



FY2018

# YEAR IN REVIEW

SOLUTIONS, ACCOUNTABILITY, LEARNING





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**Cover photo:** Women in the Ebaka village work together to process their cassava crop, Cameroon (Rodrigue Mbock/CAO).

**Table of Contents photo:** Children from the Ebaka community in front of the village school's new classrooms, one outcome of the CAO dialogue process in Cameroon (Rodrigue Mbock/CAO).

# OUR MISSION

CAO's mission is to serve as a fair, trusted, and effective independent accountability mechanism and to improve the environmental and social performance of IFC and MIGA, members of the World Bank Group.

“ The Compliance Advisor Ombudsman (CAO) plays a critical role in helping us live up to our core values. By providing an independent platform for people to raise concerns about the environmental and social impacts of projects financed by IFC and MIGA, CAO helps ensure the integrity of our investments. CAO promotes community-based solutions through dispute resolution and compliance, enhancing the impact of our work on the ground. Finally, CAO promotes a higher standard of accountability and helps us use scarce public resources judiciously, allowing us to serve our clients with the highest level of respect. ”

## Jim Yong Kim

President of the World Bank Group



*The President of the World Bank Group, Jim Yong Kim, visits family members who are beneficiaries of a solar project in Bangladesh, October 2016 (Photo: Dominic Chavez/World Bank).*

# YEAR IN REVIEW

This review features highlights from CAO's 2018 Annual Report, which is available at [www.cao-ar18.org](http://www.cao-ar18.org). Keep reading to view a snapshot of CAO's cases in 32 countries and explore outcomes from our work with communities, companies, IFC and MIGA staff, and other stakeholders for positive environmental and social impact.

During FY2018, CAO accepted 14 new complaints, including its first from Myanmar. Of cases in dispute resolution, 76 percent reached full or partial settlement. This includes new agreements reached this year in Albania, Cambodia, and Cameroon, and previous settlements being monitored. CAO published 6 new compliance investigations related to mining, infrastructure, and manufacturing projects, and issued new advice on supply chains. CAO also took steps to fortify its global network of mediators, engaged 300 organizations from 40 countries through outreach, and operationalized its approach to threats and reprisals to address complainant safety.

**Access CAO's full 2018 Annual Report at**  
[www.cao-ar18.org](http://www.cao-ar18.org)

 **DISPUTE RESOLUTION**

**Cambodia: Company Commits to Return Spirit Mountains to Indigenous Communities**

Progress was made in a CAO dialogue process in Cambodia to address a land dispute related to rubber plantations. In dialogue with community members from 11 affected villages and civil society representatives, the plantation operator, Hoang Anh Gia Lai (HAGL), agreed to return spirit mountains and implement an earlier agreement to restore water sources and roadways. (Cambodia: VEIL II-01)



*A government official takes a GPS reading during a joint land demarcation exercise in Ratanakiri Province, Cambodia (CAO).*

 **DISPUTE RESOLUTION**

**Cameroon: Communities and Company Implement Agreements Related to the Chad-Cameroon Oil Pipeline**

Following settlement of complaints from three communities, CAO visited Cameroon to discuss next steps with the affected communities and project operator, an ExxonMobil subsidiary. CAO is monitoring implementation of agreements, which included the installation of a new fuel pump that will benefit a fishing community in Kribi. (Cameroon: Chad-Cameroon Pipeline-02)



*As an outcome of the CAO dialogue process, a new fuel pump has been installed to improve access to fuel for the Kribi community fishing cooperative in Cameroon (CAO).*



*An outreach workshop in Côte d'Ivoire engaged 30 civil society representatives from 10 West African countries (CAO).*

## COMMUNICATIONS & OUTREACH

### **Outreach: CAO Launches Africa Outreach Initiative**

CAO kicked off its Africa outreach initiative with a three-day workshop in Côte d'Ivoire, co-hosted with the African Development Bank's independent accountability mechanism. The workshop engaged private sector and civil society from 10 West African countries. CAO also conducted outreach in Ghana, Nigeria, Senegal, South Africa, and Tanzania during this fiscal year.



