



CAO ASSESSMENT AND CONCLUSION REPORT

**Regarding a Complaint Received in Relation to
MIGA's project related to the Dedicated Freight Corridor Corporation of India Limited
(DFCCIL) (MIGA #14989) in India**

March 2024

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

About the 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 reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see www.cao-ombudsman.org

About CAO Assessments

Any person who believes they may be harmed by an IFC or MIGA project can lodge a complaint to CAO. We apply three simple eligibility criteria to accept a complaint. For eligible complaints, we assess the concerns with the complainant(s), project sponsor, and other relevant stakeholders.

Once a complaint is determined to be eligible, we review the concerns raised in it. This assessment is conducted in consultation with the complainant, IFC and MIGA client and project teams, and other relevant stakeholders.

Purpose

The objective of the CAO assessment process is to develop a thorough understanding of the issues the complaint raises, work to understand all perspectives, engage with all key stakeholders to the complaint, consult with them to determine the process they choose to address the complaint, and consider the status of other grievance resolution efforts made to resolve the issues raised.

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ACRONYMS

CAO	Office of the Compliance Advisor Ombudsman
DFCCIL	Dedicated Freight Corridor Corporation of India Limited
EDFC	Eastern Dedicated Freight Corridor
MIGA	Multilateral Investment Guarantee Agency

1. OVERVIEW

On August 28, 2023, a complaint was lodged with CAO by an individual residing in Ambala City, in Haryana, India (the complainant). The complaint raised concerns in relation to damages to roads and to the retaining wall separating the residential area from the Eastern Dedicated Freight Corridor (EDFC) construction site, managed by the Dedicated Freight Corridor Corporation of India Limited (DFCCIL or Project Enterprise).

In accordance with Paragraph 49 of the CAO policy, CAO found the complaint eligible on October 30, 2023, and began its assessment process. During the assessment, CAO received information that the complainant and the Project Enterprise had been engaging directly and were able to resolve the issues raised in the complaint. In accordance with Paragraph 55 of the CAO policy, CAO concluded the assessment process and closed the case.

2. BACKGROUND

2.1 The Project

The complaint is related to the construction of the EDFC in Ambala City, Haryana, India, by DFCCIL. DFCCIL is a state-owned railway company, owned by the Ministry of Railway of India with the mandate to construct, operate, and maintain dedicated freight corridors. The proposed MIGA project (14989) will provide a guarantee to MUFG Bank Ltd. (MUFG) for its non-shareholder loan to DFCCIL to finance, design, and complete construction of the remaining portions of the 393km double-track line from Bhaupur to Deen Dayal Updadhay section (World Bank's¹ EDFC II project), the 401km single-track line from Sahnewal to Khurja section (World Bank's EDFC III project), and the last-mile connectivity of the EDFC corridor to multimodal logistics terminals (also included as part of the World Bank's Rail Logistics project) (together, the Project). The Project includes civil works, stations, office buildings, tracks, and systems works to complete the construction and testing of the two sections of the EDFC corridor.

The MIGA-covered loan will be concomitant with the US\$245 million of World Bank² financing to the Project under the Rail Logistics Project ([P177856](#)) currently under implementation.³ MIGA recently issued a guarantee in the amount of US\$131.9 million. The Project is classified as category A.⁴

The MIGA guarantee to the Project was approved by the Board in June 2023, and the Contract of Guarantee with MUFG was signed on February 29, 2024.

2.2 The Complaint

On August 28, 2023, CAO received a complaint from a local resident who claimed that the construction operations of the Eastern Dedicated Freight Corridor in the Ambala City area, which is part of the Project, were negatively impacting a community adjacent to the railway. The complaint alleged that a fencing wall built to separate the community from the construction area was damaged, which resulted in mud and heavy waters entering the community and damages to community assets. The complaint also noted that construction vehicles passing

¹ "World Bank" in this context refers to IBRD.

