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**ANNUAL REPORT**  
Fifteen Years of Impact



CAO team meeting with local community members in Gndevaz, Armenia, October 2014 (CAO).

## 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 lending and insurance arms of the World Bank Group. CAO addresses complaints from people affected by IFC and MIGA projects with the goal of improving social and environmental outcomes on the ground and fostering greater public accountability of IFC and MIGA. CAO reports directly to the President of the World Bank Group.

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

Cover photo: Young woman from the Mubende community, Uganda (Felix Davey/CAO).

# COMPLIANCE ADVISOR OMBUDSMAN

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## 2015 ANNUAL REPORT



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Fishermen who own these boats in Kribi, Cameroon, are now allowed to fish in the security zone around an off-shore oil facility following a CAO dispute resolution process (CAO).

# MISSION

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

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# FOREWORD FROM WORLD BANK GROUP PRESIDENT JIM YONG KIM



Many of the world's poorest people live in areas that are geographically remote or beset by disaster, disease, and instability. The World Bank Group is committed to working in these challenging environments because the poor, the vulnerable, and the excluded need our help. We bring transformative solutions to these situations, which can be risky and sometimes disruptive to local communities.

There are a variety of policies, procedures, and structures that ensure our work contributes to the well-being of those who need us. For example, we have built feedback mechanisms at both the institutional and project levels so that we can identify and respond to potential problems, be held accountable for the effects of our work, and learn from our experiences. These mechanisms promote the positive impact and legitimacy of our projects, helping us to accomplish our twin goals of ending extreme poverty by 2030 and boosting shared prosperity.

The Compliance Advisor Ombudsman (CAO) is critical to the effectiveness and credibility of our project-feedback structure. It enables local communities to report to an independent entity their concerns about the effects of projects that involve the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). Over the past year, it has helped IFC comply with its world-class environmental and social-risk management Performance Standards in Honduras and resolve a dispute involving affected communities in Cambodia. The CAO also plays an important advisory role based on the accumulated case experience of close to 15 years of operations.

I'm grateful to the CAO for ensuring the effectiveness and legitimacy of IFC's and MIGA's operations. It provides an important link between the World Bank Group and local communities, civil society organizations, government agencies, and other development partners, making us a more open, accountable, and successful member of the international development community.

**JIM YONG KIM**  
President  
October 2015

# MESSAGE FROM THE COMPLIANCE ADVISOR OMBUDSMAN



CAO Vice President Osvaldo Gratacós visits communities in Uganda, July 2014 (CAO).

The end of this fiscal year is an opportunity to reflect on the year past and look forward to the year ahead. I assumed the post of CAO Vice President in July 2014. I am deeply honored to have been trusted with the responsibility of leading the CAO Office and furthering its important mission to ensure the voices of local communities are heard in the development process.

I extend my profound gratitude to my predecessor, Dame Meg Taylor, for creating the incredible, effective organization that CAO is today. Taking an idea that only existed on paper in 1999, Dame Meg was a pioneer who led CAO for 15 years, building a rich body of work that is highly regarded internally and by other multilaterals. This year, together with the CAO team, it has been my privilege to carry forward this legacy and to continue instilling in the Office the integrity, independence, innovation, and effectiveness that characterizes CAO's work.

The past year has been busy one for CAO, with an increasingly large and complex caseload. We continue to address these challenges despite significant resource constraints. Success lies in the strength

of our procedures, our partners, and the core CAO team—a highly professional group of 16 staff, as well as consultants—that addressed 63 cases in 25 countries around the world, the biggest caseload in CAO's history. Therefore, I am grateful that CAO has received a budget increase for FY2016, which will allow us to expand in-house capacity and resources, and improve our effectiveness.

The year ahead promises to be eventful as we absorb new cases, conduct outreach, and engage with our many stakeholders, including local communities, IFC and MIGA staff and clients, civil society, the private sector, governments, and international organizations. We continue to develop our network of regional mediators to support our dispute resolution work. We are focused on promoting IFC and MIGA action around our compliance findings, especially to address project-level issues. And we continue to enhance the effectiveness and impact of our Advisory function in order to share insights that improve IFC and MIGA environmental and social performance. Together, these activities are focused on making CAO one of the most accessible, responsive, and impactful independent accountability mechanisms in the world—a mechanism that makes a difference to communities, and leads to better projects and better development outcomes.

