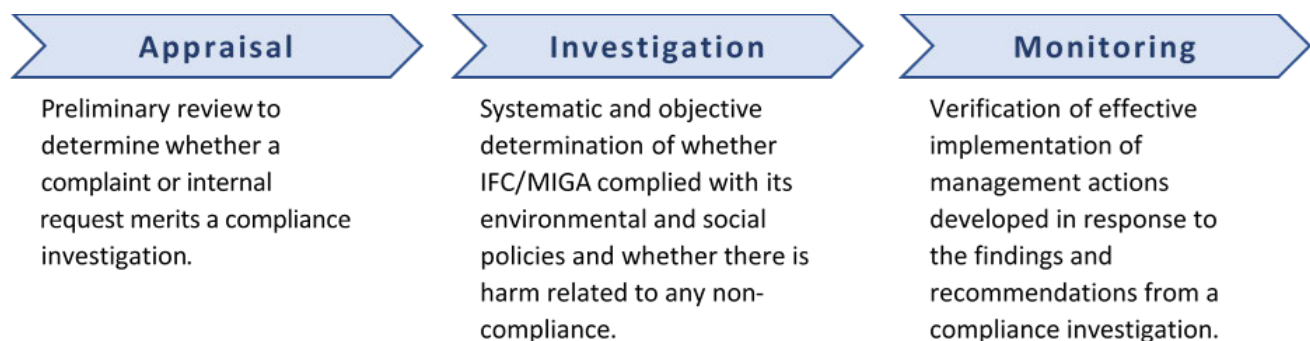
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

## About the Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:



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## Acronyms

<b>CAO</b>	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
<b>DFIs</b>	Development Finance Institutions
<b>E&amp;S</b>	Environmental and Social
<b>EPC</b>	Engineering Procurement and Construction
<b>ESAP</b>	Environmental and Social Action Plan
<b>ESDD</b>	Environmental and Social Due Diligence
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>ESRS</b>	Environmental and Social Review Summary
<b>FMC</b>	Facility Management Company
<b>IESC</b>	Independent Environmental and Social Consultant
<b>IFC</b>	International Finance Corporation
<b>HSH</b>	Health and Safety Home
<b>WGM</b>	Workers' Grievance Mechanism
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>NREA</b>	New and Renewable Energy Authority
<b>PS</b>	IFC / MIGA Environmental and Social Performance Standards
<b>PS1</b>	Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
<b>PS2</b>	Performance Standard 2: Labor and Working Conditions
<b>SP</b>	MIGA Policy on Environmental and Social Sustainability
<b>SESA</b>	Strategic Environmental and Social Assessment

## Executive Summary

*IFC is among nine international banks supporting the construction and operation, since 2019, of 13 solar power plants at the Benban Solar Park, in the Arab Republic of Egypt. MIGA provides political risk insurance in relation to 12 active Benban projects. This report documents CAO's compliance appraisal of a 2022 complaint submitted by a former contracted worker of the solar park's facility management company. The complaint raises concerns about the absence of a Workers' Grievance Mechanism, and nepotism in relation to worker benefits, promotions, and salary increases. The complaint also raised issues regarding working conditions and concerns about retaliation for requesting raises or filing complaints. Based on the evidence set out in this report, CAO concludes that the complaint against IFC and MIGA does not meet the criteria for a compliance investigation and has closed this case.*

### IFC Investment and MIGA Guarantees

The Benban Solar Park spans 37 square kilometers divided into 41 plots, 32 of which contain active energy-generating plants operated by different companies. IFC provided a debt package of US\$225 million across the 13 projects and raised additional investments involving 11 lenders for a total of \$653 million. MIGA has active guarantees covering 12 Benban projects, of which three are joint projects with IFC, through 22 guarantee contracts covering equity sponsors and commercial lenders against political risks in the total outstanding amount of US\$245 million.

### The Complaint

In June 2022, CAO received a complaint (Benban-02) from a former contracted worker of Health and Safety Home (HSH), the facility management company (FMC) engaged by the Benban Solar Developers Association (BSDA) to oversee E&S issues and processes across the solar park. The complainant had been employed in various roles by HSH, including fire truck driver, maintenance officer, and firefighting team manager. His complaint to CAO raised several concerns, including: (i) the absence of a grievance mechanism at HSH; (ii) nepotism influencing access to benefits, promotions, and salary increases; (iii) poor working conditions, specific to inadequate food quality and quantity; and (iv) retaliation against workers who requested wage increases or submitted complaints. CAO transferred the case to its Compliance function after a dispute resolution process between the BSDA and the former HSH employee failed to produce an agreement.

The former HSH worker filed similar complaints with the independent accountability mechanisms (IAMs) of two other development financial institutions financing the projects, the African Development Bank and the Green Climate Fund.

Benban-02 is the second of eight CAO complaints related to the solar park filed between June 2022 and March 2024. Seven out of eight involve labor issues and one was filed by a schoolteacher from Benban village against the BSDA. All seven labor-related complaints are directed either at HSH or its subcontractors. As of May 2025, four cases - Benban-03, 04, 05, and 07 - have been successfully resolved through mediation by CAO's Dispute Resolution function, with Benban-02 being the first case transferred to CAO's Compliance function.

## **IFC and MIGA joint Management Response**

IFC and MIGA acknowledged the seriousness of the complaint and commended CAO's dispute resolution efforts. IFC stated that while it has no direct contractual ties with HSH or BSDA, it nevertheless engaged extensively with developers to influence HSH's management of E&S risks. In addition, IFC has conducted multiple supervision visits and virtual meetings since 2018, identifying gaps in labor practices and grievance mechanisms at the solar park level, and coordinating with stakeholders to address them. Between 2020 and 2024, IFC stated that intensified its supervision of labor grievance mechanisms at the solar park, addressing capacity and trust issues at HSH, the facilities management company. As result, IFC states that it recorded gradual improvements in relation to Workers' Grievance Mechanism (WGM) handling and response, and employee concerns about nepotism, working conditions, and reprisals.

## **CAO Compliance Appraisal Analysis**

The CAO compliance appraisal process determines whether a complaint merits an investigation by applying three criteria: (i) whether there are preliminary indications of Harm or potential Harm; (ii) whether there are preliminary indications that IFC and MIGA may not have complied with their E&S Policies; and (iii) whether the alleged Harm is plausibly linked to the potential non-compliance.

Based on a review of available information, CAO concludes that the complaint does not meet the three criteria for a compliance investigation, as summarized below:

### **Lack of Workers' Grievance Mechanism**

In May 2022, IFC and MIGA oversight of the project identified longstanding weaknesses in the WGM and broader labor management, prompting a series of action plans, policy alignments, and capacity-building measures by HSH. By 2024, HSH's grievance process had been upgraded to improve accessibility, responsiveness, and oversight. As a result, CAO concludes that there are no preliminary indications of IFC and MIGA noncompliance with its Sustainability Policy in relation to this complaint. CAO finds that, based on the available information, there is evidence of preliminary indications of Harm related to the Workers' Grievance Mechanism (WGM). The lack of an adequate WGM at the time the complainant submitted the complaint gives rise to a preliminary indication of Harm.

### **Nepotism influencing access to benefits, promotions, and salary increases**

The complainant alleged that despite taking on different and senior responsibilities, he received no corresponding pay increase, while newer employees under his supervision earned more. He claimed a promised raise never materialized and that his dismissal in 2022 was retaliatory. Based on a review of available information, CAO has not found evidence of favoritism or nepotism regarding benefits or promotions for plant workers. In relation to the complainants' issues, IFC and MIGA due diligence and supervision adequately reviewed HSH's measures to support equal opportunity and fair treatment of workers, noting the presence of HR policies prohibiting favoritism, regular wage increases, and additional salary adjustments to offset economic pressures.

### **Poor working conditions related to inadequate food quality and quantity**

The complainant alleged that poor food quality and quantity had negative impacts on workers' health and morale. However, he provided no specific details, making it impossible for CAO to assess whether Harm occurred. IFC and MIGA's requirements for project operators included reasonable working conditions and food provision standards in line with PS2. Following the seven labor-related complaints to CAO, IFC's site supervision of operational Benban plants in 2023 and 2024 confirmed improvements in labor conditions. However, concerns among workers about cold and limited meals persisted, prompting IFC to encourage the client to enhance food quality. BSDA subsequently increased the meal budget and set up a workers' group to monitor food quality, resulting in workers confirming to IFC that food provision had improved. Based on IFC's actions, CAO finds no preliminary evidence of Harm or IFC/MIGA noncompliance, and therefore no plausible link between the allegations and potential policy noncompliance.

### **Retaliation against workers who requested wage increases or submitted complaints**

The complainant alleged that after he requested wage increases, sought formal recognition of his expanded duties, and publicly commented on company matters, HSH retaliated against him with intimidation, punitive reassignment, and dismissal. He alleged he was first dismissed in April 2022, then reinstated following a complaint to the local Government Labor Office. Upon reinstatement, he reports being assigned to accompany the driver of a wastewater truck - a position he found degrading, retaliatory and unrelated to his previous responsibilities. When he declined to sign a formal contract/notice confirming this reassignment, he alleged he was once again told to stop working immediately. While he complied, he continued to receive his salary through the conclusion of his fixed-term contract on November 23, 2022.

CAO is of the view that the complainant's initial dismissal may have resulted in psychological, economic, and social harm. Furthermore, his subsequent dismissal/suspension - prior to the completion of his fixed-term contract - may have caused additional psychological and social distress, despite the continuation of salary payments. Available evidence to CAO at this time does not provide CAO with a basis to conclude that the action to dismiss/suspend and not renew the complainant's contract were justified, and thus CAO concludes that there are preliminary indications of Harm.

Regarding retaliation against workers in general, IFC and MIGA identified earlier weaknesses in the WGM, particularly on confidentiality, but worked with its clients to ensure BSDA and HSH updated grievance procedures, adopted an anti-retaliation policy and conducted worker training, appointment of compliance staff, 2023 worker perceptions survey assessing retaliatory actions indicating minimal reports, and continued reiteration to BSDA and HSH of IFC and MIGA's zero-tolerance stance on retaliation and reprisals.

Allegations of threats and reprisals can be difficult to substantiate. Upon review of available evidence, CAO notes the actions IFC have taken to support its clients' implementation of fair treatment (PS2, para. 15) measures. CAO acknowledges the seriousness of the complainant's

retaliation allegation. However, in context of the actions IFC has taken to support its clients, CAO concludes that there are no preliminary indications of IFC and MIGA non-compliance.

