

# CAO Update

Issue 5 / November 2016



The Office of the Compliance Advisor Ombudsman (CAO) gives a voice to communities impacted by private sector projects supported by the World Bank Group. As the independent accountability mechanism for the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), CAO engages local communities, companies, civil society, and other stakeholders to improve project outcomes and enhance the public accountability of IFC and MIGA. Find out more about who we are and what we do at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

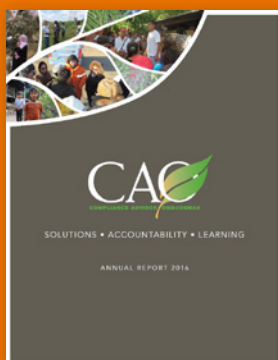
## Chad-Cameroon Pipeline: Progress through Dialogue in Cameroon and Chad

CAO has been facilitating a dispute resolution process in [Cameroon](#) since 2011 to address a complaint filed by four Cameroonian NGOs on behalf of a number of community members impacted by the Chad-Cameroon Pipeline. The 1070 kilometer pipeline, whose construction was supported by IFC, transports crude oil from oilfields in southwestern Chad to a floating facility off the coast of Cameroon. By 2015, agreements reached between affected community members and the project operator, the Cameroonian Oil Transportation Company (COTCO), had been implemented for four individual cases contained in the complaint. By July 2016, a dialogue process addressing concerns of a fishing community in Kribi had resulted in a series of agreements with COTCO. In a first agreement, the parties agreed to facilitate the entry of fishermen to secure maritime zones patrolled by the Cameroonian armed forces, which were previously inaccessible to local fisher-folk. The parties are currently discussing how best COTCO can support fishing community cooperatives with technical, material, and financial needs.

► *continued on page 2*



The fishing community's boats in Kribi, Cameroon. (Photo: CAO)



## CAO Releases 2016 Annual Report: Solutions + Accountability + Learning

CAO has released its 2016 Annual Report, 'Solutions + Accountability + Learning', summarizing its activities during fiscal year 2016. The report highlights CAO's work with project-affected communities, IFC and MIGA staff and clients, and other stakeholders—

finding solutions through community-company dialogue, providing accountability through compliance, effecting institutional change, and making an impact through outreach. The report and summary leaflet are available on CAO's website, or in hard copy by request.

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## Chad-Cameroon Pipeline: Progress through Dialogue in Cameroon and Chad

CAO is also working in [Chad](#) to address a complaint filed in 2011 on behalf of over 20,000 local community members affected by the pipeline. The complainants highlighted a number of alleged environmental and social issues associated with the pipeline and upstream development, which is managed by the project operator, the Tchad Oil Transportation Company (TOTCO). Since 2013, the parties have been working together through a CAO dialogue process to seek solutions related to land use; compensation; access to jobs; environmental impact; and sustainable development. As the dialogue process nears its end, CAO has been working with the parties to address outstanding questions, and support them as they discuss final agreement and ways to continue working together independently of CAO in future. Full progress reports for both cases are available on CAO's website.



CAO mediator, NGOs, and stakeholder representatives visit fields in Southern Chad to identify environmental impacts. (Photo: Eric Blanchot/CAO)

## CAO Releases Compliance Investigation of IFC Investments in Colombian Mining Project

CAO released a compliance investigation of IFC's investments in Eco Oro Minerals in August 2016. Eco Oro is a junior mining company that owns the Angostura gold and silver project near Bucaramanga, in Santander, Colombia. The investigation responds to a 2012 complaint from local civil society organizations about the company's plan to develop a mine in the *páramo*, an environmentally-sensitive alpine area. The complainants were concerned that IFC paid inadequate attention to the risks of the proposed mine, particularly potential impacts on drinking water downstream.

CAO found that IFC's review of the project's environmental and social (E&S) risks focused on the company's immediate planned activities, which involved completing a feasibility study and an Environmental and Social Impact Assessment for the proposed mine. This approach allowed IFC to invest in a company that planned to develop a mine for which the potential to comply with IFC's E&S policies was uncertain and potentially challenging. CAO also found inadequacies in IFC's supervision of security and of biodiversity studies. The investigation report is available in Spanish and English on CAO's [website](#), along with IFC's response.

## CAO to Investigate IFC Investment in Guatemala Hydro Project

In July 2015, CAO received a [complaint](#) from community representatives in Santa Cruz, Guatemala, regarding a proposed project to develop a run-of-river hydropower plant. An IFC financial intermediary client, provided finance to develop the plant. The complainants raised concerns about the project's potential impacts on indigenous populations, including displacement from land, security issues, and impacts to water resources. The case was referred to CAO Compliance for appraisal of IFC. The appraisal report, published in August 2016, identified questions about IFC's review and supervision of its investment in the client. Accordingly, CAO decided to proceed with a compliance investigation, which is underway.