This has been a rewarding first year for me at CAO. I thank you for your continued trust and confidence in the work we do. We at CAO, and more importantly the communities, need your ongoing support in this upcoming year.

**OSVALDO GRATACÓS**  
Vice President  
October 2015



Sugarcane workers in Nicaragua finish work for the day, with a recently introduced mobile clinic in the background (Felix Davey/CAO).

# CAO CASELOAD, FY2015

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CAO continues to see growth in its caseload, with 63 cases handled during the past year. We believe this growth in part reflects improved awareness of CAO as a credible, trusted, and responsive accountability mechanism for IFC and MIGA projects.

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# CASELOAD SNAPSHOT, FY2015

This fiscal year, CAO handled a total of 63 cases relating to IFC and MIGA projects in all regions and industry sectors. Sixteen of these were new cases, and 47 were carried over from the previous year. Nine complaints received were not eligible for the CAO process, and three complaints were still undergoing eligibility screening at the end of the fiscal year. CAO concluded its involvement in 12 cases.

## GROWTH IN VOLUME AND COMPLEXITY OF CAO CASES

CAO continues to see growth in the volume and complexity of its cases and anticipates this being a consistent trend (see figure 1). The reasons for case growth likely include improved awareness of CAO and demonstrated outcomes from its work as a credible,

responsive, and trusted accountability mechanism for World Bank Group private sector projects. Despite this growth, CAO cases account for just a small percentage—less than 1 percent—of the overall IFC and MIGA portfolios.

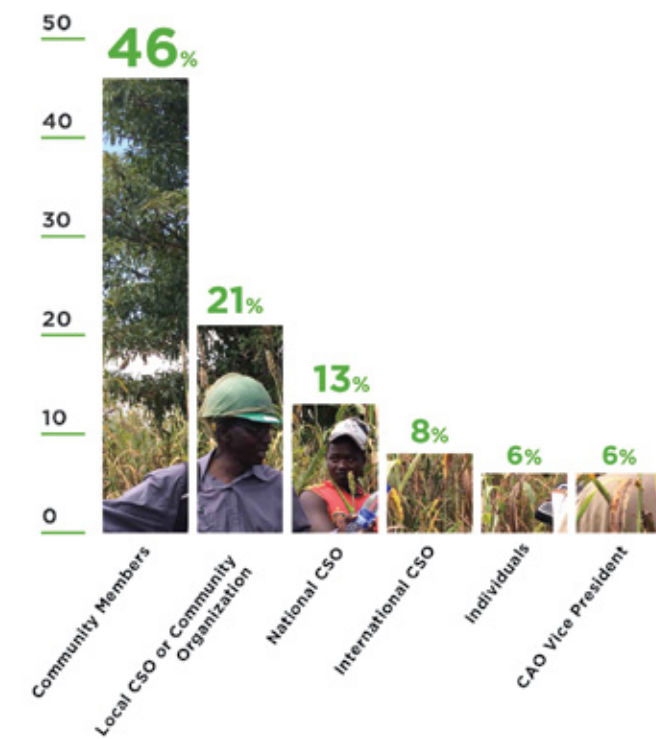
FIGURE 1.



## PROFILE OF CAO COMPLAINANTS/CASES INITIATED

Forty-six percent of cases handled in FY2015 were filed directly by local community members without the assistance of another organization. Twenty-one percent were filed with the support of local civil society organizations (CSOs), and the remainder were filed with the assistance of national CSOs (13 percent) and international CSOs (8 percent). Six percent of complaints were filed by individuals, and six percent were compliance cases initiated by CAO (see figure 2).

FIGURE 2.