### **CAO Decision and Next Steps**

CAO determines that the second complaint relating to the Benban Solar Park project does not merit a compliance investigation and will close the case.

CAO will share this report with the Board, the World Bank Group President, MIGA Management, the client, and the complainant, and will publish it on CAO's website.



## 1. Introduction

The Benban solar park, supported by a consortium of banks and DFIs aims to deliver 1650 megawatts of power clean energy-driven growth in Egypt. This section provides an overview of IFC's investment and MIGA's guarantees, the complainant's perspective to CAO, and IFC/MIGA's Management Response. It also includes a timeline for the project and the CAO case.

### 1.1 The Benban Solar Park Project, IFC Investment and MIGA Guarantees

The Benban Solar Park spans 37 square kilometers divided into 41 plots, 32 of which now house operational solar plants transmitting electricity to the national grid. Plots are operated by different energy companies. The project is located 12 km east of the nearest village, Benban, and 15 km west of the Nile River, about 40 km northwest of Aswan City in the Aswan Governorate of Upper Egypt.

IFC provided a debt package of \$225 million to support 13 of these solar power plants, which range from 20-50MW capacity, approving its investments between July<sup>1</sup> and September<sup>2</sup> 2017. Each investment was classified as Category B, indicating moderate environmental and social (E&S) risks.<sup>3</sup> In total, IFC provided US\$166.5 million in A Loans, US\$450.8 million mobilization from B and Parallel Loans, US\$23.8 million IFC C Loans, and US\$12 million for interest rate swaps, summing up to \$653 million across the 13 projects. The investments involved six different sponsor groups<sup>4</sup> and 15 project sponsors alongside a syndicate of 11 lenders<sup>5</sup>.

MIGA has active guarantees covering 12 Benban projects, including three (3) joint projects with IFC. These involve 22 guarantee contracts covering equity sponsors and commercial lenders against political risks in the total outstanding amount of US\$245 million. The remaining nine out of 12 projects are financed by a consortium led by the European Bank for Reconstruction and Development (EBRD).

### 1.2 Project Description and Organizational Structure

In 2015, the New and Renewable Energy Authority (NREA) commissioned a Strategic Environmental and Social Assessment<sup>6</sup> (SESA) for the Benban Solar Park with support from EBRD. This resulted in IFC and EBRD jointly leading coordination efforts among the development financial institutions (DFIs) involved in the project to establish a unified and consistent approach to managing key E&S risks across the site.

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<sup>1</sup> IFC Project [#37637](#), [#39728](#), [#37580](#), [#40019](#), [#37713](#), [#37591](#), [#39995](#), [#39997](#), [#39729](#)

<sup>2</sup> IFC Project [#37633](#), [#40386](#), [#40390](#), [#37636](#)

<sup>3</sup> IFC uses a process of environmental and social categorization to reflect the magnitude of risks and impacts. Category B signifies "Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures." IFC Sustainability Policy, 2012 & MIGA's Policy on Environmental and Social Sustainability (2013).

<sup>4</sup> IFC Clients: (i) Acciona/Swicorp/TBEA, (ii) Alcazar, (iii) Ennerray/SECI/DT, (iv) Phoenix/Infinity, (v) Shapoorji Pallonji, and (vi) TAQA Aravia.

<sup>5</sup> African Development Bank (AfDB), Arab Bank of Bahrain, Asian Infrastructure Investment Bank (AIIB), British International Investment (BII), Dutch Entrepreneurial Development Bank (FMO), Europe Arab Bank, Austrian Development Bank (OeEB), European Bank for Reconstruction and Development (EBRD), Finnfund (Finland), Green for Growth Fund, Proparco (France), and Industrial and Commercial Bank of China.

<sup>6</sup> NREA (2016), [Strategic Environmental and Social Assessment \(SESA\)](#)

This led in turn to the establishment of the Benban Solar Developers Association (BSDA), bringing together the majority of project developers to address E&S risks in a structured manner. In alignment with this objective, and in coordination with NREA and the Egyptian Electricity Transmission Company (EETC), the BSDA appointed a Facility Management Company (FMC) responsible for the entire Benban site. IFC and MIGA's clients<sup>7</sup> have contractual agreements with BSDA, which in turn holds a contractual agreement with the FMC. Each IFC and MIGA client contributes a share of the costs associated with the FMC.

BSDA appointed two FMCs, one for project construction and another for the operation and maintenance (O&M) phase. For the construction phase<sup>8</sup>, Hassam Allam Services (HAS) was appointed FMC and the contract completed in November 2020. The same month, BSDA appointed Health and Safety Home (HSH) FMC for the O&M phase, under a multi-year contract.<sup>9</sup> HSH manages site-wide operations, maintenance, and E&S management, including responsibility for overseeing health, safety, security, worker and community grievance management, and social-related functions. The company is also responsible for addressing cumulative E&S impacts from the many energy plants and maintaining consistency in the management of E&S risks and impacts at the solar park level on behalf of the solar developers.

An external consultant company served as the Independent Environmental and Social Advisor to the group of lenders (hereafter referred to as the lenders' Independent E&S Consultant or lenders' IESC), with responsibility for monitoring the FMC's E&S performance. During the pre-investment and construction phases, the lenders' IESC conducted 13 monitoring site visits, after which visits were suspended due to the COVID-19 pandemic. In May 2022, the consultant conducted its 14th and final monitoring site visit to the solar park under its contract with the lenders.

In line with MIGA's Policy on Environmental and Social Sustainability, IFC and MIGA agreed that MIGA would rely on IFC for E&S due diligence and monitoring of the joint projects, as well as for assessing E&S risks at the solar park level. Due to the similarity of the plants IFC and MIGA supported, their Environmental and Social Review Summary (ESRS) and Environmental and Social Action Plan (ESAP) for each investment/guarantee are similar.

### **1.3 Complaint Summary and Handling Process**

This section contains a summary of the full complaint attached to this report as Appendix 1 as well as additional information CAO compliance received from the complainant in June 2025 after the case was transferred to the Compliance function.

The Benban-02 complaint, submitted in June 2022, was filed by an individual working for HSH. The complaint raised several concerns, including: (i) the absence of a grievance mechanism at HSH; (ii) nepotism influencing access to benefits, promotions, and salary increases; (iii) poor working conditions related to inadequate food quality and quantity; and (iv) retaliation against workers who requested wage increases or submitted complaints. Additional information on each of these issues is presented in Section 3.

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<sup>7</sup> IFC Clients: (i) Acciona/Swicorp/TBEA, (ii) Alcazar, (iii) Enerray/SECI/DT, (iv) Phoenix/Infinity, (v) Shapoorji Pallonji, and (vi) TAQA Aravia.

<sup>8</sup> Concluded in 2019

<sup>9</sup> HSH contract is due in November 2025

Hired by HSH in November 2020 as a driver under a fixed-term contract, the complainant states that he was entrusted with increased responsibilities, working as a fire truck driver, maintenance officer, and firefighting team manager.<sup>10</sup> The complainant alleges that none of these additional tasks and roles resulted in a formal promotion, revised contract, or salary increase. Due to his proximity to the site as a resident of Benban, he alleged was also designated the company's emergency contact<sup>11</sup>, a role which he states he never officially agreed to or was compensated for.

In July 2022, CAO found the complaint eligible and conducted an assessment. After the complainant and BSDA representatives agreed to a voluntary CAO dispute resolution process to address the complaint issues, CAO transferred the case to its Dispute Resolution function. In July 2024, this process ended without agreement and the case was transferred to CAO's Compliance Function in May 2025<sup>12</sup> to determine whether to conduct an investigation of IFC's E&S performance in relation to the complaint issues.<sup>13</sup>

To date, CAO has received eight<sup>14</sup> complaints related to the Benban Solar Park. Seven involve labor issues, while one was filed by a schoolteacher from Benban village against the BSDA. All seven labor-related complaints are directed either at HSH or its subcontractors. Following initial assessment by CAO, all eight cases were referred to CAO's Dispute Resolution function with four cases - Benban 03, 04, 05, and 07 - successfully resolved through mediation. This case, Benban 02, is the first to be considered by CAO Compliance.

In accordance with CAO Policy (para. 169), CAO shared the complaint with the independent accountability mechanisms (IAMs) of other development financial institutions supporting the solar park's projects. The Independent Review Mechanism of the African Development Bank (AfDB-IRM)<sup>15</sup> determined that the case would be handled through its compliance review function.<sup>16</sup> In March 2023, the AfDB-IRM completed a Compliance Review Eligibility Assessment similar to CAO's compliance appraisal. The AfDB-IRM recommended to its Board that a Compliance Review (similar to a CAO compliance investigation) be initiated for this case.<sup>17</sup> However, at the time of writing this report, there have been no further case updates on AfDB-IRM webpage.

CAO was also informed by the Independent Redress Mechanism (IRM) of the Green Climate Fund (GCF-IRM) that it had received the same complaint on labor issues from the CAO complainant, as well as additional community-related issues. According to the GCF-IRM website, the parties reached a problem-solving agreement, and the complaint entered into monitoring. However, in July 2024, after monitoring of the agreement became unfeasible, the complaint was referred to compliance review. In September 2024, GCF-IRM's compliance appraisal of the complaint found prima facie evidence of adverse impacts and non-compliance with GCF's

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<sup>10</sup> CAO Assessment Report (Benban-02). <https://bit.ly/4fz4vgp>

<sup>11</sup> The complainant informed CAO during the compliance appraisal stage.

<sup>12</sup> A revised version of the Dispute Resolution conclusion report was published in May, 2025.

<sup>13</sup> CAO case page for Benban-02, <https://bit.ly/4fz4vgp>

<sup>14</sup> For further information on the other Benban cases, please refer to the following links: [1](#), [2](#), [3](#), [4](#), [5](#), [6](#), [7](#) & [8](#)

<sup>15</sup> If CAO is aware that other organizations with IAMs have financed or guaranteed a project that is the subject of a complaint to CAO, CAO will notify those IAMs of the existence of the complaint, subject to the Complainant's consent to this notice and applicable provisions to protect confidentiality.

<sup>16</sup> Additional information on IRM at the AfDB case is available at <https://bit.ly/41E8P8d>

<sup>17</sup> AfDB-IRM Compliance Review Eligibility Assessment, March 2023, available at <https://bit.ly/46UD8v6>.

operational policies and procedures, initiating a compliance investigation.<sup>18</sup> At the time of writing this report, GCF-IRM had not published a compliance investigation report.

#### **1.4 IFC and MIGA Management Response**

Both IFC and MIGA acknowledged the seriousness of the complaint and their appreciation of CAO's efforts in the dispute resolution process.<sup>19</sup> In line with the Sustainability Policy, they emphasized their commitment to ensuring that financed business activities comply with the IFC environmental and social Performance Standards through due diligence, monitoring, and supervision.