*A complaint was submitted by residents of the Gndevaz and Jermuk villages, which neighbor the Amulsar project.*

## COMPLIANCE

### **Armenia: Compliance Investigation Related to an IFC-Supported Gold Mine**

CAO's investigation responded to two complaints filed by communities living near the Amulsar gold mine in southern Armenia. The investigation found shortcomings in IFC's review of environmental and social risks associated with the mine's exploration phase, and gaps in how project impacts on local tourism and communities were assessed. (Armenia: Lydian IntI3-01 & 02)



## DISPUTE RESOLUTION

### **Bangladesh: Mediation Process Mitigates Community Health Concerns Related to a Power Plant**

CAO concluded its mediation and monitoring work related to the IFC-supported United Ashuganj Energy Limited gas power plant in Bangladesh, after observing full implementation of agreements between the company and affected community members. The process addressed concerns regarding impacts of noise and pollution from the plant. (Bangladesh: United Ashuganj-01)



*CAO facilitates a joint mediation session in Bangladesh between community and company representatives to discuss issues and potential solutions to address the complaint about the power plant (CAO).*

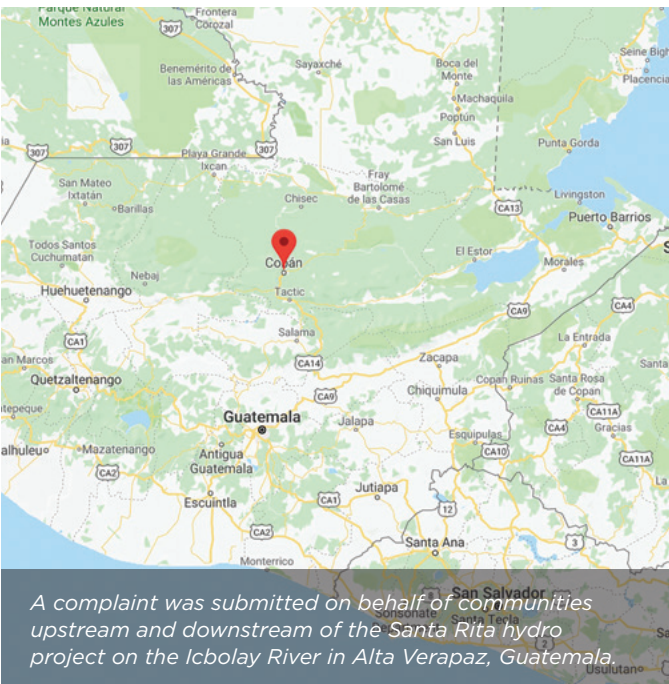


A former sugarcane cutter and board member of community group ASOCHIVIDA, who is suffering from chronic kidney disease, Chichigalpa, Nicaragua (Felix Davey/CAO).

## DISPUTE RESOLUTION

### **Film: CAO Releases a Film Documenting Outcomes from a Dialogue Process in Nicaragua**

CAO released a short film, *Building Hope and Health through Dialogue*, documenting outcomes of a complex mediation process between a major sugar producer in Nicaragua supported by IFC and former workers suffering from chronic kidney disease. The film was shown at a CAO policy session during the World Bank Group Annual Meetings. (Nicaragua: Nicaragua Sugar Estates Limited-01)



A complaint was submitted on behalf of communities upstream and downstream of the Santa Rita hydro project on the Icolay River in Alta Verapaz, Guatemala.

## COMPLIANCE

### **Guatemala: Investigation of Indigenous Peoples Concerns Regarding the Santa Rita Hydropower Project**

CAO's investigation responds to a complaint from Indigenous communities impacted by the Santa Rita hydropower project in Guatemala, and addresses concerns that the project does not meet IFC's requirements for Free, Prior, and Informed Consent (FPIC), among other issues. The investigation found shortcomings in IFC's review and supervision of the investment. (Guatemala: Real LRIF-01)

## ASSESSMENT

### **Myanmar: CAO Receives Its First Complaint from Myanmar Regarding Community Concerns about an Agribusiness Project**

CAO received a complaint from communities in Myanmar living near a new agrochemical plant operated by an IFC client. The complaint concerns project impacts on local water sources, and community consultation and information disclosure related to the project. During CAO's assessment, the parties agreed to engage in dispute resolution, which is under way. (Myanmar: Myanma Awba Group Company Ltd.-01)



*CAO's mediation team meets with community members during the assessment of a new complaint from Myanmar, March 2018 (CAO).*

## COMPLIANCE

### **Uganda: Investigations of Labor and Land Concerns Related to the Bujagali Hydropower Project**

CAO completed two investigations regarding the Bujagali hydropower project in Uganda, which is supported by IFC and MIGA. The investigations, released in December 2017 and January 2018, address labor and land complaints arising from construction of the project and transmission line. IFC has committed to undertake remedial steps to address shortcomings identified in the CAO reports. (Uganda: Bujagali Energy-04, 06, 07, & 08)

