



CAO ASSESSMENT REPORT

**Regarding Concerns in Relation To
IFC's Investment in Daehan Wind-01/Tafila (#35349) in Jordan**

November 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
ESIA	Environmental and Social Impact Assessment
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency

1. OVERVIEW

In June 2020, CAO received a complaint from a community member living in Tafila, Jordan, on behalf of himself and two family members (“the Complainants”). The complaint raises concerns about the current impact of the construction of the Daehan wind farm project in Tafila and the potential future impact of its operations. IFC has an active project with Daehan Wind Power Company PSC (“Daehan” or “the Company”), which consists of the construction, operation, and maintenance of a wind farm in Jordan’s Tafila Governorate. In July 2020, CAO determined that the complaint met its three eligibility criteria and began an assessment of the complaint.

During CAO's assessment, both the Complainants 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 IFC Project

According to IFC, IFC has an active project with Daehan in Jordan. The project consists of the construction, operation, and maintenance of a 51.75MW (installed capacity) wind farm in Jordan's Tafila Governorate (“the Project”). The Project will be an Independent Power Producer, generating about 155 GWh annually for sale to the National Electric Power Company under a 20-year Power Purchase Agreement. The Project will be developed by Daehan Wind Power Company PSC, a special purpose vehicle incorporated in Jordan, and currently owned by Korea Southern Power Company (KOSPO) (50%) and Daelim Energy Co. (50%). According to IFC, Vestas Wind Systems is the EPC (Engineering, Procurement and Construction) and (future) O&M (Operations and Maintenance) contractor for the Project.

The Project consists of 15 3.45 MW turbines, with a tower hub height of 112 m and rotor diameter of 136 m, a 33kV/132kV substation, a buried internal 33 kV grid network, and a network of site access roads. IFC's investment consists of a combination of US\$10.2m, which IFC is providing from its own account and US\$25.5m mobilization from MCPP (managed co-lending portfolio program).¹

2.2 The Complaint

In June 2020, CAO received a written complaint from a community member from Tafila, Jordan, submitted on behalf of himself and two family members.

The complaint raises concerns about the current and potential future impacts of the Daehan wind farm on the Complainants' land, which is located in the proximity of the wind farm turbines.

The issues raised during the assessment are described in more detail below.

¹ For more information on MCPP, see: https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/products+and+services/syndications/mcpp

3. ASSESSMENT SUMMARY

3.1 Methodology

The aim of the CAO assessment is to clarify the issues and concerns raised by the Complainants, gather information on the views of different stakeholders, and determine whether the Complainants and the IFC Project Sponsor 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).

While CAO, as per its Operational Guidelines, is not a legal enforcement mechanism or a substitute for court systems in host countries, CAO can address the underlying issues and concerns as expressed in the complaint and offer its processes to the affected parties.

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

- email correspondence with the Complainants, the Company, and the IFC;
- desk review of project documentation;
- videoconferences with the Complainants;
- videoconferences with Daehan's management; and
- videoconference with the IFC project team.

A CAO assessment typically involves a field visit to meet with the complainants, project sponsor and other relevant stakeholders as identified by the complainants 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 decided that it was not necessary to delay the assessment of the complaint and conducted the assessment via virtual platforms, with the consent of both parties.

This document is a record of the views heard by the CAO team, and explanations of next steps depending on the parties' choice. This report does not make any judgment on the merits of the complaint.

3.2 Summary of views

Complainants' perspective

The Complainants indicated that they jointly own land near the Daehan wind farm project, which is currently under construction. They added that the closest turbine will be located 500 meters away from their land. The Complainants explained that while they live in the nearby Tafila town most of the year, they come to the land in question to take care of their crops, and periodically install temporary tents to use as residences.

They stated that the Company had undertaken environmental, social, climate, and other studies on the lands located within the project's vicinity, including theirs, without approval from them as co-owners of the land. The Complainants indicated that there was no agreement to allow the Company to conduct studies on their land, and they were not consulted regarding the potential negative impacts of the project on their land. They added that they did not have access to the Environmental and Social Impact Assessment for this project.