IFC and MIGA stated that despite not having direct contractual relationships with BSDA or HSH, they actively engaged with the developers operating Benban Solar Park plants to influence HSH's management of E&S risks.

Since the project's due diligence, IFC has actively supervised the E&S performance at both the project and park levels, including quarterly during construction. IFC conducted several E&S supervision visits between 2018 and 2022, reviewed documentation related to E&S systems and procedures, and held virtual meetings with BSDA and HSH during the COVID-19 pandemic when travel restrictions prevented site visits. Additional IFC visits occurred in September 2022, as well as January, June, and November 2023, and December 2024, to oversee and support BSDA and HSH in managing E&S risks. As gaps related to labor, working conditions, and grievance management were identified throughout project implementation, IFC enhanced its supervision, provided additional assistance to BSDA and HSH to address labor issues, developed corrective actions, and promoted the implementation of E&S best practices. Given the involvement of multiple lenders and their concern over the identified labor issues, IFC led coordination efforts among the lenders, BSDA, and HSH.

As a result, IFC informed CAO, site visits confirmed gradual improvements, including updated policies and increased worker engagement. IFC also addressed worker concerns about nepotism, verifying that HSH's hiring and promotion practices aligned with non-discrimination and equal opportunity principles, and confirming the company instituted wage increases in compliance with national law.

Regarding concerns about meal quality at the solar park, IFC noted that it facilitated improvements in these areas as part of the Benban-01 dispute resolution agreement. On reprisals, IFC and MIGA reiterated their zero-tolerance stance and stated that they supported the development of HSH anti-retaliation policies and conducted surveys to assess workplace culture. Continued training and assessments are planned to ensure respectful treatment and prevent retaliation. IFC stated that it remains committed to supporting BSDA and HSH in strengthening E&S practices and maintaining compliance with relevant Performance Standards.

#### **1.5. Project Timeline**

The development of the Benban Solar Park unfolded over several years, beginning with the signing of most contracts in June 2017 and the start of construction in February 2018. Between

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<sup>18</sup> Additional information on IRM at the Green Climate Fund case is available at <https://bit.ly/4mijH4e>

<sup>19</sup> IFC & MIGA Management Response, see Appendix 2

October and November 2019, project construction was completed, and the full commercial operation was reached.

**Figure 1. Project and Complaint Timeline**

IFC Actions	CAO Process
<p><b>July-September, 2017</b></p> <p>IFC leads approval of a loan package that included a US\$166.5 million IFC A Loans, US\$450.8 million mobilization from B and Parallel Loans, US\$23.8 million IFC C Loans, and US\$12 million for interest rate swaps, across the 13 projects.</p>	
<p><b>February 2018</b></p> <p>Construction work began at the Benban Solar Park</p>	
<p><b>November 2019</b></p> <p>End of Construction works</p>	
<p><b>November 2020</b></p> <p>Construction FMC, replaced by O&amp;M FMC (HSH)</p>	
	<p><b>June – December 2022</b></p> <p>CAO receives seven complaints from individual workers, groups of workers, and local stakeholders</p>
	<p><b>July 2022</b></p> <p>Benban Solar 02 Complaint determined eligible, and CAO assessment begins</p>
	<p><b>February 2023</b></p> <p>CAO completes the complaint assessment, and a voluntary dialogue process begins</p>
	<p><b>March 2024</b></p> <p>CAO receives the eighth complaint, from three individuals, which is in dispute resolution as of August 2025, bringing to four the number of cases open</p>
	<p><b>May 2025</b></p> <p>The Benban-02 complainant and BSDA/HSH do not resolve the dispute and the case is transferred to CAO's compliance function</p>
<p><b>June 16, 2025</b></p> <p>CAO receives IFC/MIGA's Management Response to the Benban-02 complaint</p>	

## 2 Compliance Appraisal Scope, Methodology, and Process

The scope of this compliance appraisal<sup>20</sup> is limited to issues raised in the complaint<sup>21</sup> and CAO's Assessment Report of February 2023.<sup>22</sup> A CAO appraisal involves a preliminary review of available information. It does not lead to any definitive assessments or findings of harm or IFC/MIGA non-compliance<sup>23</sup> but provides an analysis of three appraisal criteria required to determine whether to initiate a compliance investigation. These criteria are:

- (a) Whether there are preliminary indications of harm or potential Harm
- (b) Whether there are preliminary indications that IFC/MIGA may not have complied with its E&S policies
- (c) Whether the alleged harm is plausibly linked to the potential IFC/MIGA noncompliance.

CAO's appraisal decision is based on these appraisal criteria and other relevant considerations contained in the CAO Policy. For this case, the appraisal involved a preliminary review of the following information:

- Documentation related to the complaint, [CAO's Assessment Report](#), and IFC/MIGA's Management Response<sup>24</sup>
- Basic project documentation shared by IFC/MIGA and available on its website
- Information gathered through conversations with the complainant and IFC/MIGA staff
- Relevant publicly available documentation.

CAO extends its appreciation to all parties mentioned in this report who have shared their perspective, knowledge, and time with the CAO compliance team.

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<sup>20</sup> CAO Policy 2021: para. 88.

<sup>21</sup> CAO compliant (Benban-02), see Appendix 1.

<sup>22</sup> CAO Assessment Report (Benban-02). <https://bit.ly/4fz4vgp>

<sup>23</sup> CAO Policy 2021: para. 94.

<sup>24</sup> IFC & MIGA Management Response, see Appendix 2



### 3 CAO Appraisal Analysis of Complaint Issues

Taking into consideration the complaint, IFC and MIGA's joint Management Response, and available documentation and information, the appraisal analysis focused on four complaint issues raised by the former HSH worker. These are: (i) lack of a Worker's Grievance Mechanism available to employees and contract workers; (ii) alleged favoritism by HSH management influencing access to benefits, promotions, and salary increases; (iii) poor working conditions related to inadequate food quality and quantity onsite; and (iv) alleged retaliation against the complainant after he requested wage increases and filed complaints. For each issue, CAO presents analysis and findings regarding preliminary indications of Harm and of potential IFC/MIGA non-compliance, as well as whether any alleged Harms are plausibly linked to non-compliance.

The CAO Policy defines Harm as "Any material adverse environmental and social effect on people or the environment resulting directly or indirectly from a Project or Sub-Project. Harm may be actual or reasonably likely to occur in the future."<sup>25</sup> A preliminary indication of Harm is determined when CAO's initial review of available information during appraisal generates a plausible or credible concern that Harm has happened or is reasonably likely to occur. It is not equivalent to a finding of Harm, which may only result from a compliance investigation.<sup>26</sup>

IFC and MIGA made an investment in Benban Solar Park under the 2012 and 2013 Sustainability Policies, which are binding on these institutions, and the IFC and MIGA Performance Standards, which are requirements that client operations and activities must comply with. Together, these E&S requirements are referred to as the Sustainability Framework.

The IFC Sustainability Policy<sup>27</sup> states that "[central] to [IFC's] development mission are its efforts to carry out investment and advisory activities with the intent to 'do no harm' to people and the environment."<sup>28</sup> To meet this mandate, IFC seeks to ensure that "proposed investments that are determined to have moderate to high levels of environmental and/or social risk, or the potential for adverse environmental and/or social impacts will be carried out in accordance with the requirements of the Performance Standards".<sup>29</sup>

As presented in the analysis below and based on available evidence, CAO has decided to close this case as CAO has not found preliminary indications of IFC and MIGA non-compliance with its E&S policies in relation to the complaint issues.

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<sup>25</sup> CAO Policy, glossary.

<sup>26</sup> In this regard, para. 94 of the CAO Policy establishes that "the appraisal process does not lead to a definitive assessment of IFC/MIGA's compliance with its E&S Policies or related Harm. CAO may make these assessments only in the context of an investigation."

<sup>27</sup> This report referenced IFC Sustainability Policy (2012) requirements as IFC and MIGA agreed, in accordance with MIGA's Policy on Environmental and Social Sustainability (2013), that MIGA would rely on IFC for environmental and social (E&S) due diligence and monitoring of the joint projects and the E&S risks at the park level. MIGA's Sustainability Policy is very similar to IFC's Sustainability Policy.

<sup>28</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 9.

<sup>29</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 3.

### **3.1. Lack of Workers' Grievance Mechanism**

#### **3.1.1. Preliminary Analysis of Harm**

The complainant - a former HSH contracted worker<sup>30</sup> - began working at the project site in 2019 for the previous facility management company, Hassam Allam Services (HAS). In November 2020, he joined HSH. Throughout his employment, he held several positions, including fire truck driver, service driver, vehicle officer, maintenance officer, and member of the firefighting team, and was later allocated to work as a wastewater truck driver.

According to the CAO complaint, the complainant was suspended and investigated in April 2022 due to absence without prior notice, and returned to his position the following month, after filing a complaint with the local Government Labor Office.<sup>31</sup>

In June 2022, he submitted two internal complaints to FMC, the first requesting salary and meal allowance adjustment and the second reporting an official at the solar park for insulting him and his colleagues. The complainant then had a meeting with HSH representatives, during which he received an apology from the official involved but did not accept the apology.<sup>32</sup>

Later in June 2022, the complainant was suspended from work until the expiration of his contract, due six months later. He then filed a complaint with HSH's grievance mechanism contesting his suspension and the transfer decision. Although the complaint alleged that he did not receive a response, CAO's review of information ascertained that, in July 2022, the complainant received an email from Human Resources stating that all his complaints had been forwarded to the local Government Labor Office.

The CAO Policy defines Harm as any material adverse E&S effect on people or the environment resulting from a project or sub-project<sup>33</sup>. CAO finds that, based on the available information, there is evidence of preliminary indications of Harm related to the Workers' Grievance Mechanism (WGM). The lack of an adequate WGM at the time the complainant submitted the complaint gives rise to a preliminary indication of Harm.

#### **3.1.2. Relevant IFC and MIGA E&S Requirements and Preliminary Analysis of Policy Compliance**

##### **Pre-investment due diligence**

IFC's environmental and social (E&S) due diligence of potential clients involves reviewing documentation, conducting site visits, and assessing performance against IFC's PSs and identifying gaps and necessary improvements. Where IFC identifies gaps in E&S policies and practices, these are addressed through additional measures agreed with the client and outlined in a project Environmental and Social Action Plan (ESAP) to ensure continuous E&S performance improvement in the client's business activity.<sup>34</sup>

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<sup>30</sup> Performance Standard 2, Para. 4: workers engaged through third parties to perform work related to core business processes of the project for a substantial duration are considered to be contracted workers.