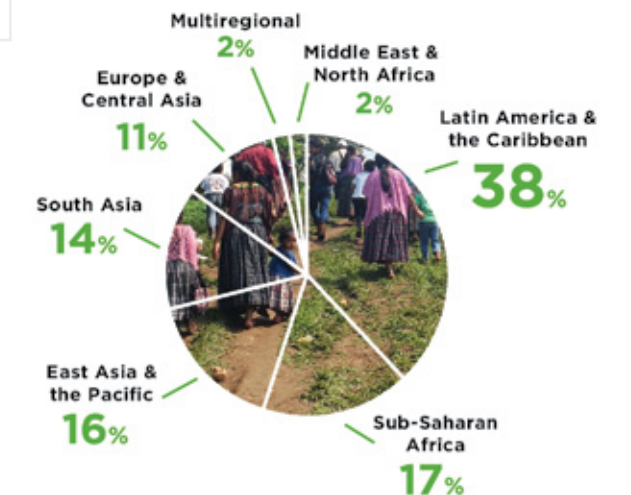
CSOs=civil society organizations.

Note: All complaints to CAO involve local community signatories, but the 46 percent depicted in the figure are those complaints filed solely by community members without representation from another organization. In some cases, international, national, and/or local civil society organizations (CSOs) file the complaint on behalf of local community members.

## CASES BY REGION

With CAO's work extending across the globe, a large number of CAO cases related to projects in Latin America (38 percent), followed by Sub-Saharan Africa (17 percent), East Asia and the Pacific (16 percent), South Asia (14 percent), and Europe and Central Asia (11 percent). Two percent of cases are multiregional, and this year CAO received its first case from North Africa (see figure 3).

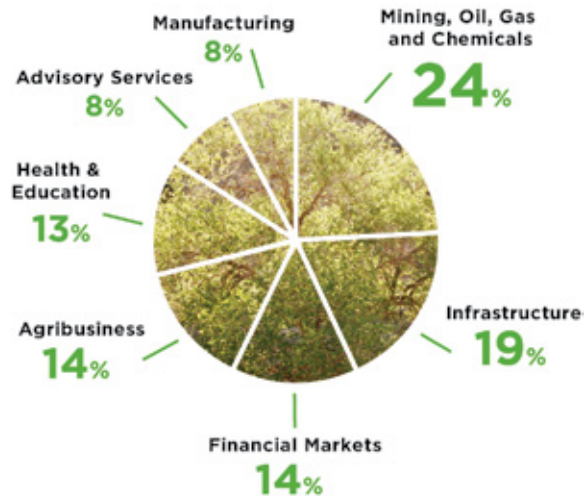
FIGURE 3.



## CASES BY SECTOR

Cases this year spanned a variety of sectors, with a larger number of cases in resource-intensive sectors such as extractive industries (24 percent), infrastructure (19 percent), and agribusiness (14 percent). CAO saw a continued growth in the financial markets sector (14 percent). Other sectors include health and education (13 percent), Advisory Services (8 percent), and manufacturing (8 percent) (see figure 4).

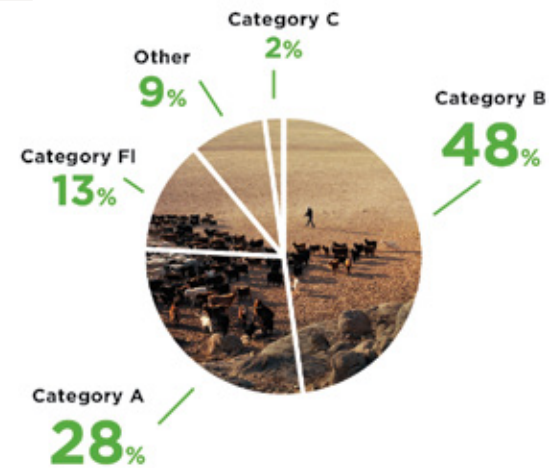
FIGURE 4.



## PROJECT RISK CATEGORIZATION

IFC projects are assigned a category of A, B, and C in descending order of environmental and social sensitivity, or FI in the case of financial intermediary investments. In FY2015, projects with significant, adverse impacts (Category A) accounted for just over one-quarter (28 percent) of CAO cases, with almost half (48 percent) related to Category B projects (limited adverse impacts). Thirteen percent of cases related to financial intermediary projects through private equity and investment funds, regarding environmental and social impacts at the subproject level. Only 2 percent related to Category C projects. The remaining 9 percent related to Advisory Services projects, which are not subject to this categorization framework (see figure 5).

