



CAO ASSESSMENT REPORT

**Regarding the Complaint in Relation to
IFC's Investment in Alcazar Energy-01 (#35909) in Jordan**

October 2020

Office of the Compliance Advisor Ombudsman
for
the International Finance Corporation and the
Multilateral Investment Guarantee Agency
www.cao-ombudsman.org

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA-supported projects in a manner that is fair, objective, and constructive, and to enhance the social and environmental outcomes of those projects.

For more information, see www.cao-ombudsman.org

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LIST OF ACRONYMS

CAO	Office of the Compliance Advisor Ombudsman
CLO	Community Liaison Officer
EBRD	European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
IFC	International Finance Corporation
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency

1. OVERVIEW

In March 2020, CAO received a complaint from a resident of Al-Rajef in Jordan, raising concerns about the Al-Rajef Wind Farm's impact on residents near the project site. The wind farm was developed by Alcazar Energy Partners (the "Company"), an IFC client focused on renewable energy projects in the MENA region. The complaint alleged that the wind farm has negative impacts on the Complainant, including noise from the project site. CAO determined that the complaint met its three eligibility criteria and began an assessment of the complaint. During CAO's assessment, both the Complainant and the Company expressed an interest in engaging in a CAO dispute resolution process. In keeping with CAO's Operational Guidelines, the complaint will now be handled by CAO's Dispute Resolution function. This Assessment Report provides an overview of the assessment process, including a description of the project, the complaint, the assessment methodology, and next steps.

2. BACKGROUND

2.1 The Project

According to IFC, IFC has an equity investment held since 2015, in the renewable energy platform Alcazar Energy Partners (the "Company"), an independent developer and power producer focused on wind and solar projects in the MENA region. IFC's equity investment in the Company has helped to increase power generation capacity in the region, as well as support economic growth and job creation. The Company currently has seven assets in operation in Egypt and Jordan.

The complaint relates specifically to the Al-Rajef Wind Farm in Jordan, an 86.1 MW wind farm with a project cost of US\$ 184.6m, located near the village of Al-Rajef in the Ma'an Governate of Jordan. The Al-Rajef Wind Farm commenced commercial operations in November 2018 and was financed by the European Bank for Reconstruction and Development (EBRD), Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and Proparco. IFC was not part of the lender consortium that provided debt finance to the Al-Rajef Wind Farm.

2.2 The Complaint

In March 2020, CAO received a written complaint from an individual (the "Complainant") living close to the Al-Rajef Wind Farm. The complaint raises concern about the impact of the wind farm on residents near the project site. The Complainant claimed that he is affected by noise from the project site. Although a single Complainant filed the complaint, the Complainant alleged that several neighbors are also affected. The Complainant requested confidentiality.

3. ASSESSMENT SUMMARY

3.1 Methodology

The CAO assessment aims to clarify the issues and concerns raised by the Complainant by gathering information and views from different stakeholders without making a judgment on the merits of the complaint. The assessment also seeks to determine whether the Complainant and the Company would like to pursue a dispute-resolution process facilitated by CAO, or whether the complaint should be handled by CAO's Compliance function for appraisal of IFC's performance (see Annex A for CAO's complaint-handling process).

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

- Email correspondence with the Complainant, the Company and the IFC to set up meetings and introduce the CAO;
- Desk review of project documentation including the Noise Monitoring Assessment for the O&M phase, the Stakeholder Engagement Plan and the Grievance Mechanism and log;
- Videoconference with the Complainant;
- Videoconference with Alcazar-Energy senior management and E&S manager; and
- Videoconference conversation with the IFC project team.

A CAO assessment typically involves a field visit to meet with the complainant/affected community and project sponsor to gain a better understanding of the situation. Due to COVID-19-related restrictions on travel and social gatherings, CAO's staff and consultants could not arrange in-person meetings with the relevant stakeholders involved in this case. However, CAO and the parties decided not to delay the assessment of the complaint and conducted the assessment via virtual platforms.

CAO struggled to connect and communicate with the Complainant since the complaint was originally raised in March. This resulted in a delay in the assessment period. However, after five months of trying to make contact, CAO finally spoke to the Complainant to get his perspective on the issues raised in the complaint.