The Complainants raised concerns about the current impact of project construction, as well as potential future impacts of the wind farm operations. In terms of current impacts, the Complainants cited the dust that comes from the construction. In terms of the future impacts,

the Complainants indicated that they were concerned about the noise and the shadow flicker effect coming from the wind turbines once in operation. They believe that at least four turbines will cast a shadow on their land, which they say represents a nuisance and deprives them of the opportunity to live on that land, in addition to potentially affecting the sense of sight and causing dizziness or headaches. They also shared that they saw two wind speed measuring towers for Daehan fall after a windy night last year, and they are concerned that this may happen again and this time, on their land. They believe the risk is heightened by the fact that the area is very windy and that their land is located at the bottom of the valley, and the nearest turbines are at the top of the adjacent mountain (80 meters high). They added that they have also heard about possible electrocution due to the proximity with wind turbines.

Additionally, the Complainants express that the existence of the wind farm close to their land prevents them from raising birds, which would be killed by the turbine's blades, and also from leasing their land to another wind company, since the Jordanian government allegedly assured Daehan that no other company would be allowed to build turbines in the area.

The Complainants also raised concerns that the Company failed to lease their land, despite its proximity to the project site. They believe that by only leasing the very land on which the turbines are being built, the Company is ignoring the negative impact on the surrounding lands, including theirs. The Complainants add that their community is a tribal one, within which people have strong kinship and lineage relations; and that by renting land from some members of the tribe to the exclusion of others, the Company is creating social disparities within such tribe and a sense of unfairness. The Complainants believe that this is not in line with IFC's commitment to ensure that economic development will not occur at the expense of the poor and vulnerable groups, and that as an IFC client, Daehan should provide economic benefits to all members of the tribe neighbouring the Project.

The Complainants expressed their interest in having a conversation with the Company about the issues raised in the complaint.

Company's perspective

Daehan explained to the CAO that they are in the process of building 15 wind turbines in the Tafila region. According to the Company, the project is compliant with all relevant national and international environmental and social standards, including IFC's Performance Standards, especially with regard to noise levels and shadow flicker effect.

The Company indicated that they designed a comprehensive stakeholder engagement plan, pursuant to which they disseminated information in Arabic about the potential impacts of the project to the local community, notably to the Mosque and the Municipality. Among other activities, they shared that they had a public hearing in the Tafila town to inform the community about the project. The Company also explained that they have a grievance mechanism and local Community Liaison Officers (CLO) in place to handle any complaints from community members living in the surroundings of the project. The Company added that they value their relationship with the community and take concerns brought to them by community members very seriously.

The Company indicated that before they started installing the turbines, they conducted thorough environmental and social impact studies, which culminated in the adoption of an Environmental and Social Impact Assessment (ESIA) report, which is accessible on IFC's website.² The ESIA determined that, while the project would result in positive environmental impacts, it would also have certain negative environmental impacts, including shadow flicker

² <https://disclosures.ifc.org/#/projectDetail/ESRS/35349>

and noise. Nevertheless, the ESIA concluded that, with the appropriate mitigation measures and monitoring requirements, such impact would be considered not to be significant.

The Company added that, based on the studies, they determined that the land that would potentially be affected by the turbines is limited to that located within 136m diameter of each turbine (the "Impacted Area"). Thus, they decided to lease the 66 land parcels located within this Impacted Area. They expressed that there was no permanent housing within this perimeter, the only activity being seasonal animal grazing and temporary housing installed by local Bedouins. According to the Company, this decision is in line with national regulations as well as IFC requirements, and they have received approval letters from the Ministry of Environment as well as the Ministry of Municipal Affairs in that regard. They added that when it comes to leasing land, it is necessary to establish set criteria, which have to be applied consistently, otherwise that would not be fair to the community.

The Company expressed to CAO that they would like to use the CAO Dispute Resolution function to resolve the issues raised by the Complainants.

4. NEXT STEPS

During CAO's assessment, both the Complainants and the Company expressed 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 in preparing for dialogue, agreeing on ground rules and on the scope of the dialogue, and working together in a collaborative way to try to reach a resolution of 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,³ 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.⁴

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**

³ 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

⁴ 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.