² The World Bank has been involved with DFCCIL for over a decade, supporting development and construction of EDFC totaling over US\$2 billion. The World Bank has provided four loans in total. As per the complainant's request, the complaint was not shared with the World Bank Accountability Mechanism.

³ <https://www.miga.org/project/dedicated-freight-corridor-corporation-india-limited-0>

⁴ <https://www.miga.org/project/dedicated-freight-corridor-corporation-india-limited>

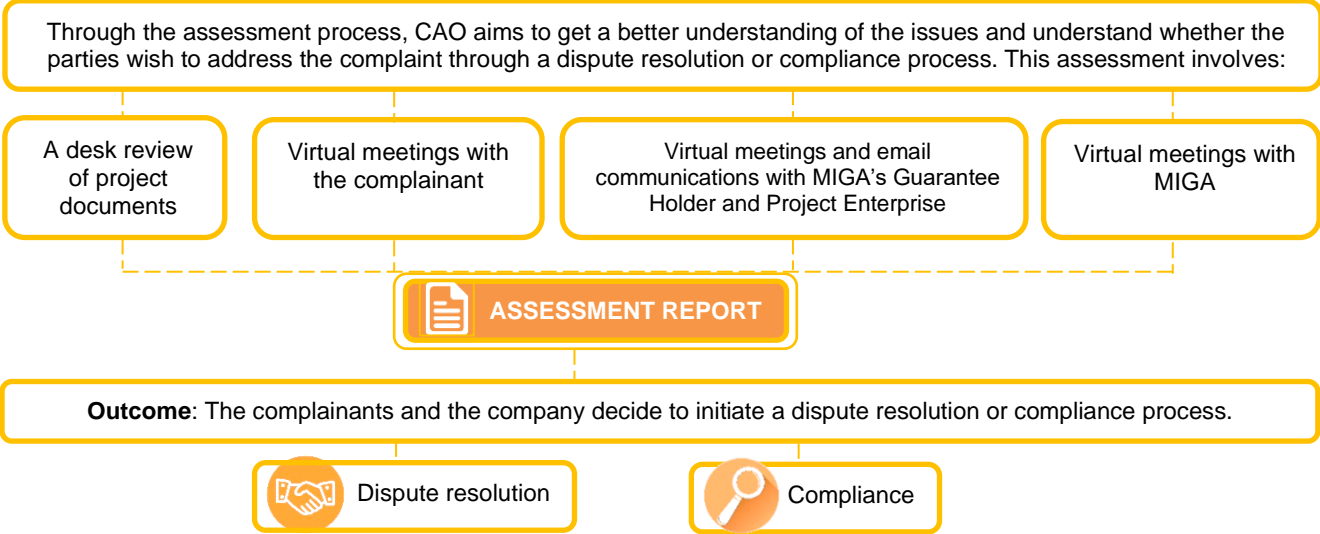
through the community left mud and debris in the roadways. In the complaint, the complainant requested complete fencing and road-cleaning maintenance, including the removal of excess mud from the roads.

3. ASSESSMENT SUMMARY

3.1 Methodology

Figure 2 shows the approach and methodology to be applied in CAO’s assessment process.

Figure 2. CAO Assessment Process



The CAO assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the facts and assist those involved to make informed decisions on how to address the issues raised. CAO’s assessment team engaged with MIGA, MUFG, DFCCIL, and the World Bank project team to share the complainant’s perspective and solicit their perspectives on the issues raised in the complaint.

The issues raised in the complaint and during assessment by the complainant and the view of the MIGA client and Project Enterprise are described below.

3.2 Summary of Views

Complainant’s perspective

The complainant is a local resident of Ambala City, Haryana, India. He indicated that construction of the EDFC was having negative impacts on his community. Specifically, he noted that a 300–400-meter section of fencing was heavily damaged and, as such, did not provide the necessary separation between the construction operations and the community. The complainant explained to CAO that company trucks used for the project passed through the village, resulting in damage to the community’s roadway infrastructure. The passage of the project’s trucks unintentionally left behind mud, water, and fallen debris, which makes the community roads more difficult to use for the residents.