FIGURE 5.



**Category A:** Projects expected to have significant adverse environmental and/or social impacts that are diverse, irreversible, or unprecedented.

**Category B:** Projects expected to have limited adverse impacts that can be readily addressed through mitigation measures.

**Category C:** Projects expected to have minimal or no adverse impacts, including certain financial intermediary projects.

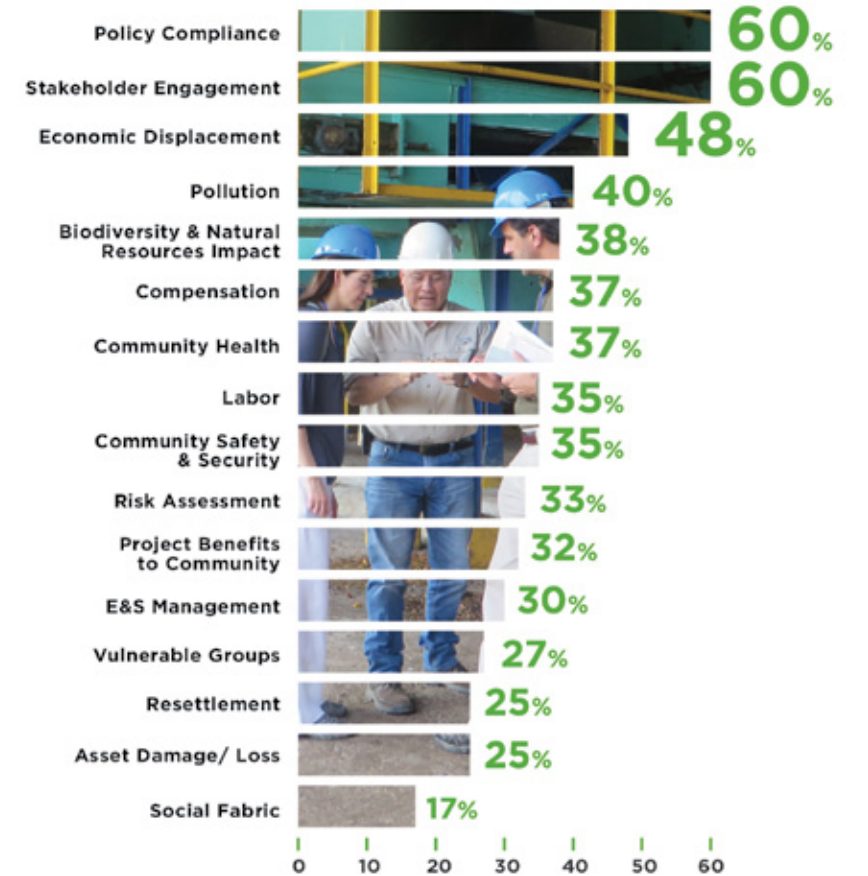
**Category FI:** Investments in financial intermediaries (FI) that themselves have no adverse environmental and/or social impacts, but may finance subprojects with potential impacts.

**Other:** Advisory Services projects, which are not categorized according to the A, B, C, and FI framework.

## ENVIRONMENTAL AND SOCIAL ISSUES

In a majority of cases this year, complainants raised concerns regarding policy compliance and stakeholder engagement (60 percent). Economic displacement was raised in nearly half of cases (48 percent), and impacts related to pollution, biodiversity and natural resources factored in over one-third of cases. Other prominent concerns include compensation and benefits; community health, safety and security; labor rights; project risk assessment; environmental and social management; resettlement; and impacts on vulnerable groups (see figure 6).

FIGURE 6.