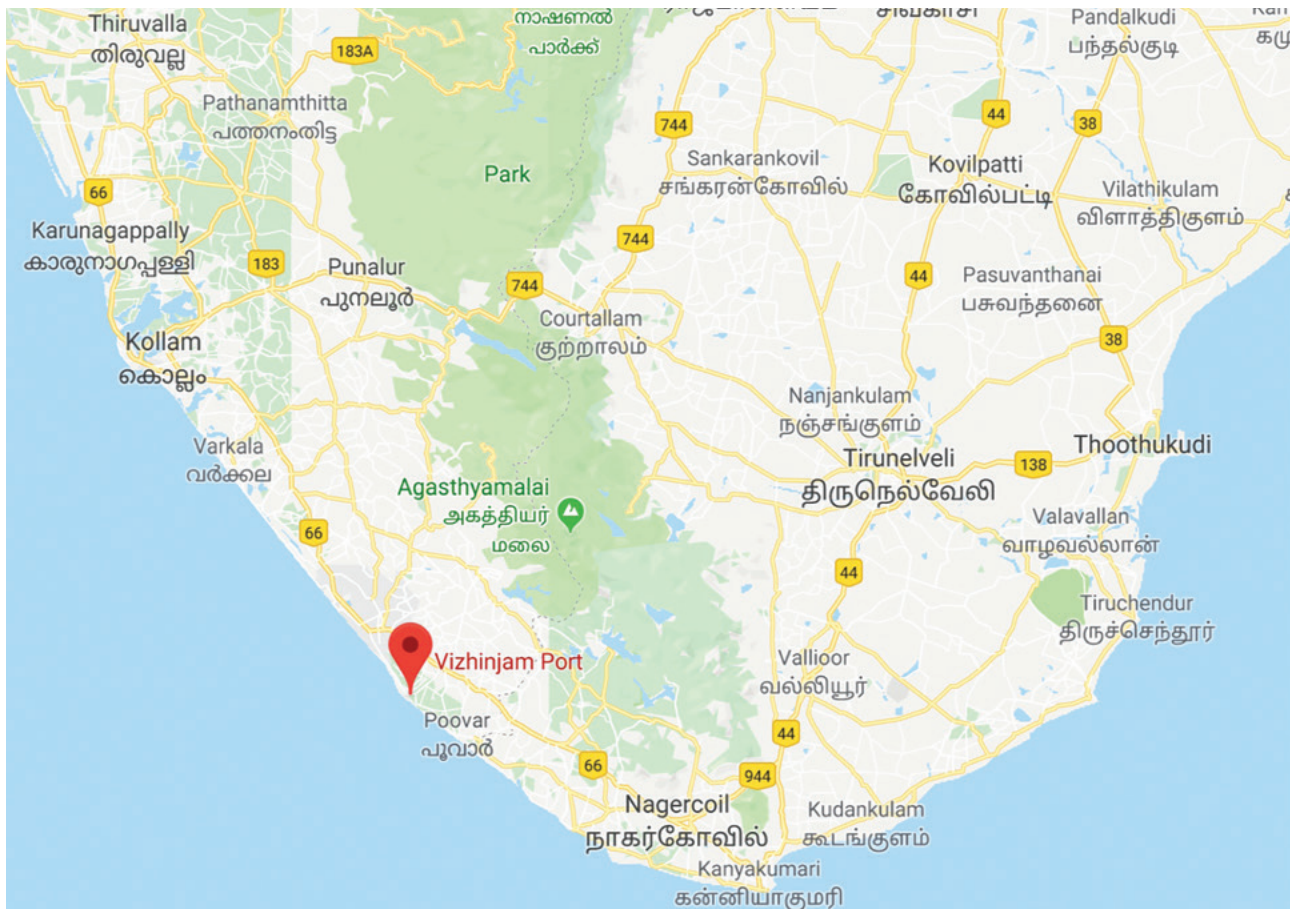


*CAO visits the Bujagali hydropower project in Uganda as part of investigation activities, January 2017 (CAO).*

## COMPLIANCE

### India: CAO Releases Investigation Related to Port Development in Kerala

CAO's investigation considers issues raised in three complaints from tourism businesses and residents living near the Vizhinjam multi-purpose seaport in Kerala, India. IFC provided Advisory Services to support development of the project. (India: Vizhinjam-01, 02, & 03)



Complaints to CAO raised concerns about impacts on tourism and fishing communities resulting from the port development in Kerala, India.