During the assessment process, the complainant informed CAO that he had been engaging directly with DFCCIL on these issues. The complainant indicated that DFCCIL acknowledged the concerns and started working to repair and rebuild the part of the fence that was damaged.

The complainant noted that DFCCIL committed to replace the fence with a concrete fence that would be stronger and offer more protection between the Project operations and the community. In follow-up calls with the complainant during the assessment process, the complainant indicated that, because of delays related to labor and supply chain issues for the permanent concrete fence, and in an effort to achieve a quick solution, the Project Enterprise decided to install prefabricated concrete pillars and slabs to separate the community from the project site. As of January 2024, the complainant confirmed that the installation works were nearly completed and that the issues stemming from the opening in the fence had been resolved.

Regarding the issue on damages to the roads, the complainant noted that there were multiple passages throughout the residential area that were being used for the Project. During the assessment process, the complainant informed CAO that DFCCIL acquired land to use as an alternate route, around 1 kilometer in length, so that the Project's trucks would no longer have to pass through the community. The alternate route would also provide access to the EDFC station. While procurement of the land was ongoing, the complainant explained that DFCCIL had agreed to use roadways that had fewer residents, in order to mitigate any potential negative impacts. With regard to the existing damages to roads, the complainant indicated that the community members decided to pool together funding to repair and clean the roads themselves.

The complainant noted that the engagement with DFCCIL's Chief Project Manager and the Ambala division team was positive and expressed satisfaction with the completed work. He confirmed that the issues previously faced had been fully resolved and requested CAO to close the case.

Guarantee Holder/Project Enterprise's perspective

During CAO's assessment, CAO held conversations with both MUFG and DFCCIL. MIGA informed CAO that they communicated with both MUFG and DFCCIL about the complaint and followed up with the World Bank project team.

MUFG, which did not have a financing agreement or contract of guarantee in place at the time the complaint was submitted, explained to CAO that they were not aware of details of the complaint, and they were pleased to know that the issues raised by the complainant had been resolved to everyone's satisfaction.

DFCCIL explained that they received the complaint in August 2023. As per their internal protocol, the complaint was transferred to the office of DFCCIL's project-level grievance mechanism, which spoke directly to the complainant to understand the issues and to seek possible solutions. They explained that, at the time, there was no other road that could have been used by the construction contractor. However, they sought to create an alternate route to reach the project site. DFCCIL explained that the main works to resolve the complainant's concerns have been completed and there are only minor works outstanding. These minor works would be completed within 2-3 months.

DFCCIL informed CAO that the complainant was happy with the measures implemented to resolve his concerns. DFCCIL further stated that a note of satisfaction was signed by the complainant in October 2023, and the complaint has been closed on their end. This was the only complaint received by DFCCIL on these issues. DFCCIL also indicated that, should there be any more concerns regarding Project activities, communities are aware of how to submit a complaint through its website or in person when officials go to the Project site. They further

noted that field offices are located in various locations, with officials who can receive project-related complaints.

4. ASSESSMENT CONCLUSION

During CAO's assessment, the complainant informed CAO that he had reached an agreement with DFCCIL to resolve the issues raised in the complaint and that the agreed terms had been satisfactorily implemented. Therefore, as per paragraph 55 of the CAO policy, the CAO proceeded to issue an assessment and conclusion report and closed the case.

5. APPENDIX 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; (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 the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,⁵ the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgment** 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 business days).

Step 3: **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 90 business days, with the possibility of extension for a maximum of 30 additional business days if, after the 90-business day period, (1) the parties confirm that resolution of the complaint is likely or (2) either party expresses interest in dispute resolution, and there is potential that the other party will agree.

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.⁶

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one complainant must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation

⁵ For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>

⁶ 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 concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

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

Step 6: **Conclusion/Case Closure**