<sup>31</sup> CAO Assessment Report. <https://bit.ly/4mlhj6G>

<sup>32</sup> CAO Assessment Report. <https://bit.ly/4mlhj6G>

<sup>33</sup> CAO Policy, Glossary.

<sup>34</sup> IFC's Sustainability Policy, para. 28 and MIGA's Sustainability Policy, para. 26



Relevant to this case, IFC's Performance Standard 2 (PS2): Labor and Working Conditions, requires the client to provide a grievance mechanism for workers to raise workplace concerns (para. 20). For contracted workers, IFC and MIGA require clients to: (i) ensure that contractors and subcontractors have an appropriate Environmental and Social Management System (ESMS) in place to meet PS2 requirements (para. 24); (ii) establish policies and procedures for managing and monitoring the performance of such third-party employers in relation to PS2 requirements (para. 25); and (iii) ensure that contracted workers have access to a grievance mechanism. Where a third party is not able to provide a Workers' Grievance Mechanism (WGM), the IFC/MIGA client will extend its own WGM to serve workers engaged by the third party (para. 26).

Early assessments and planning documents for the Benban Solar Park project recorded significant gaps in labor and working conditions, notably the absence of a robust WGM. The 2016 Strategic Environmental and Social Assessment (SESA)<sup>35</sup> commissioned by the government's New and Renewable Energy Authority (NREA) in 2016, recommended that BSDA implement a WGM. However, this assessment did not take into account the fragile labor context in Egypt, where workers' rights are vulnerable, as highlighted in the ITUC Global Rights Index.<sup>36</sup> In August 2017, the Environmental and Social Management System<sup>37</sup> (ESMS) developed by each of the developers/clients for the project offered a limited evaluation of labor risks and proposed a Grievance Committee (GC) chaired by the Site Manager, with optional participation from worker representatives. Subsequent project documents, including IFC's 2017 E&S Review Summary (ESRS), emphasized the need for the clients to develop and make the WGM accessible to contractors and subcontractors involved in core business processes.<sup>38</sup>

In 2017, the ESAPs<sup>39</sup> for Benban Solar Park energy plants introduced several key actions to strengthen environmental and social management. As a first step, IFC and MIGA required their clients<sup>40</sup> to ensure E&S provisions were incorporated in all financial agreements with contractors and subcontractors (ESAP Action #3). Action #4 required the appointment of a Quality, Health, Safety, and Environment (QHSE) Manager and an Environmental Specialist to oversee E&S aspects during plant construction and operations. Action #6 mandated that the clients align HR Policy and Procedures with PS2 requirements and Egyptian labor law and ensure all direct and indirect workers were informed and trained accordingly. Action #7 focused on the implementation of a WGM<sup>41</sup> by the EPC contractor, in line with PS2, and emphasized the need for an effective grievance process. Lastly, Action #9 required the clients to ensure that the EPC and O&M providers developed and enforced policies for managing third-party workers in alignment with IFC Performance Standards.

## Supervision

IFC and MIGA supervision of active investments is designed as a continuous monitoring process to ensure projects remain in compliance with E&S requirements including agreed ESAPs and

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<sup>35</sup> NREA (2016), [Strategic Environmental and Social Assessment \(SESA\)](#)

<sup>36</sup> [ITUC Global Rights Index 2016](#)

<sup>37</sup> Different for each of the projects but similar in terms of content.

<sup>38</sup> <https://disclosures.ifc.org/project-detail/ESRS/40386/alcazar-solar-3>

<sup>39</sup> ESAPs were prepared equally for all projects financed by IFC and MIGA. [ESAP 2017](#)

<sup>40</sup> IFC Clients: (i) Acciona/Swicorp/TBEA, (ii) Alcazar, (iii) Enerray/SEC/DT, (iv) Phoenix/Infinity, (v) Shapoorji Pallonji, and (vi) TAQA Aravia.

<sup>41</sup> Link to the existing HSH WGM - <https://www.benbansolarpark.com/grievances/worker-grievance/index.html>

relevant Performance Standards (Sustainability Policies para. 45 and 43, respectively). For this project, the information available indicates that IFC took appropriate supervisory action from 2022 to 2025 in relation to the WGM.

In November 2020, BSDA subcontracted Health and Safety Home (HSH) as the Facility Management Company (FMC) for the operational and maintenance phase of the project. IFC's supervision documentation during this period indicated that it may not have worked with its clients to ensure the subcontractor's WGM functioned effectively. In May 2022, the lenders' IESC conducted its 14th and final monitoring site visit to HSH, under its contract with the lenders. During the visit, the lender's IESC held meetings with workers who had raised grievances directly with IFC. The visit resulted in recommended actions for the FMC, as well as actions for BSDA to facilitate the FMC's full completion of its scope of work. These recommendations included improvements to the grievance process, including weekly interviews with randomly selected plant workers to better understand and address grievances.

By June 2022, when the CAO complaint was filed (Benban Solar 02), IFC and MIGA were aware of ongoing labor-related issues through their IESC, which reported that HSH had no labor management plans or procedures in place and its WGM was ineffective in recording and addressing grievances. In addition, the lenders' IESC highlighted a number of labor grievances recorded in 2022, with a focus on salary levels and food quality.

The 2022 lender's IESC report recommended capacity building at HSH accompanied by robust labor management and monitoring policies, procedures, and plans with clear KPIs. It advised that HSH's WGM required significant improvement, both in proactively identifying grievances through regular worker interviews and in promptly processing and responding to complaints. Since then, IFC and MIGA have worked with the client to achieve compliance with their Sustainability Policies.

In September 2022, IFC and the lenders, together with the client, established an action plan to address labor issues. This plan noted that the appointment of HSH as FMC in 2020 had resulted in labor concerns and that several worker grievances were not fully resolved. Consequently, workers attempted to engage with lenders directly, including IFC.

In 2023, a lenders'<sup>42</sup> supervision document recommended that BSDA assume responsibility for managing HSH's unresolved grievances and hire a labor advisor. To address these gaps, the report encouraged collective worker engagement and inter-developer dialogue to improve labor practices.

At the same year, IFC held a workshop and commissioned an external labor assessment in order to support BSDA, FMC, and its subcontractors on labor management issues. The assessment aimed to develop recommendations to address ESAP items and assess alignment with PS2. As part of the labor assessment, IFC and MIGA conducted a site visit to the solar park, led by IFC's labor specialist. According to the IFC labor assessment report, the site visit team met with labor and human resources representatives from BSDA, FMC, and its subcontractors, as well as workers and a representative from the local government Labor Office.<sup>43</sup>

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<sup>42</sup> IFC, MIGA, BII, AIIB, FMO, Finnfund, Propparco, EBRD, AfDB, AoEB

<sup>43</sup> IFC & MIGA Management Response, see Appendix 2

During a joint lenders' mission in 2024, IFC documented that an external labor consultant had been hired to support HSH and build its E&S capacity. IFC recorded that the park-level grievance mechanism procedure had been by the labor consultant and updated by the client with clearer guidance on eligible topics, defined the roles and responsibilities for grievance management, and outlined the associated steps and timelines. The mechanism now features a four-tier escalation structure to ensure grievances are appropriately managed at varying levels of complexity.<sup>44</sup>

Following the complaint submission, IFC took appropriate action to enhance its supervision and strengthen the WGM at the Benban Solar Park. IFC recent supervision affirms that the WGM is being implemented effectively. Accordingly, CAO's review has not identified preliminary indications of non-compliance with IFC/MIGA E&S Policies.

### **3.1.3. Analysis of Plausible Link between Harm Allegations and Potential MIGA Noncompliance**

Lastly, a CAO compliance appraisal must consider whether “the alleged Harm is plausibly linked to the potential noncompliance.” Since there are no preliminary indications of potential IFC noncompliance in relation to PS2, a plausible link between allegations of Harm and potential noncompliance cannot be established.

## **3.2. Nepotism influencing access to benefits, promotions, and salary increases**

### **3.2.1. Preliminary Analysis of Harm**

The complainant raised concerns regarding perceived favoritism in the allocation of benefits, promotions, and salary adjustments to project workers. Hired in late 2020 by HSH, the complainant began as a fire truck driver. Over time, he alleges he took on more senior roles as maintenance officer and firefighting team manager, without any formal recognition or increase in pay.

The complainant also alleged that newly transferred employees under his supervision were earning higher salaries. When he raised this discrepancy with HSH management, he was informed that the salary difference stemmed from contracts inherited from previous subcontractors and could not be adjusted. However, the complainant alleges that, in late 2021, he was promised a revised contract with a pay raise that never materialized.

While IFC supervision confirmed that HSH met the minimum standards under Egyptian labor law - including annual increases and minimum wage compliance<sup>45</sup> - the complainant argued that his expanded role warranted a raise beyond those benchmarks. After repeated requests, he alleges that he was dismissed without warning as a form of retaliation. Though later reinstated after filing a complaint with the local Government Labor Office, he alleged he received no back pay for the weeks he was off the job between April and May 2022.

The information available to CAO lacks the detail to provide sufficient evidence to conclude preliminary indications of Harm to the complainant resulting from nepotism or favoritism in relation to benefits and promotions. (The complainant's allegations of retaliation are considered in section

<sup>44</sup> IFC & MIGA Management Response, see Appendix 2

<sup>45</sup> IFC & MIGA Management Response, see Appendix 2

3.4). CAO notes that when the individual was informed that his contract would not be renewed, he continued to receive payment until the end of the contract period. Additionally, the company implemented raises for all employees, and CAO found no indication that these raises were distributed in a manner that favored certain individuals over others. Therefore, while the absence of evidence at this time does not conclusively rule out the possibility of nepotism or favoritism, available information does not support such claims.

### **3.2.2. Relevant IFC/MIGA E&S Requirements and Preliminary Analysis of Policy Compliance**

CAO's analysis considered IFC and MIGA's pre-investment E&S due diligence (ESDD) and supervision of the project's labor and working conditions in accordance with PS2 requirements.

#### **Pre-investment due diligence**

CAO's findings indicate that prior to the investment, IFC and MIGA assessed client E&S policy and performance, "identifying any gaps therewith, and corresponding additional measures" required to comply with the Sustainability Framework in accordance with IFC and MIGA's Policy on Environmental and Social Sustainability, paras. 28 and 26, respectively.