*A community school built as part of the parties' implementation of agreements in Mubende, Uganda, August 2017 (CAO).*

## DISPUTE RESOLUTION

### **Uganda: Resolution of a Land Dispute in the Forestry Sector Following Mediation**

CAO concluded a dispute resolution process in Uganda after monitoring implementation of agreements reached between the New Forests Company and the Mubende affected community after they were displaced from forestry reserves. With support from the company, the community members have resettled on land they own, and are cultivating crops and initiating small development projects. The company also supported a new school house and community clinic, among other outcomes. (Uganda: Agri-Vie Fund-02)



*A company representative presents during a community-company roundtable meeting, May 2016 (CAO).*

## DISPUTE RESOLUTION

### **Albania: Community-Company Agreements Related to an Oil Production and Exploration Project**

In Albania, local communities and Bankers Petroleum, a former IFC client, reached agreement through a CAO mediation process to address a complaint about the impacts of an oilfield. CAO is monitoring implementation of agreements to address concerns about community health and safety, contamination of irrigation networks, and seismic tremors. (Albania: Bankers Petroleum-01)

## DISPUTE RESOLUTION

### **Uzbekistan: Parties Agree to Dispute Resolution to Address a Complaint about Forced Labor in a Cotton Supply Chain**

A complaint to CAO was filed in 2016 on behalf of Uzbek human rights monitors and alleged victims of forced labor in the cotton sector. The complaint concerns the supply chain of a cotton manufacturer and commercial bank supported by IFC. Following an extended assessment phase, the parties agreed to address the complaint through a CAO dialogue process, which is under way. (Uzbekistan: Indorama Kokand/HamkorBank-01)



*During CAO's assessment, many stakeholders offered ideas for addressing labor concerns and improving the overall cotton sector in Uzbekistan. (Photo: World Bank/Yosef Hadar)*



Panelists address questions during CAO's session on financial sector transparency at the World Bank Group/IMF Spring Meetings (CAO).

## COMMUNICATIONS & OUTREACH

### **Focus on Financial Intermediaries: Financial Sector Transparency**

CAO hosted a policy discussion on transparency and accountability in the banking sector with representatives from IFC, Citibank, and Oxfam International to discuss emerging good practice in financial sector transparency. CAO also participated in two separate workshops in FY2018 related to environmental and social risk management convened by the Chinese Banking Association and Dutch Banking Association. CAO continues to monitor IFC actions to address findings from its audit of IFC investments in global financial intermediaries (FIs).

### **Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations**



The Approach is available in English, French, and Spanish on CAO's website, [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### **Reprisals: CAO Approach to Threats and Reprisals**

CAO launched its *Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations* during the World Bank Group/IMF Spring Meetings in April 2018. For the launch, CAO hosted a closed multi-stakeholder roundtable on the topic of reprisals with guest of honor Zeid Ra'ad Al Hussein, United Nations High Commissioner for Human Rights. CAO's Approach was developed in response to concerns voiced by human rights groups regarding complainant safety, and to address operational challenges in CAO cases.



 COMPLIANCE

**Chile: Appraisal of IFC’s Investment in the Alto Maipo Hydropower Project**

CAO concluded a compliance appraisal of two complaints regarding IFC’s investment in the Alto Maipo hydropower project in the Maipo River basin near Santiago, Chile. The appraisal determined that the case merited an investigation, which is ongoing. (Chile: Alto Maipo-01 & 02)



 COMMUNICATIONS & OUTREACH

**South Africa: CAO Participates in the International Association for Impact Assessment (IAIA) Annual Conference**

CAO partnered with other multilateral development bank independent accountability mechanisms to host a plenary session on accountability in international development finance at the International Association for Impact Assessment (IAIA) Annual Conference in Durban in May. CAO also participated in technical sessions on mediation and participatory impact assessments, and organized an outreach event for South African civil society organizations.





## **ADVISORY**

### **Advisory Work: Supply Chain Opportunities and Risks**

CAO released a new series of advisory memos on supply chain business opportunities and risks. CAO developed the series based on insights from CAO cases, and inputs from external experts and IFC staff. The series comprises three memos with recommendations for IFC and MIGA focused on supply chain risk analysis, policies and performance standards related to supply chains, and voluntary standards and certification.



## **COMMUNICATIONS & OUTREACH**

### **Video: CAO Releases Animation in Three Languages**

CAO produced a two-minute animated video to explain what CAO is and how it works. The video is available in English, French, and Spanish.

## DISPUTE RESOLUTION

### Kenya: CAO Hosts Global Mediator Summit

CAO's Mediator Summit brought together 27 mediators from 19 countries working on CAO dispute resolution cases to explore issues, challenges, and best practices. The Summit was held in Kenya in June 2018 and included staff from CAO's Washington-based Dispute Resolution team.



