



## DISPUTE RESOLUTION CONCLUSION REPORT

### UNITED ASHUGANJ – 01/ASHUGANJ, BANGLADESH AUGUST 2017

*This report summarizes the CAO Dispute Resolution process and outcomes in relation to the IFC-supported United Ashuganj project in Bangladesh.*

#### OVERVIEW

##### IFC's Project

The IFC project consists of the development, construction, operation, and maintenance of a 195-megawatt (MW) combined cycle reciprocating gas engine power plant, under an Implementation Agreement with the Government of Bangladesh and a 15-year Power Purchase Agreement with the Bangladesh Power Development Board (BPDB).

The project is being developed by United Ashuganj Energy Limited (UAEL), a special-purpose vehicle owned by United Group (71 percent) and Ashuganj Power Station Company Ltd. (APSCCL) (29 percent). IFC's investment consists of a \$20.5-million loan to UAEL, which represents 12.05% of total investment in the project. The UAEL plant is located opposite the APSCCL employee residential colony. Several hundred employees live with their families in this community, which includes a school, a health centre, a market, and a mosque. The plant and community are within an existing power generation complex in Ashuganj, the APSCCL complex.

##### The Complaint

In May 2016, CAO received a complaint filed on behalf of five residents of the APSCCL residential colony, raising concerns about UAEL's operations.

The complainants raised concerns about excessive noise generation and steam

emissions from the UAEL plant, as well as about the dumping of hazardous waste by UAEL in a field adjacent to a road used by the community.

##### CAO's Assessment

CAO found the complaint eligible in June 2016 and conducted an assessment to discuss options for addressing the complaint with the relevant parties. The CAO team visited the site and met with the parties in September 2016.

During the assessment trip, ten additional residents of the APSCCL main residential colony added their names to the complaint, bringing the total number of complainants to 15. Furthermore, the complainants noted that they were representing the concerns of many more APSCCL employees and their families who live in the residential colony, as well as other community members who do not live in the colony. At this stage, the complainants added the issue of storm water management to their original set of concerns.

During the assessment process, the complainants and UAEL both expressed their willingness to engage in a voluntary dispute-resolution process, facilitated by CAO. They agreed that the dispute-resolution process would address three key issues:

1. How might local residents and UAEL work together to reduce noise levels and

impacts for the APSCCL residential colony and nearby community?

2. How can the parties address community concerns about steam emission, solid waste management, and storm water management?

3. How will local residents and UAEL engage and interact over the long term to build relationships, address community concerns, maintain harmony, and support effective operation of the UAEL plant?

### **DISPUTE RESOLUTION PROCESS**

Between November and December 2016, CAO held capacity-building sessions (one for each party) to increase the parties' ability to participate in a dispute-resolution process. These were interactive sessions, aimed at giving each party the necessary tools to improve communication and effectively engage in an interest-based dialogue. This process was followed by CAO-facilitated joint and separate meetings to discuss issues and identify solutions that would meet both parties' interests. As part of that mediation process, the parties jointly visited UAEL operations and observed particular areas of concern, to further their understanding of the issues and potential solutions.



*Joint visit to UAEL plant*

In December 2016, the parties reached agreement on a series of actions to address the concerns raised. These results were formally captured in an agreement signed by the parties. The agreement has been kept confidential at the parties' request.



*Mediation joint session*

### **Outcomes**

The issues related to steam emissions and solid waste management were dealt with separately by the parties outside of the CAO dispute resolution process. The parties

informed CAO that those issues were effectively resolved by UAEL after CAO's initial assessment trip to the satisfaction of the complainants. The rest of the issues, including those related to noise levels, drainage and storm water management, and improving present and future communication between parties, were resolved as part of the CAO process through joint and individual actions agreed upon by the parties.



*Noise-reduction measure in progress*

### **Monitoring**

As part of the agreement, the complainants and UAEL agreed that the CAO dispute-resolution team would monitor implementation of the agreement for six months after the agreement was signed. The CAO team thus continued to support the parties during this period.

In July 2017, CAO convened a final closure meeting in Ashuganj with the complainants and UAEL. Participants provided feedback to CAO on the process and confirmed that the complaint issues had been resolved to their satisfaction and that CAO had no

further role to play in this particular case. The parties noted that the mediation had helped them reach a successful resolution in an efficient and timely manner, and acknowledged that each side's commitment and active engagement was critical to their success.

### **CHALLENGES AND LESSONS LEARNED**

The parties to the dispute expressed their satisfaction with the dispute-resolution process and how it helped them overcome communication barriers and difficulties faced reaching out to each other. They also expressed their pride about participating in the first dispute resolution process facilitated by CAO in Bangladesh.

The capacity-building workshops were a key element that helped the parties understand how to effectively participate in the dispute-resolution process and to appreciate that, in conflict situations, working together to solve problems can be beneficial to everyone involved.

Providing accurate and literal translation from English to Bangla presented an interesting challenge in this case. The parties had agreed that the Bangla translations of CAO's reports and the mediation agreement would strive to accurately capture the intent and spirit of the original English documents, but would not be word-for-word translations. Many CAO cases involve two or more languages, and an important lesson of this case is the need to hold discussions with parties and translators, early in the process, about which languages are preferred for the purposes of documenting agreements and how spoken and written translations should be managed.

During the monitoring period, CAO was called upon to help the parties manage events that were not foreseen in the final mediation agreement. This case was a

prime example of the value of the CAO monitoring role, as well as of the importance of carefully planning and defining in advance how the mediation agreement will be implemented.

*All documentation relevant to this case is available on the CAO website at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)*