Relevant to this project, PS2: Labor and Working Conditions (paras. 15 & 16), requires the client to base the employment relationship on the principle of equal opportunity and fair treatment, and not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation [...] and termination of employment.<sup>46</sup> It also states that in countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet the relevant PS2 requirements.<sup>47</sup>

In this case, IFC and MIGA conducted the required due diligence, including review of available information, site visits, and the development of a project ESAP for the Benban Solar Park<sup>48</sup>. The 2017 IFC and MIGA ESRS<sup>49</sup> assured that requirements of nondiscrimination and equal opportunities would be extended to all site contractors and subcontractors as part of contractual obligations. The ESAPs recommended that the clients ensure its HR Policy and Procedures complied with PS2 and Egyptian labor law and ensure that all direct and indirect employees were aware of its content. CAO therefore concludes that there are no preliminary indications of potential IFC and MIGA non-compliance during pre-investment E&S due diligence.

#### **Supervision**

During project supervision, in the event of client noncompliance with E&S requirements, IFC and MIGA are required to "work with the client to bring it back into compliance, and if the client fails to reestablish compliance, IFC [is required to] exercise its rights and remedies, as appropriate (Sustainability Policies, para. 45 and 43, respectively). IFC's supervision process in this case

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<sup>46</sup> IFC, 2012 Performance Standard 2, para. 15.

<sup>47</sup> IFC, 2012 Performance Standard 2, para. 16.

<sup>48</sup> Sample of one of the ESAPs developed - [ESAP 2017](#)

<sup>49</sup> Sample of one of the ESRSs developed - [ESRS 2017](#)

involved regular monitoring and evaluation of project performance against the relevant Performance Standards and agreed ESAP actions.

In 2019, a year before being appointed FMC for the solar park, HSH developed its Human Resources (HR) Policy. In 2021, IFC reviewed and supported HSH's development of policies and procedures on non-discrimination, equal opportunities, and harassment and in January 2022, with IFC guidance, HSH developed a Hiring Process and Procedures. The HSH HR Policy<sup>50</sup> asserts that the company is committed to providing equal opportunities for all workers. An additional code of conduct states that no favoritism or nepotism toward individual workers shall be practiced by the company based on kinship.

In 2023, IFC's supervision documentation recorded that workers interviewed were generally clear about how HSH allocated jobs and promotions, and did not complain about unequal treatment.<sup>51</sup> In relation to terms and conditions of work, the report highlighted that workers were aware of their general conditions, although there was a lot of confusion about the differences between being dismissed and their contracts not being renewed. IFC records also note that HSH increased wages at the rate of 7%, according to the law, in 2022. In addition, all workers received a one-off increase in November 2022 as a response to the various complaints raised about the working conditions. In March 2024, HSH introduced a systemic wage increase in addition to the mandated 3% increase by law for that year.<sup>52</sup>

CAO is of the view that there are no preliminary indications of potential IFC and MIGA non-compliance during the supervision phase. PS2, (para. 15-16), requires the client to base the employment relationship on the principle of equal opportunity and fair treatment and not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation as well as state that the client will comply with national law. In this case, IFC and MIGA, worked with its clients to ensure that HSH's contracted workers had their salaries increased as set by Egyptian labor law and provided additional increase to offset the impacts of the currency depreciation in Egypt.

### **3.2.3. Analysis of Plausible Link between Harm Allegations and Potential MIGA Noncompliance**

Lastly, a CAO compliance appraisal must consider whether "the alleged Harm is plausibly linked to the potential noncompliance." Since CAO found no preliminary indications of potential IFC and MIGA noncompliance with the Sustainability Framework in relation to PS2 requirements, a plausible link between allegations of Harm and potential noncompliance cannot be established.

## **3.3. Poor working conditions related to inadequate food quality and quantity**

### **3.3.1. Preliminary Analysis of Harm**

The complainant reported facing poor working conditions, particularly concerning the quality and quantity of the food provided to workers, which negatively impacted workplace health and morale.

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<sup>50</sup> Issued in November 2019 and revised in Jan 2022.

<sup>51</sup> IFC & MIGA Management Response, see Appendix 2

<sup>52</sup> IFC & MIGA Management Response, see Appendix 2

He raised these concerns formally in June 2022 through an internal complaint to the FMC, alongside a request for salary and meal allowance adjustments.

The CAO Policy defines Harm as any material adverse E&S effect on people or the environment resulting from a project or sub-project<sup>53</sup>. However, the complainant did not provide details regarding food quality or quantity in his complaint, which meant it was not possible for CAO to determine if any Harm, as defined by the CAO Policy, has occurred.<sup>54</sup> CAO also notes IFC's statement that BSDA agreed to increase the budget for meals and set up a group of workers to monitor their quality to provide feedback. Following the IFC site visit in 2024, workers did not raise food as an issue of concern.<sup>55</sup> As a result, CAO's assessment of Harm remains inconclusive in this case.

### **3.3.2. Relevant IFC/MIGA E&S Requirements and Preliminary Analysis of Policy Compliance**

CAO's analysis considered IFC and MIGA's pre-investment E&S due diligence (ESDD) and supervision of the project's working conditions in accordance with PS2 requirements.

#### **Pre-investment due diligence**

Prior to investment, IFC and MIGA assessed clients<sup>56</sup> E&S policy and performance, "identifying any gaps therewith, and corresponding additional measures" required to comply with the Sustainability Framework. The NREA's 2016 Strategic Environmental and Social Assessment (SESA) highlighted the need for further assessment of risks related to labor and working conditions and emphasized the importance of consistent implementation of mitigation measures across all solar plant developers and their contractors.<sup>57</sup>

Despite some limitations in the assessment of labor issues, the client's 2017 ESMS committed to conducting audits to address risks associated with inadequate or substandard working conditions among contractors and subcontractors. In their 2017 ESRS, IFC and MIGA stated that labor and working conditions would be addressed through the client's HR policies and procedures and would be formally incorporated into the site-wide project ESAP. This was intended as a first step to ensure that the client provided reasonable working conditions and adhered to appropriate standards on nutrition and food safety.

Based on this information in relation to the complainant's issues, CAO finds no preliminary indications of potential non-compliance by IFC and MIGA during the ESDD phase.

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<sup>53</sup> CAO Policy, Glossary.

<sup>54</sup> Further details available at <https://bit.ly/4mgASTE> CAO notes that that a similar issue was raised in the Benban-01 case. During CAO's facilitated dispute resolution process, the parties resolved the issues and signed an agreement, which CAO's dispute resolution function is monitoring. Further details available at <https://bit.ly/4mgASTE>

<sup>55</sup> IFC & MIGA Management Response, see Appendix 2

<sup>56</sup> IFC Clients: (i) Acciona/Swicorp/TBEA, (ii) Alcazar, (iii) Ennarray/SEC/DT, (iv) Phoenix/Infinity, (v) Shapoorji Pallonji, and (vi) TAQA Aravia.

<sup>57</sup> SESA (Page 131)



## **Supervision**

As part of its supervision responsibilities, IFC and MIGA carried out regular monitoring and evaluation of project performance against the agreed ESAP and applicable Performance Standards, including periodic site visits, review of client reports and documentation, and engagement with project stakeholders.

In 2022, a Labor Compliance and Grievance Team Leader was appointed to support the effective implementation of HR policies across the site. That same year, the 2019 HSH HR Policy was updated. The revised policy reaffirmed the company's commitment to adhering to all procedures outlined in Egyptian Labor Law No. 12, 2003, particularly those related to hiring practices, contract termination processes, compensation, and daily meals to be provided by FMC.

In 2023, IFC supervision documentation recorded noticeable improvements in working conditions and labor relations at the Benban Solar Park. However, concerns from workers persisted regarding the adequacy and quality of food provided, specifically noting that meals continued to be limited to cold servings.

Subsequently, IFC reported that BSDA agreed to increase the budget for meals and set up a group of workers to monitor meal quality to provide feedback to BSDA. In December 2024, during a site visit, IFC interviewed workers and confirmed that the meals had improved and there were no further concerns on this matter.<sup>58</sup>

In relation to this complaint issue, CAO concludes that there are no preliminary indications of potential IFC and MIGA non-compliance during the supervision phase. When food quality and quantity was raised during IFC's supervision, IFC worked with its clients to address this issue and subsequently reported that it was no longer a material concern for workers.

### **3.3.3. Analysis of Plausible Link between Harm Allegations and Potential MIGA Noncompliance**

Since there are no preliminary indications of potential IFC and MIGA noncompliance in relation to food-related issues under PS2, CAO cannot establish a plausible link between allegations of Harm and potential noncompliance under the Sustainability Framework.

## **3.4. Retaliation against workers who requested wage increases or submitted complaints**

### **3.4.1. Preliminary Analysis of Harm**

The complainant alleges that he faced retaliation for repeatedly requesting wage increases, seeking formal recognition of his evolving responsibilities through an updated employment contract as well as for publicly sharing his views on social media about the meeting between HSH and the village of Benban. He believes these actions directly led to punitive measures by his employer, including what he viewed as a demotion. He asserts that HSH stated he had no right to complain about the company to internal or external authorities and instructed him to cease work

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<sup>58</sup> IFC & MIGA Management Response, see Appendix 2

after refusing to sign a draft contract that formalized a diminished role, which he interpreted as retributive in nature.

In April 2022, the complainant alleged he was dismissed without prior notice or warning. He then submitted a formal complaint with the Local Government Labor Office and was reinstated in May 2022. He claims that the company then assigned him to accompany the driver of a wastewater truck, a position he found degrading and unrelated to his previous responsibilities. When he declined to sign a formal contract confirming this reassignment, he alleged HSH again told him to stop working immediately. He complied and continued to receive his salary through the conclusion of his fixed-term contract on November 23, 2022. As he attempted to escalate his concerns, he reports facing intimidation during meetings with HSH representatives and a lack of follow-up or resolution in response to his previously submitted complaint. In October 2022, HSH issued a termination notice formally confirming the end of his employment with no intent to renew his contract.<sup>59</sup>

The CAO Policy defines Harm as any material adverse E&S effect on people or the environment resulting from a project or sub-project<sup>60</sup>. CAO is of the view that the complainant's initial dismissal may have resulted in psychological, economic, and social harm. Furthermore, his subsequent dismissal—prior to the completion of his fixed-term contract—may have caused additional psychological and social distress, despite the continuation of salary payments. Available evidence to CAO at this time does not provide CAO with a basis to conclude that the action to dismiss and not renew the complainant's contract were justified, and thus CAO concludes preliminary indications of Harm.