*Participants at CAO's second global Mediator Summit in Kenya, June 2018 (CAO).*

## CASELOAD & DATA

### Case Management: Majority of Cases in Monitoring or Closed

At the end of the fiscal year, 47 percent of cases were in monitoring and 10 percent were closed following dispute resolution and/or compliance processes. CAO carried 48 cases into Fiscal Year 2019.

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**Learn more about CAO cases in our 2018 Annual Report at [www.cao-ar18.org](http://www.cao-ar18.org) and on CAO's website at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)**

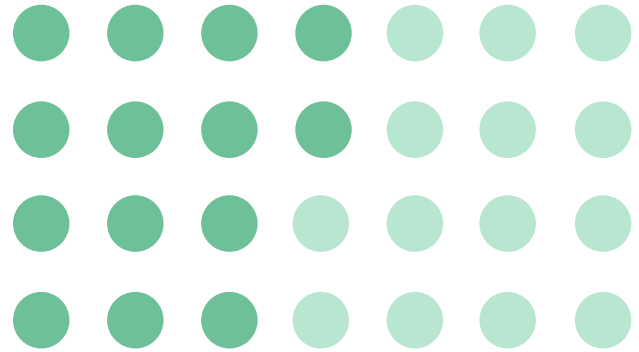
# CASELOAD & DATA

This year, CAO handled 55 cases in 32 countries, of which 14 were new eligible complaints. At the end of the fiscal year, 7 cases were in assessment, 17 were in dispute resolution, 24 were in compliance, and 7 were closed. Full details about these cases are available on CAO's website, [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

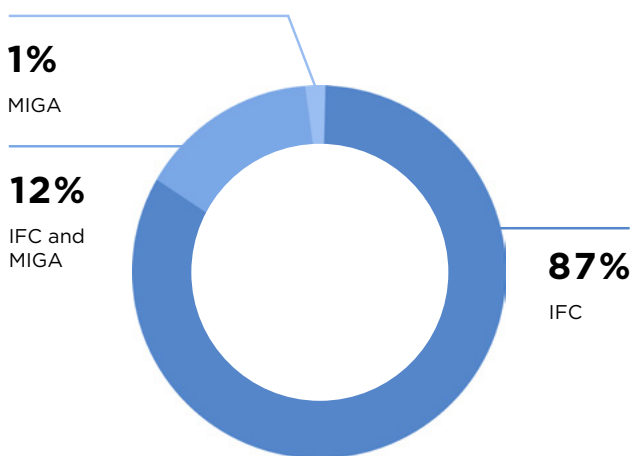
# NEW COMPLAINTS

CAO received 28 new complaints this year, of which 14 were eligible for assessment. CAO found 14 complaints ineligible because they did not relate to IFC/MIGA projects or raise environmental and social issues.

*Note: This count includes 4 complaints received late in FY2017 for which an eligibility decision was made in FY2018.*



**14** Eligible complaints | **14** Ineligible complaints



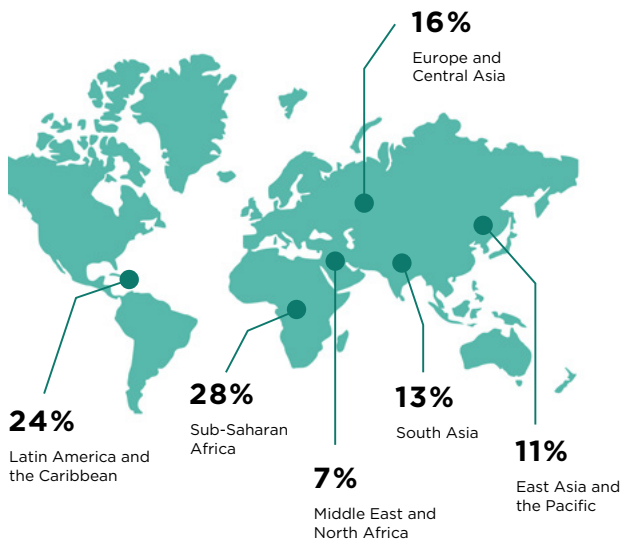
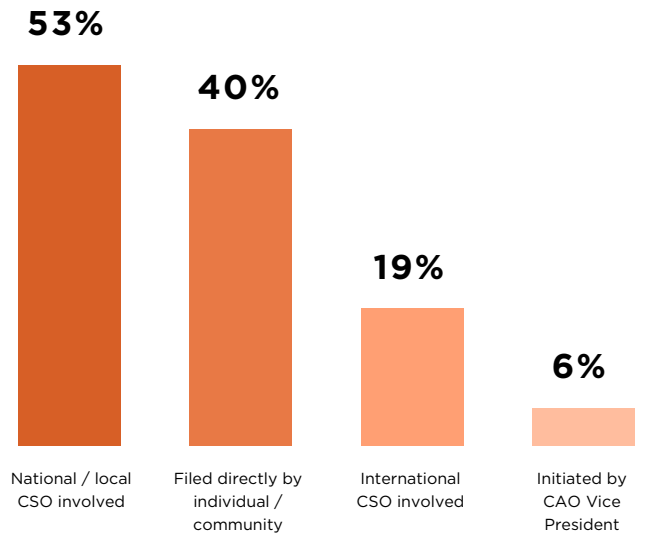
# CASES BY INSTITUTION