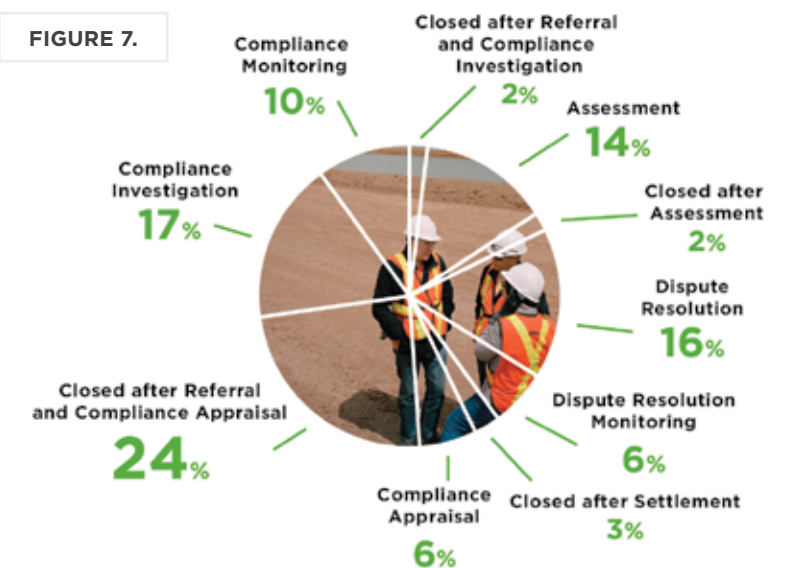


Note: Combined percentages add up to more than 100 percent because complaints raise more than one type of issue. In 2015, CAO recategorized its environmental and social data subject to deeper analysis, which explains why the category grouping differ from previous years.

## STATUS OF CASES, END OF FY2015

The 63 cases handled during the year are in different phases of CAO's case handling process, including assessment, dispute resolution, post-settlement monitoring, compliance appraisal, investigation, and post-investigation monitoring. The status of cases at the end of the fiscal year (June 30, 2015) are shown in figure 7.

FIGURE 7.







Complainants in Togo discussing coastal erosion, June 2015 (CAO).

# OVERVIEW

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CAO's three roles—Dispute Resolution, Compliance, and Advisory—together provide a framework for addressing complaints from affected communities, improving project outcomes on the ground, and enhancing the environmental and social performance of IFC and MIGA.

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# CAO OVERVIEW

## Who We Are

CAO is the independent accountability mechanism for the private sector arms of the World Bank Group, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). CAO addresses complaints from people affected by IFC and MIGA projects, with the goal of improving environmental and social project outcomes. Established in 1999, CAO reports to the President of the World Bank Group.

CAO provides individuals and communities with access to a grievance mechanism that offers redress for environmental and social impacts associated with IFC and MIGA projects. This includes impacts related to business and human rights in the context of the IFC/MIGA policy frameworks.

The Vice President of CAO is appointed through a unique independent selection process led by civil society, private sector, and academia. The CAO staff comprises a diverse team of specialists from around the world, and the Office employs professional mediators and technical experts with proven track records in their fields. CAO is advised by a team of international strategic advisors, who provide critical insights to improve CAO effectiveness.

## How We Work

CAO works through three complementary roles—Dispute Resolution, Compliance, and Advisory—which together provide a framework to address community concerns at the project level, investigate IFC/MIGA compliance with environmental and social policies and standards, and provide a source of knowledge and learning to improve IFC and MIGA performance. These roles and the ways they interact are outlined in CAO's Operational Guidelines, which are available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### DISPUTE RESOLUTION

In its Dispute Resolution work, CAO provides an avenue through which affected people can engage directly with IFC and MIGA clients (or project operators) to address environmental and social concerns related to a project. Dispute resolution is voluntary, and if parties choose this option, CAO helps design a flexible, collaborative process aimed at seeking joint solutions to the issues raised in the complaint. This may involve mediation, assisted dialogue, or joint fact-finding. Where agreements are reached, CAO monitors implementation of agreed activities until assured that the issues in the complaint have been resolved satisfactorily.

### COMPLIANCE

In its Compliance work, CAO oversees investigations of IFC/MIGA environmental and social performance at the project level. Compliance investigations may be initiated as a result of a complaint, or by the CAO Vice President, or at the request of the World Bank Group President or IFC/MIGA senior management, typically with regard to sensitive projects. CAO Compliance has a three-step process involving an appraisal; an investigation for those cases that raise substantial concerns regarding environmental and social outcomes or issues of systemic importance; and monitoring of IFC and MIGA actions to address findings of noncompliance.