## CAO Continues to Monitor IFC's Response to the Dinant Audit

In August, CAO released its second monitoring report of IFC related to the [Dinant audit](#). CAO initiated the audit after reports of a violent land conflict in the Aguán valley in and around palm oil plantations owned and operated by Dinant, an IFC client. The audit was published in early 2014. A cornerstone of IFC's response to the audit is a community engagement and stakeholder mapping initiative which IFC has supported through the Consensus Building Institute (CBI). In 2015, CBI finalized a draft 'Roadmap' identifying options for dialogue and conflict resolution that covers security, land, and inclusive economic development issues. CAO acknowledges the energy and resources which IFC has committed to the development of the Roadmap, which offers a potential path to reconciliation between the client and affected communities. The case remains open and CAO plans to issue its next monitoring report by May 2017.



CAO visits one of Dinant's palm oil plantations in the Aguán Valley, Honduras during an assessment trip in 2014. (Photo: CAO)

## Applying Lessons Learned: Joint CAO-IFC Workshop on Agribusiness

In September, CAO Advisory held a workshop jointly with IFC investment and E&S staff on applying lessons learned in the agribusiness sector. This is the third workshop in a series that has drawn lessons from IFC and CAO experiences in tackling challenging issues in the energy, financial intermediary, and now agribusiness sectors. The workshop covered issues related to resettlement, land rights, supply chains, stakeholder engagement, and community safety and security, among others. It also happened at an important moment: agribusiness project complaints are the third most frequently received by CAO, and with an institutional focus on fragile and conflict states, learning best practices from past experiences is critical for IFC to meet its development objectives.

The workshop was well attended including over 60 agribusiness investment staff, many of whom are based in IFC's regional offices, as well as IFC E&S staff and CAO staff. There was also strong

attendance from IFC senior management who emphasized the importance of understanding contextual risks and of thinking about IFC's policies and procedures as a value-add rather than just a risk mitigant. Participants were encouraged to draw on their experiences, as well as lessons from CAO's agribusiness cases, and to think critically about improving E&S outcomes around IFC projects in the sector.



Panelists from CAO and IFC discuss challenges and lessons in the agribusiness sector, September 2016. (Photo: CAO)

## CAO Reaching Out

This past quarter, CAO has participated in many outreach initiatives with civil society, academia, and multilateral institutions. In September, CAO hosted an outreach event in Manila, the Philippines, with NGOs from Indonesia, the Philippines, Laos, Myanmar, and Vietnam to share information about CAO's work, experiences, and lessons learned. CAO's outreach preceded the 13th Annual Meeting of the Independent Accountability Mechanisms (IAMs), which was held from September 7-8, also in Manila, hosted by the Asian Development Bank's (ADB) accountability mechanism. The meeting was attended by staff from 30 multilateral and bilateral banks. Staff from the mechanisms also met with civil society during a roundtable convened around the Annual Meeting.

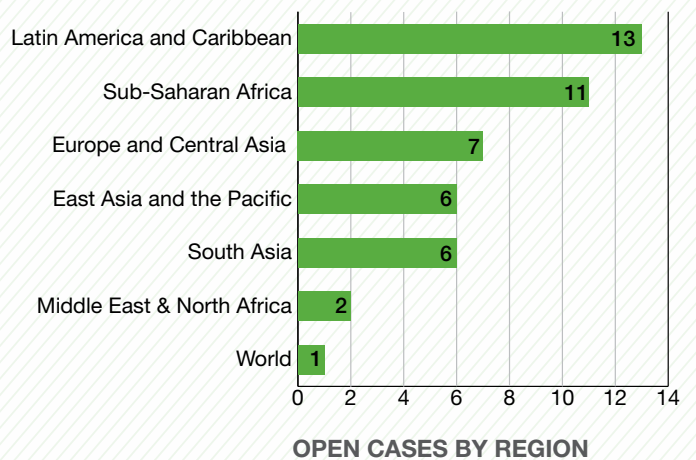
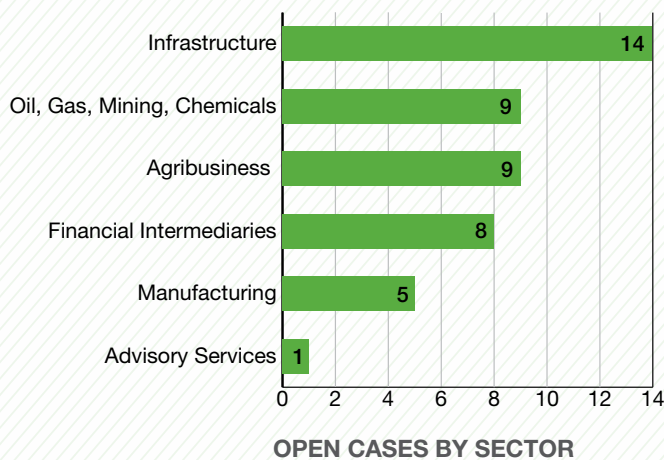


CAO Vice President participates during the 13th Annual Meeting of the Independent Accountability Mechanisms in Manila, September 2016. (Photo: ADB)

## CAO CASE TRACKER FY16

As of September 30, 2016.

For more information about CAO cases, see [www.cao-ombudsman.org/cases](http://www.cao-ombudsman.org/cases)



## FOR MORE INFORMATION

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