### **3.4.2. Relevant IFC/MIGA E&S Requirements and Preliminary Analysis of Policy Compliance**

#### **Pre-investment due diligence**

Egypt ranks very poorly for working condition compliance in the ITUC Global Rights Index from 2016 through 2025. These ratings indicate challenges for workers in raising grievances.<sup>61</sup>

Relevant to this project, PS2 (paras. 15-16) requires the client to base the employment relationship on the principle of equal opportunity and fair treatment and not to discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation [...] and termination of employment.<sup>62</sup> It also states that in countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet PS2 requirements.<sup>63</sup>

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<sup>59</sup> CAO was privy with the termination notice. HSH affirmed that the termination was due to the end of the contract period and not for any other reason.

<sup>60</sup> CAO Policy, Glossary.

<sup>61</sup> Egypt is ranked in the 10 worst countries for working people by International Trade Union Confederation (ITUC). [ITUC Global Rights Index 2016 & ITUC Global Rights Index 2025](#)

<sup>62</sup> IFC, 2012 Performance Standard 2, para. 15.

<sup>63</sup> IFC, 2012 Performance Standard 2, para. 16.



IFC and MIGA, in its ESRs<sup>64</sup>, assured that these requirements for fair treatment of workers would be extended to all contractors and subcontractors as part of contractual obligations. The project ESAP required the clients to align its HR Policy and Procedures with PS2 and Egyptian labor law and ensure all direct and indirect employees are aware of its content. As a result, CAO concludes that there are no preliminary indications of potential IFC and MIGA non-compliance during pre-investment due diligence.

## Supervision

During supervision, IFC undertook key supervision activities - including reviewing available information, conducting site visits, and ensuring compliance in areas such as WGM accessibility, timely response to concerns, and feedback processes. CAO's preliminary assessment of IFC and clients documentation raises concerns regarding risk of confidentiality for worker's grievance at Benban Solar Park. The project WGM may have lacked adequate safeguards for confidentiality and protection from 2019 to 2022 (as required by PS2 Guidance Note 57&60).

In May 2022, the lenders' IESC identified these same compliance gaps, prompting IFC and MIGA to seek opportunities to enhance the client's PS2 performance. As an initial measure, HSH updated its 2020 WGM procedures in late 2022. The revised procedures introduced several enhancements, including the formal establishment of a Grievance Management Committee with semi-annual monitoring of the Grievance mechanism's performance against defined procedures. The updated WGM also includes key performance indicators (KPIs) for assessing effectiveness and requires HSH to conduct external audits to support the proper implementation of its ESMS.

Following the complainant's submission, IFC and MIGA reiterated to BSDA and HSH in September 2022 their zero-tolerance stance on retaliation and reprisals<sup>65</sup>. HSH subsequently developed an anti-retaliation policy aligned with IFC guidelines, incorporated into its updated grievance mechanism.

In November 2023, IFC and MIGA required BSDA/HSH to conduct a worker survey to assess perceptions regarding retaliatory actions, which yielded positive results with minimal reports of disrespect or harassment. Workers were also offered training on the anti-retaliation policy and WGM mechanism to address any concerns around reprisals.

IFC and MIGA's requirement during 2023 that BSDA/HSH conduct a Labor Assessment at the Benban Solar Park concluded that the change of FMC in 2020 resulted in inadequate WGM management. In response, IFC and MIGA required its client to hire a labor adviser, establish a workers committee,<sup>66</sup> and improve grievance handling. They also proposed having a WGM at the park-wide BSDA level in order to avoid future issues similar to those raised in this CAO case.

In May 2025, IFC issued another reminder to all developers as well BSDA and HSH, asking its clients to work with BSDA to assess worker reprisal risks in the park to inform future policies and procedures. IFC and MIGA also shared its *Good Practice Note on Addressing the Risks of Retaliation Against Project Stakeholders* and the related *Good Practice Summary* with its clients.

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<sup>64</sup> Sample of one of the ESRs developed - [ESRS 2017](#)

<sup>65</sup> IFC 2018, IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders, available at <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf>

<sup>66</sup> The WC is functional

Allegations of threats and reprisals can be difficult to substantiate. Upon review of available evidence, CAO notes the actions IFC have taken to support its clients' implementation of fair treatment (PS2, para. 15) measures. In particular, (i) strengthening the WGM; (ii) engaging with its clients on its zero-tolerance policy against retaliation; (iii) conducting a workers' survey which detailed minimum reports of disrespect or harassment. CAO acknowledges the seriousness of the complainant's retaliation allegation. However, in context of the actions IFC has taken to support its clients, CAO concludes that there are no preliminary indications of IFC and MIGA non-compliance

### **3.4.3. Analysis of Plausible Link between Harm Allegations and Potential MIGA Noncompliance**

Since CAO has concluded that there are no preliminary indications of potential IFC and MIGA noncompliance, CAO cannot establish a plausible link between allegations of Harm and potential noncompliance.

## **4 Additional Appraisal Considerations**

Under the CAO Policy (para. 92), CAO compliance appraisals must take into account relevant additional considerations, including:

- Whether IFC and MIGA Management has clearly demonstrated that it dealt appropriately with the issues raised by the complainant or in the internal request and followed E&S policies or whether Management acknowledged that it did not comply with relevant E&S policies
- The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint
- Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the complainant's views, these proposed remedial actions substantively address the matters raised by the complainant.

CAO notes that IFC and MIGA acted in accordance with their Sustainability Policy obligation to identify and review opportunities for improving client performance (para. 43), following receipt of the Benban 02 complaint.

The CAO observes that, upon receiving the complaint, IFC undertook a review of HSH's compliance with Performance Standard 2, focusing on key areas such as the Grievance Mechanism, human resources policies, and overall working conditions. IFC also organized a dedicated workshop on labor issues, designed to strengthen the client's ability to effectively address PS2 requirements.

## **5 CAO Decision**

CAO determines that the complaint relating to the Benban Solar Park project does not merit a compliance investigation and has closed the case.

CAO shares this Compliance Appraisal Report with the Board, the World Bank Group President, IFC and MIGA Management, the company, and the complainant. CAO publishes this report as well as IFC and MIGA's Management Response on its website.

## Appendices

### Appendix 1: The Complaint

Distinguished officials of the World Bank,

Greetings,

I am [REDACTED] presenting to you my complaint as an employee of Health and Safety Home, the general coordinator of the solar energy project in Binban. The complaint was submitted to because the grievance mechanism within Health and Safety Home Co. has not been activated.

We suffer from bad conditions in the work environment within the company, as there is no equality among employees within the company, where benefits, promotions and salary increases are available for those who have personal relationships and connections at FMC. I used to work as a driver at FMC for four years. When the new administration started managing Health and Safety Home Co., I was working as a fire truck driver. The administration assigned me the job of supervising vehicles traffic and drivers because of my experience and hard work. Then the administration assigned me to be a car maintenance official because of my experience in the field of cars for more than ten years. When I demanded written proof of any of the jobs I held and a salary adjustment, the administration cancelled my work assignments and assigned them to other colleagues. I was completely sidelined from work which caused me psychological harm to the point that I was looking for another job outside the project and was exposed to circumstances that forced me to be absent from work and based on this absence, I was dismissed from work without warning by phone or mail and I tried to solve the problem amicably and was categorically rejected.

When I went to the Labor Office and filed a complaint of being dismissed without prior notice, the Office resolved my problem, and I returned to work. One week after my return to work, I was offered the position of firefighting team leader by the Health and Safety Home Department. I accepted the position and when I started work, I was surprised that this position was like other positions that I had before, i.e, verbally told to do the work. Then I demanded written proof of my position and an amendment of my salary, because there are supervisors and drivers in the fire department whose salaries are more than mine. How is it possible for the salary of the team leader, myself, be less than the salaries of the team members? The management refused. After my refusal to work based on verbal delegation, I was marginalized again.

In light of this marginalization, we are subjected to insults and defamation by those who work for the administration who do immoral acts of sedition among employees, spying on them and accusing some of being dishonorable and defaming them. The administration do this to reduce

the number of workers inside the company. One of those responsible for these actions is the official of the Occupational Safety and Health Department, [REDACTED] who insulted and slandered me and some of my colleagues, and when confronted with what he said, he confessed to what he said in the presence of some colleagues.

An important note. What I and all my colleagues working in FMC and my family in the village of Binban know is that the Association of Solar Investors in Binban and Health and Safety Home Company, the general coordinator of the solar energy project in Binban, are united with each other for their own interests. The WB does not know what is happening between them in the village of Binban and Park. This is the opposite of what we saw in the period of the previous general coordinator ([REDACTED] and the consultant). [REDACTED] was the direct link between the lenders and the people of Binban, the internal companies and the BSDA (save us.....save us)

We kindly ask you to accept our complaint, review it and investigate the following points:

- 1- Salary increase and job adjustments
- 2- Restitution for the insult to which we were subjected
- 3- Looking at the work environment in which we work. We also ask you to contact us by phone [REDACTED]

We are sure of your integrity, fairness, and standing by the workers. Please accept the utmost respect.

The table attached:

Names of employees, positions, and dates of recruitment

## **Appendix 2: IFC / MIGA Management Response**

**INTERNATIONAL FINANCE CORPORATION  
AND  
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**MANAGEMENT RESPONSE  
TO THE CAO DISPUTE RESOLUTION CONCLUSION REPORT**

**ON**

**BENBAN SOLAR PARK-02  
EGYPT –AFRICA**

**(IFC PROJECT Nos. #37633, #40386, #40390,  
#37636, #37637, #39728, #37580, #40019,  
#37713, #37591, #39995, #39997, #39729 and  
MIGA PROJECT Nos. #14043, #14059,  
#14080, #14516, #14517, #14518, #14519,  
#14520, #14521, #13956, #13952, #13971)**

June 16<sup>th</sup>, 2025

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## **i. ABBREVIATIONS AND ACRONYMS**

AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BII	British International Investment
BSDA	Benban Solar Developers Association
CAO	Compliance Advisor Ombudsman
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
FMC	Facility Management Company
FMO	Dutch Entrepreneurial Development Bank
HR	Human Resources
HSH	Health and Safety Home
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
OeEB	Austrian Development Bank
O&M	Operations and Maintenance
PSs	IFC Performance Standards
US\$	United States Dollar



## ii. EXECUTIVE SUMMARY

iii. This Management Response has been prepared by the International Finance Corporation (IFC), in coordination with the Multilateral Investment Guarantee Agency (MIGA), to address the issues raised in the Benban Solar Park-02 complaint ([Benban-02](#)) received in June 2022 by the Compliance Advisor Ombudsman (CAO). The complaint concerns IFC investments and MIGA's guarantees related to the Benban Solar Park (Benban) in the Arab Republic of Egypt.