IFC projects account for the majority of CAO's caseload, with a small percentage pertaining to high profile IFC/MIGA projects, such as the Bujagali hydropower project in Uganda and Oyu Tolgoi mine in Mongolia.

# PROFILE OF COMPLAINANTS

A significant share of complainants access CAO without the assistance of civil society organizations (CSOs). In FY2018, 40 percent of complaints were filed directly by individuals and community members.

*Note: The figure shows the frequency that each stakeholder group is a complainant in FY2018 cases. The numbers do not add up to 100 percent because some complaints involve multiple complainant groups.*



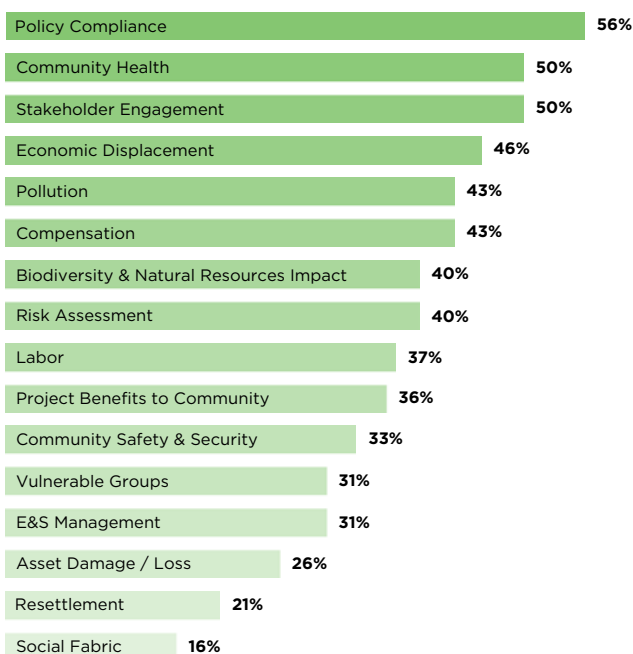
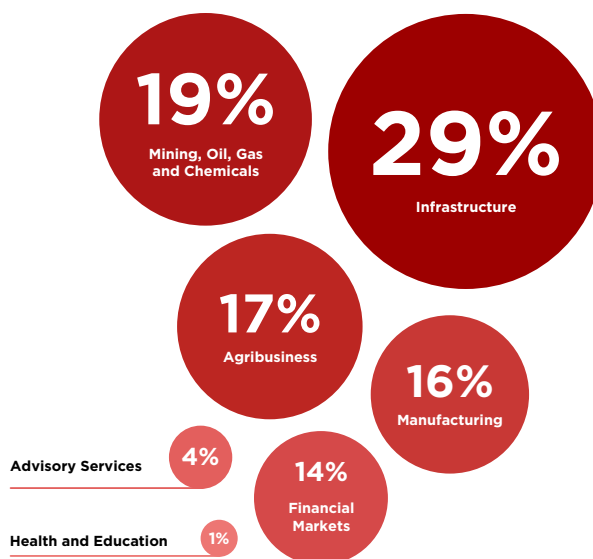
## CASES BY REGION

For the first time, cases in Sub-Saharan Africa accounted for the largest share of CAO's caseload at 28 percent, superseding Latin America and the Caribbean, which has traditionally generated the majority of CAO cases.



## CASES BY SECTOR

Infrastructure projects account for the largest share of CAO's caseload at 29 percent. Together with extractives and agribusiness, these sectors are also dominant in cases related to IFC financial intermediary sub-projects.