3.2 Summary of views

Complainant's perspective

During the assessment of the complaint, the Complainant raised concerns about the impact of the Al-Rajef Wind Farm. The Complainant alleged that he lives close to the project and is affected by noise from the project. Although the Complainant initially requested his identity to be kept confidential, he also indicated a willingness to engage with the Company in a CAO facilitated dialogue process, to try and resolve the issues raised in the complaint. The Complainant indicated that he had not previously brought this issue to the attention of the Company.

Company's perspective

In response to the complaint received by the CAO, the Company expressed that not having details of the complaint and the location of the unit is challenging as they have not been able to evaluate any impacts or resolve the issues raised quickly. The Company stated their commitment to upholding environmental and social standards in their projects and have in place professional teams at the corporate levels fully dedicated to this.

The Company stated that an Environmental and Social Impact Assessment (ESIA), which includes noise and shadow flicker assessment to the surroundings of the project, was performed for the project by an independent environmental & social consultant at the development stage. This assessment was in line with the IFC Performance Standards on Environmental & Social Sustainability (2012) and the EBRD Performance Requirements (2014) as well as with the EIA Regulation No. 37 of 2005. The development and disclosure of the ESIA were a condition for financing the project by the project's lenders (EBRD, DEG and Proparco). The Company also explained that a Noise Monitoring Assessment was undertaken by the independent environmental & social consultant once all the turbines were operational. This was done in order to verify that noise levels from the operation of turbines do not cause impacts on the identified noise sensitive receptors as per the ESIA, taking into consideration existing noise baseline levels and pertinent applicable standards and regulations. The

Company stated that the assessment concluded that noise levels from the operation of the wind turbines should not increase the background noise level at the location where the monitoring was undertaken, which was recognized as the most sensitive receptor.

The Company shared that they have several avenues available for members of the local communities, workers and other stakeholders to raise concerns. These include a grievance mechanism which has been fully functional since the construction phase and has continued throughout the O&M phase. The Company also stated that they use local Community Liaison Officers (CLOs) to receive and address any concerns from the community. They stated that in all instances where a grievance was received, they worked with the complainants to evaluate the issues, assess any impacts with the support of an external consultant (where needed), and implemented the recommendations to address the concerns. The Company noted that the Complainant has not previously raised a grievance with the Company via the Grievance Mechanism or attempted to reach out to the Company by other means, and as such the Company has not been able to evaluate and take any actions accordingly.

The Company expressed willingness to engage as soon as possible, in a CAO facilitated dialogue with the Complainant, to understand his concern and determine if a solution is required, what actions to take to resolve the issues raised.

4. NEXT STEPS

During CAO's assessment process, the Complainant and the Company indicated an interest in addressing the issues raised in the complaint through a voluntary dialogue process convened by CAO's Dispute Resolution Function. CAO will facilitate the process, including assisting the parties to prepare for dialogue, agreeing on ground rules, and working together in a collaborative way to try and find appropriate ways to deal with the issues raised in the complaint and summarized in this assessment report.

ANNEX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO dispute resolution specialists. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the Complainant (s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function, or whether the case should be reviewed by CAO's Compliance function.

As per CAO's Operational Guidelines,¹ the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgement** of receipt of the complaint.
- Step 2: **Eligibility**: Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 working days).
- Step 3: **CAO assessment**: Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function, or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 120 working days.
- Step 4: **Facilitating settlement**: If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact-finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.²

OR

Compliance Appraisal/Investigation: If the parties opt for a Compliance process, CAO's Compliance function will initiate an appraisal of IFC's/MIGA's environmental and social due diligence of the project in question to determine whether a compliance investigation of IFC's/MIGA's performance related to the project is merited. The appraisal time can take up to a maximum of 45 working days. If an investigation is found to be merited, CAO Compliance will conduct an in-depth investigation into IFC's/MIGA's performance. An investigation report with any identified non-compliances will be made public, along with IFC's/MIGA's response.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**

¹ For more details on the role and work of CAO, please refer to the full Operational Guidelines: http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines_2013.pdf

² Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has closed the complaint and transferred it to CAO Compliance for appraisal.