iv. Since 2017, IFC has been part of a consortium of nine international banks supporting the construction and operations of 13 solar power plants, which were commissioned by late 2019. MIGA provides political risk insurance in relation to 12 active Benban projects, of which three are joint projects with IFC. IFC and MIGA agreed, in accordance with MIGA's Policy on Environmental and Social Sustainability, that MIGA would rely on IFC for environmental and social (E&S) due diligence and monitoring of the joint projects and the E&S risks at the park level. As this complaint is related to park-level risks and impacts, this report focuses primarily on IFC's role, with reference to MIGA where relevant.

v. The Benban-02 complaint was filed in June 2022 by a former employee (the Complainant) of Health and Safety Home (HSH), a facility management company (FMC) contracted by the Benban Solar Developers Association (BSDA) on behalf of the developers to manage the E&S aspects at the park level. The complaint raised several concerns relating to: (i) the lack of a grievance mechanism for HSH; (ii) nepotism in relation to benefits, promotion, and salary increases; (iii) working conditions and quantity and quality of food; and (iv) retaliation for requesting raises or filing complaints.

vi. IFC and MIGA take seriously the allegations in the complaint and concerns raised regarding reprisals. As noted in the IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders<sup>67</sup> and the MIGA Position Statement on Retaliation Against Civil Society and Project Stakeholders<sup>68</sup>, IFC and MIGA do not tolerate any action by an IFC or MIGA client that amounts to retaliation—including threats, intimidation, harassment, or violence—against those who voice their opinion regarding the activities of IFC or MIGA or their clients.

vii. The Complainant and BSDA agreed to and engaged in the CAO dispute resolution process beginning in February 2023 to address the issues raised in the complaint. As the parties could not reach agreement, CAO issued a Dispute Resolution Conclusion Report in May 2025, formally transferring the case to the CAO compliance function.<sup>69</sup>

viii. This Management Response addresses the issues raised in the complaint. IFC and MIGA have carefully reviewed the allegations in light of the CAO's appraisal criteria. Based on this review, IFC and MIGA consider that they have acted in accordance with their respective E&S policies in relation to these investments and guarantees, including conducting appropriate due

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<sup>67</sup> <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf?>

<sup>68</sup> [https://www.miga.org/miga-position-statement-retaliation-against-civil-society-and-project-stakeholders?overridden\\_route\\_name=entity.node.canonical&base\\_route\\_name=entity.node.canonical&page\\_manager\\_page=node\\_view&page\\_manager\\_page\\_variant=node\\_view-panels\\_variant-1&page\\_manager\\_page\\_variant\\_weight=-2](https://www.miga.org/miga-position-statement-retaliation-against-civil-society-and-project-stakeholders?overridden_route_name=entity.node.canonical&base_route_name=entity.node.canonical&page_manager_page=node_view&page_manager_page_variant=node_view-panels_variant-1&page_manager_page_variant_weight=-2)

<sup>69</sup> Dispute Resolution Conclusion Report Regarding the Second Complaint Received in Relation to IFC's Investments and MIGA's Guarantees in the Benban Solar Park, Egypt [https://www.cao-ombudsman.org/sites/default/files/downloads/CAO-DR-ConclusionReport-Benban02-May2025-ENG\\_0.pdf](https://www.cao-ombudsman.org/sites/default/files/downloads/CAO-DR-ConclusionReport-Benban02-May2025-ENG_0.pdf)

diligence and supervision of HSH<sup>70</sup> in line with IFC/MIGA Performance Standards (PSs). In particular, IFC and MIGA do not find preliminary indications that IFC may not have complied with its E&S policies, a criterion under CAO's Policy that would warrant a compliance investigation. On this basis, IFC and MIGA respectfully conclude that the threshold for proceeding to a compliance investigation has not been met<sup>71</sup>. IFC and MIGA remain committed to continuous learning, transparency, and constructive engagement with stakeholders to strengthen the effectiveness of our E&S practices and development impact.

## PROJECT OVERVIEW

1. IFC's financing package includes a US\$166.5 million IFC A Loans, US\$450.8 million mobilization from B and Parallel Loans, US\$23.8 million IFC C Loans, and US\$12 million for interest rate swaps, across the 13 projects.<sup>72</sup> MIGA is supporting 12 active projects in Benban, of which three are joint projects with IFC,<sup>73</sup> through 22 contracts of guarantee covering equity sponsors and commercial lenders against political risks in the total outstanding amount of US\$248 million.

2. Benban Solar Park is divided into 41 plots assigned to various developers for the development and operation of solar power plants, 32 of which are now operational, generating and transmitting electricity to the national grid. Benban is one of the largest solar installations in the world.<sup>74</sup>

3. The IFC/MIGA projects in Benban are classified as category B according to the Policies on Environmental and Social Sustainability of IFC/MIGA, considering that the projects' activities have limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.<sup>75</sup> The IFC/MIGA projects are part of a larger solar park development with potential cumulative E&S impacts associated with the construction, and to a lesser degree the operational and decommissioning phases. The Benban Solar Developers Association (BSDA), comprised of representatives of the developers operating in Benban, hired a facility management company (FMC) to address these cumulative impacts and maintain consistency in the management of E&S risks and impacts at the park level. During construction, [REDACTED] was hired as FMC. For the operation and maintenance (O&M) phase, BSDA appointed Health and Safety Home (HSH) as the new O&M FMC in 2020.

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<sup>70</sup> Though IFC invested in 13 projects out of the 41 plots in the Benban Solar Park, it has made significant efforts to influence the overall E&S management at the park level through BSDA and HSH in accordance with its requirements and in coordination with lenders.

<sup>71</sup> CAO Policy, paragraph 91 (b) at:

<https://documents1.worldbank.org/curated/en/889191625065397617/pdf/IFC-MIGAIndependent-Accountability-Mechanism-CAO-Policy.pdf> (CAO Policy).

<sup>72</sup> Others lenders supporting projects within the Park are the African Development Bank (AfDB), Arab Bank of Bahrain, Asian Infrastructure Investment Bank (AIIB), British International Investment (BII), Dutch Entrepreneurial Development Bank (FMO), Europe Arab Bank, Austrian Development Bank (OeEB), European Bank for Reconstruction and Development (EBRD), Finnfund (Finland), Green for Growth Fund, Proparco (France), and Industrial and Commercial Bank of China.

<sup>73</sup> The remaining nine projects are financed by the consortium led by the EBRD.

<sup>74</sup> <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=17490>

<sup>75</sup> IFC's Policy on Environmental and Social Sustainability (2012). MIGA's Policy on Environmental and Social Sustainability (2013).

## THE CAO COMPLAINT

4. In June 2022, CAO received a complaint from a former employee of HSH. The complaint raised concerns regarding: (i) the lack of a grievance mechanism for HSH; (ii) nepotism in relation to benefits, promotion, and salary increases; (iii) working conditions and quality of food; and (iv) retaliation for requesting raises or filing complaints.<sup>76</sup> The parties agreed to engage in a dispute resolution process. Despite efforts to address the concerns raised in the complaint, the parties were unable to reach an agreement and in July 2024 the Complainant requested that the case be transferred to CAO's compliance function.

5. Benban-02 is the second of eight (8) CAO complaints related to the Benban projects filed between June 2022 and March 2024. Out of these cases, six (6) are at the park level and two (2) involve specific developers. As of May 2025, four (4) cases are closed following an agreement between the parties, one (1) has reached an agreement and is in dispute resolution monitoring and two (2) are in the dispute resolution phase. IFC notes overlapping concerns between Benban-01 and Benban-02 regarding salary increases, working conditions, and the quality and quantity of food. These issues have been addressed in the dispute resolution process for Benban-01, which reached an agreement between the parties and is currently under monitoring.<sup>77</sup>

## MANAGEMENT RESPONSE

6. IFC Management appreciates CAO's assessment and its efforts in the dispute resolution process for the complaint. IFC acknowledges that the issues raised in the complaint are serious and provides a detailed response to them in this report. As per the Sustainability Policy (paragraph 7), IFC seeks to ensure, through its due diligence, monitoring, and supervision efforts, that the business activities it finances are implemented in accordance with the requirements of the PSs.

7. As per the contract, HSH was required to address and manage E&S risks in line with international standards, including IFC's Performance Standards (PSs), MIGA's Performance Standards, EBRD Performance Standards, and the Equator Principles, and adhere to country regulations. Given that neither IFC nor MIGA have a contractual relationship with the BSDA or HSH, IFC/MIGA supervision is focused on its engagement with the developers and their respective role on the BSDA to influence HSH. The subsequent sections outline IFC's review of the performance of E&S aspects at the park level, its verification of mitigation measures, its evaluation of ongoing compliance against the PSs, and its direct and ongoing support to BSDA and HSH in the management of E&S issues.

8. Since the project's due diligence, IFC has actively supervised the E&S performance at both the project and park levels, including quarterly during construction. IFC conducted several E&S supervision visits between 2018 and 2022, reviewed documentation related to E&S systems and procedures, and held virtual meetings with BSDA and HSH during the COVID-19 pandemic when travel restrictions prevented site visits. Additional IFC visits occurred in September 2022, as well as January, June, and November 2023, and December 2024, to oversee and support BSDA

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<sup>76</sup> <https://www.cao-ombudsman.org/cases/egypt-benban-solar-02>

<sup>77</sup> <https://www.cao-ombudsman.org/cases/egypt-benban-solar-01>

and HSH in managing E&S risks. As gaps related to labor, working conditions, and grievance management were identified throughout project implementation, IFC enhanced its supervision, provided additional assistance to BSDA and HSH to address labor issues, developed corrective actions, and promoted the implementation of E&S best practices. Given the involvement of multiple lenders and the concern over the identified labor issues, IFC led coordination efforts among the lenders, BSDA, and HSH.

#### **A. Concerns related to the Labor Grievance Mechanism**

9. IFC identified several challenges between 2020 and 2022 in relation to HSH and BSDA's approach to grievance management. However, the implementation of the 2022 action plan, further updated in 2023, combined with ongoing support from IFC in accordance with PS2 resulted in significant improvements. The following paragraphs chronicle IFC/MIGA actions aimed at supporting HSH and BSDA in meeting PS2 requirements.

10. Between 2020 and 2021, IFC closely supervised E&S management at the park level through regular calls and reviews of policies and procedures, despite COVID-19 travel restrictions. IFC had concerns about HSH's E&S capacity when HSH was selected as the FMC. To address these concerns, IFC asked that HSH strengthen its approach to labor and working conditions by enhancing resources for labor management, grievance mechanism, and worker engagement and oversight, including of contracted workers.