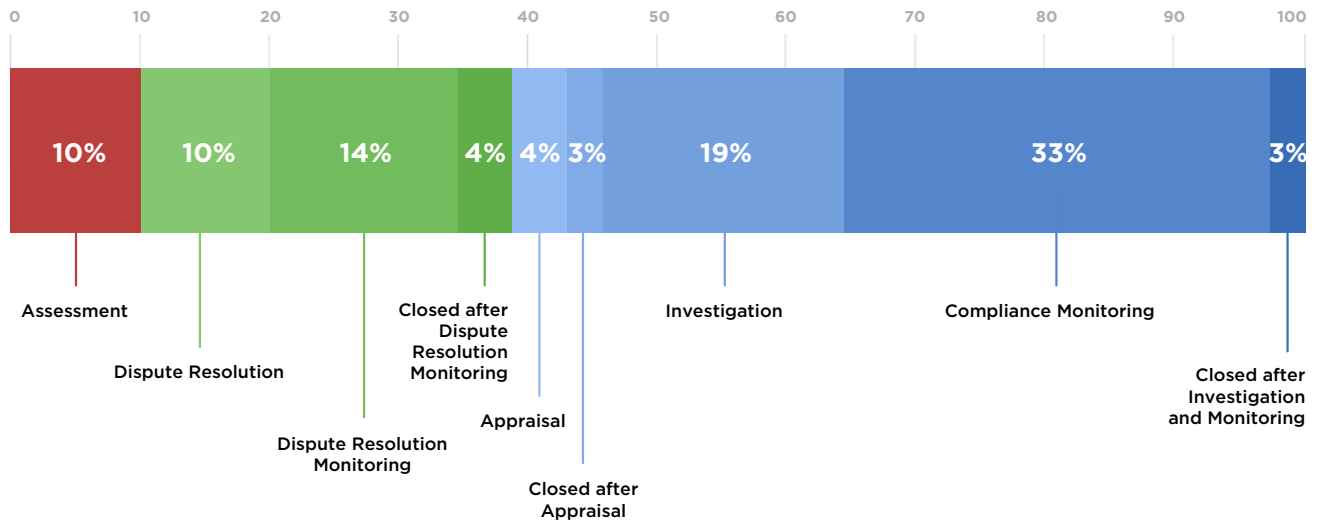
## ENVIRONMENTAL & SOCIAL ISSUES IN COMPLAINANTS

In over half of all cases, complainants raise concerns about environmental and social policy compliance, followed by community health and stakeholder engagement in 50 percent of cases.

*Note: Complaints typically include multiple environmental and social (E&S) issues. Percentages therefore denote the frequency that each issue was raised in the FY2018 caseload.*

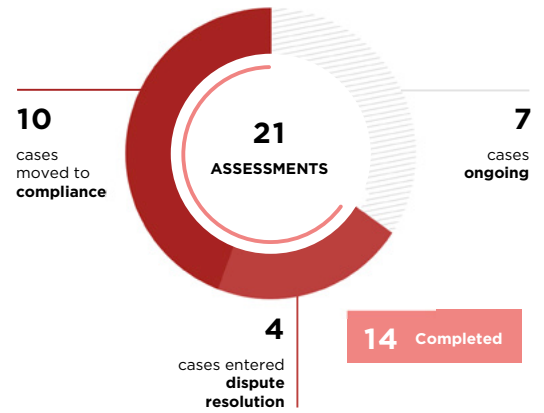
# CASE STATUS, END OF FY2018

At the end of the fiscal year, 57 percent of CAO cases were in monitoring or closed, and 43 percent were in active assessment, dispute resolution, or compliance processes.