11. A September 2021 site visit found that HSH continued to have limited capacity to address workers' grievances. Corrective actions were agreed and IFC continued to provide support to HSH to improve grievance management practices. In 2022, IFC received several direct complaints from workers, which indicated a lack trust in the grievance mechanism and its limited effectiveness. IFC worked with HSH to address workers' concerns and agreed on action plan in September 2022.

12. During a site visit in January 2023, IFC, together with MIGA and other lenders, reviewed BSDA and HSH's progress on labor management. IFC's labor expert conducted a labor assessment of HSH, which concluded that the grievance mechanism was aligned with PS2, but policies and procedures were not being effectively implemented and workers had low trust in the grievance process and limited awareness about how the mechanism worked. An updated action plan was developed to further strengthen HSH's approach to handling grievances and engaging with workers on labor concerns, and improve working conditions and labor practices in the park. IFC further organized a capacity building workshop in June 2023 with a focus on Egyptian labor law and PS2 requirements and advised BSDA on hiring a new E&S consultant with expertise in managing labor issues in the Egyptian context.

13. A November 2023 site visit confirmed HSH's new policy and procedures for grievance management met key aspects of PS2 requirements. To further strengthen implementation of the new policy and procedures, IFC further advised HSH on the assessment and handling of grievances and engagement with workers at Benban.

14. A site visit in December 2024 concluded that significant improvements had been made

and noted strengthened capacity at HSH and oversight by BSDA on E&S matters, including in the implementation of the revised grievance mechanism procedure.

## **B. Concerns related to Nepotism in Relation to Benefits, Promotion, and Salary Increases**

15. IFC and MIGA require their clients to ensure fair treatment, non-discrimination and equal opportunities for their workers. As described in the previous section, IFC has undertaken several site visits, an in-depth labor assessment, and a capacity-building workshop focused on labor management. With regard to HSH's human resource management specifically, IFC reviewed and supported HSH's development of policies and procedures on non-discrimination, equal opportunities and harassment in 2021. As per IFC's guidance, HSH developed a Hiring Process and Procedures (January 2022) detailing the steps for recruitment, from application through to interview and appointment, among others. Vacancies are advertised in accordance with this policy and through social media platforms (e.g., Facebook). IFC observed that employees are free to apply for such vacancies. Workers interviewed by IFC during the January 2023 site visit were generally clear about how jobs and promotions were allocated and did not raise issues about unequal treatment.

16. IFC reviewed a sample of employee salaries and confirmed that salaries reviewed were slightly above minimum wage. Under the management of the current HSH, wages are increased 7 percent per year according to national law. In addition, workers received an exceptional 15 percent increase in November 2022 following a series of meetings that BSDA and HSH held with employees and subcontracted workers to discuss the various complaints raised.

17. Based on its review of HSH's human resource management and engagement with HSH, BSDA and workers at the site, IFC's view is that current practices do not raise issues of fair treatment, non-discrimination and equal opportunities.

## **C. Concerns related to Working Conditions, Quality and Quantity of Food**

18. During the site visits described in earlier sections, IFC engaged directly with workers to understand concerns with regard to working conditions at Benban. Concerns were mainly related to: (i) lack of sufficient air conditioning in the security booths at the solar park gates, particularly during the summer period where the temperature may exceed 50 degrees Celsius; and (ii) the quality and size of their daily meals. IFC notes that these issues were raised in the context of the Benban-01 complaint, in which the parties reached a dispute resolution agreement in April 2024.<sup>78</sup>

19. As part of its supervision, IFC confirmed that BSDA agreed to increase the budget for meals and set up a group of workers to monitor the quality of the meals to provide feedback to BSDA. During the December 2024 site visit, IFC interviewed workers and confirmed that the meals had improved and there were no further concerns on this matter. The air conditioners are in the process of being installed as part of the implementation of the dispute resolution agreement reached in the Benban-01 CAO case.

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<sup>78</sup> <https://www.cao-ombudsman.org/cases/egypt-benban-solar-01>

## D. Concerns related to Reprisals

20. The IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders<sup>79</sup> and the MIGA Position Statement on Retaliation Against Civil Society and Project Stakeholders<sup>80</sup> make clear that IFC and MIGA do not tolerate any action by an IFC or MIGA client that amounts to retaliation—including threats, intimidation, harassment, or violence—against those who voice their opinion regarding the activities of IFC/MIGA or IFC/MIGA clients. This position statement has been communicated to all developers, BSDA and HSH in writing and verbally on several occasions.

21. During the September 2022 site visit, IFC and MIGA reiterated to BSDA and HSH their zero tolerance on retaliation and reprisals. As part of the action plan agreed between IFC and HSH, HSH developed an anti-retaliation and reprisal policy in line with IFC guidelines, which was included in the updated grievance mechanism procedure. The workers' survey conducted in November 2023 asked if workers experienced shouting, bullying, overtasking or other disrespectful behavior at the workplace. Regarding respectful workplaces, the survey recorded positive feedback on the overall workplace culture, with minimal reports of disrespect or harassment; a small fraction of respondents indicated having experienced such a situation. As continuous efforts to change culture and behaviors over time are required, IFC sent another reminder in May 2025 to all developers, BSDA and HSH regarding zero tolerance against reprisals and training on the subject was offered. All developers, BSDA and HSH reiterated their commitment to zero reprisals and an assessment identifying the risk of reprisals will be undertaken. The BSDA plans to conduct an assessment to identify risks of reprisals in the Park to further inform its policies and procedures. A follow-up workers' survey will be planned to assess any changes regarding reprisals and IFC continues to support BSDA and HSH on this subject.

## CAO POLICY APPLICATION

22. The CAO Policy sets out appraisal criteria determining whether a compliance investigation is necessary, including: “a. whether there are preliminary indications of Harm or potential Harm; b. whether there are preliminary indications that IFC/MIGA may not have complied with its E&S Policies; and c. whether the alleged harm is plausibly linked to the potential non-compliance.”<sup>81</sup>

23. Considering the actions taken by IFC to engage with BSDA and HSH on the issues raised in the complaint, it is IFC and MIGA's view that criterion b., regarding “preliminary indications that IFC may not have complied with its E&S Policies,” has not been met, as summarized in the conclusion below.

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<sup>79</sup> <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf?>

<sup>80</sup> [https://www.miga.org/miga-position-statement-retaliation-against-civil-society-and-project-stakeholders?overridden\\_route\\_name=entity.node.canonical&base\\_route\\_name=entity.node.canonical&page\\_manager\\_page=node\\_view&page\\_manager\\_page\\_variant=node\\_view-panels\\_variant-1&page\\_manager\\_page\\_variant\\_weight=-2](https://www.miga.org/miga-position-statement-retaliation-against-civil-society-and-project-stakeholders?overridden_route_name=entity.node.canonical&base_route_name=entity.node.canonical&page_manager_page=node_view&page_manager_page_variant=node_view-panels_variant-1&page_manager_page_variant_weight=-2)

<sup>81</sup> CAO Policy, paragraph 91(b) at: <https://documents1.worldbank.org/curated/en/889191625065397617/pdf/IFC-MIGAIndependent-Accountability-Mechanism-CAO-Policy.pdf> (CAO Policy).



## CONCLUSION

24. It is IFC and MIGA's view that IFC and MIGA have complied with their respective E&S policies, including conducting the necessary due diligence and supervision in compliance with IFC/MIGA PSs. In particular:

- IFC reviewed and provided support in the development and implementation of HSH's workers' grievance mechanism in accordance with PS2 through the review of documentation, update calls and numerous site visits.
- IFC supported BSDA and HSH to build their capacity on the management of workers' grievances, increase their level of engagement with workers and establish a workers' committee to discuss labor issues before they become a grievance.
- IFC clearly communicated to BSDA and HSH its zero tolerance for retaliation and reprisal, for which a specific policy was established and implemented. The workers' survey conducted in November 2023 indicated minimal reports of fear of reprisal and experiences of disrespectful behavior. IFC will continue working with BSDA and HSH on these issues as part of its supervision of the projects.

25. Based on IFC's close supervision and the significant support provided to BSDA and HSH, IFC sought to ensure, through its due diligence, monitoring, and supervision efforts, that the business activities financed in these projects have been implemented in accordance with the requirements of the PSs. BSDA has made significant efforts during the CAO dispute resolution process to reach an agreement with the Complainant that went beyond the Egyptian labor law and IFC PS requirements.

### Disclaimer

This IFC/MIGA Management Response is provided in response to the Dispute Resolution Conclusion Report of the Office of the Compliance Advisor Ombudsman (CAO) finding a complaint to a project supported by IFC finance or investment and MIGA guarantee eligible for compliance appraisal.

Nothing in this IFC/MIGA Management Response or in the process provided for in the CAO Policy ("CAO Process") (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability, or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC's or MIGA's rights, privileges, or immunities under the IFC Articles of Agreement, the MIGA Convention, international conventions, or any other applicable law. IFC and MIGA expressly reserve all rights, privileges, and immunities. IFC and MIGA do not create, accept, or assume any legal obligation or duty, or identify or accept any allegation of breach of any legal obligation or duty by virtue of this IFC/MIGA Management Response.

While reasonable efforts have been made to determine that the information contained in this IFC/MIGA Management Response is accurate, no representation or warranty is given as to the accuracy or completeness of such information. CAO is not a judicial or legal enforcement mechanism. Its analyses, conclusions, and reports are not intended to be used in judicial or

regulatory proceedings nor to attribute legal fault or liability, and it does not engage in factfinding nor determine the weight that should be afforded to any evidence or information. No part of this IFC/MIGA Management Response or the CAO Process may be used or referred to in any judicial, arbitral, regulatory, or other process without IFC's and MIGA's express written consent.



### Appendix 3: Additional Appraisal Considerations

The CAO Policy provides for the compliance appraisal to take into account additional relevant considerations, as outlined in the table below.

CAO Policy provision	Analysis for this case
For any project or sub-project where an IFC/MIGA exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA exit (para. 92a).	Not applicable
The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint (para. 92b).	Not applicable
Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies (para. 92c).	CAO notes that IFC and MIGA acted in accordance with their Sustainability Policy obligation to identify and review opportunities for improving client performance (para. 45 & 43), following receipt of the complaint. Specifically, IFC reviewed PS2 compliance by HSH with respect to the Grievance Mechanism, HR Policies, and working conditions.
Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant (para. 92d).	IFC carried out a specific workshop on labor issues to improve HSH's capacity to address PS2 issues.
In relation to a project or sub-project that has already been the subject of a compliance investigation, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available (para. 93).	Not applicable