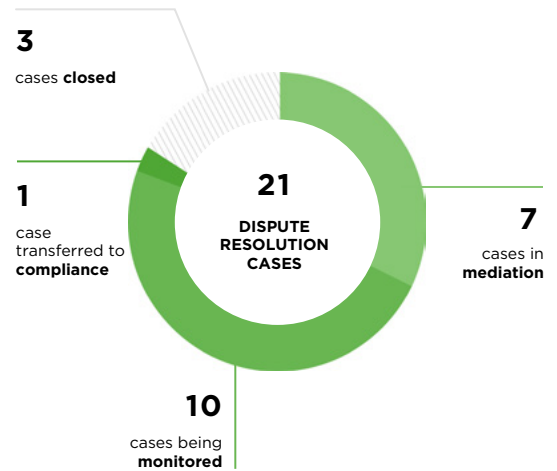




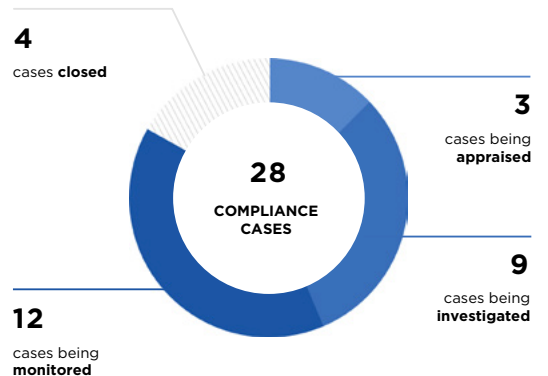
## CASES IN ASSESSMENT



## CASES IN DISPUTE RESOLUTION



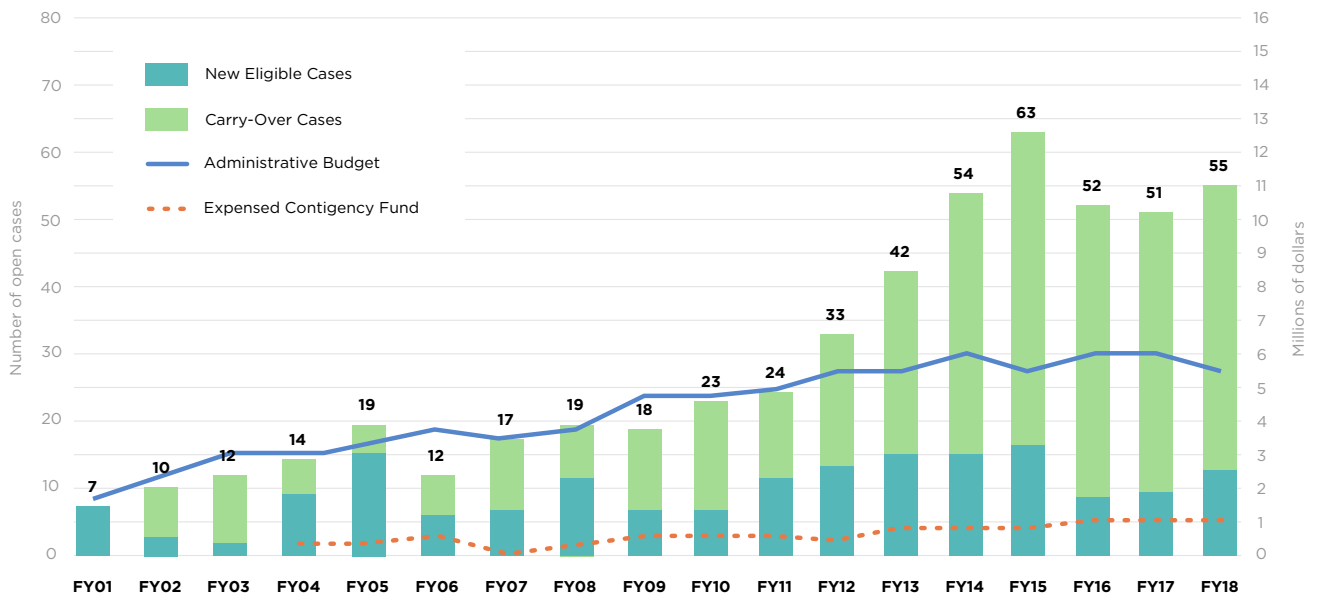
## CASES IN COMPLIANCE



Note: All figures show the status of cases as of June 30, 2018

# CASELOAD & BUDGET FY2018

CAO had an operational budget of \$5,178,883 and drew down \$175,000 of its non-conditional supplemental allocation of \$475,000. In addition, CAO received \$150,000 to hold a biennial Mediator Summit. CAO’s Environmental/Social Mediation and Conflict Resolution Contingency Fund helps CAO budget for extraordinary dispute resolution activities that extend over several years. Contributions of \$800,000 from IFC and \$200,000 from MIGA have remained unchanged since 2003. CAO drew down \$83,382 of MIGA’s assigned contribution to the Fund this year. In total, CAO drew down \$859,424 or 97 percent of the total Contingency Fund.



## **MORE INFORMATION**

This Annual Report covers Fiscal Year 2018 (FY2018), which ran from July 1, 2017 to June 30, 2018. All dollar amounts are in US dollars, unless otherwise indicated. CAO's reports, findings, and case updates are available on CAO's website. All other public documents, including CAO Advisory Notes and past Annual Reports, are also available in hard copy. CAO's Operational Guidelines are available in the seven official languages of the World Bank Group. Information on how to file a complaint is available in additional languages on CAO's website. Learn more at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)

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## **ACKNOWLEDGMENTS**

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# 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), members of the World Bank Group. CAO's mandate is to address complaints from people affected by IFC and MIGA projects and to enhance environmental and social project outcomes. CAO reports to the President of the World Bank Group.

Learn more at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).