### ADVISOR

In its Advisory role, CAO provides advice to the President and IFC and MIGA management on broader environmental and social concerns related to policies, guidelines, procedures, strategic issues, emerging trends, and systemic concerns. Advisory work is initiated by the CAO Vice President and can be requested by the President or IFC/MIGA management. CAO advice is derived from insights gained through its Dispute Resolution and Compliance work, and aims to improve IFC and MIGA performance systemically.

All official reports related to CAO's Dispute Resolution, Compliance, and Advisory work are disclosed on the CAO website, [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

## What Complaints Are Eligible?

Complaints may be made by those who believe they are affected, or potentially affected, by the environmental and social impacts of an IFC or MIGA project. This may include, but is not limited to, processes followed in the preparation of a project; the adequacy of measures to mitigate environmental and social impacts; arrangements for involvement of affected communities, minorities, and vulnerable groups; and the manner in which the project is implemented.

CAO's decision as to whether a complaint is eligible

is procedural (see box 1). It does not constitute a judgment on the merits or substance of the complaint. Nor does CAO prejudice issues according to gravity, level of information, or the identity of the complainant. Complaints can also be submitted by organizations representing affected people, as long as they are mandated to do so by the complainant.

This year, CAO received 28 new complaints, of which 16 were eligible for assessment (see highlight below on eligible complaints FY2015).

### BOX 1. COMPLAINT CRITERIA

Complaints should be submitted in writing and may be presented in any language. For complaints to be accepted, they must meet CAO's three eligibility criteria:



#### 1. THE COMPLAINT RELATES TO AN IFC OR MIGA PROJECT

This includes active projects and projects still being considered by IFC or MIGA.



#### 2. THE ISSUES RELATE TO ENVIRONMENTAL AND SOCIAL PROJECT IMPACTS

CAO does not address complaints regarding fraud and corruption.



#### 3. THE COMPLAINANT IS, OR MAY BE, AFFECTED BY THE ENVIRONMENTAL AND SOCIAL IMPACTS RAISED

Another organization may file a complaint on behalf of affected people, as long as mandated to do so by the complainant.

Note: Complaints regarding fraud and corruption are handled by the World Bank Integrity Vice Presidency, [www.worldbank.org/investigations](http://www.worldbank.org/investigations).

### HIGHLIGHT. ELIGIBLE COMPLAINTS, FY2015

**28**  
COMPLAINTS RECEIVED  
DURING THE YEAR

**16**  
NEW CASES ACCEPTED  
FROM 13 COUNTRIES

Albania, Armenia, Chile, Egypt, Guatemala, Honduras (3), Kyrgyz Republic, Malaysia (2), Papua New Guinea, Pakistan, South Africa, Togo, and Uganda

**9**  
COMPLAINTS FOUND INELIGIBLE

Ineligible complaints did not relate to IFC or MIGA projects, or did not raise environmental and social concerns.

**3**  
COMPLAINTS IN  
ELIGIBILITY SCREENING

## Assessment

After finding a complaint eligible, CAO conducts a comprehensive assessment of the issues through preliminary discussions with the complainants and IFC/MIGA client (project sponsor), as well as IFC/MIGA staff, civil society, and other stakeholders, such as government, where relevant. The assessment aims to help CAO gain a better understanding of the concerns raised in the complaint, understand different perspectives on the issues, and help the parties—the complainants and project sponsor—make an informed choice about options available to address the complaint through CAO’s Dispute Resolution and Compliance functions (see figure 8).

The assessment also helps manage expectations about the CAO process, as well as allowing the parties the opportunity to consider issues from the perspective of other stakeholders—often for the first time.

Assessment meetings may range from bilaterals with CAO, to small group discussions, to public consultations. CAO will typically engage translators and the services of a mediator to help conduct meetings in the local language and in a manner that is sensitive to, and respectful of, local custom. The assessment informs the scope and design of any subsequent dispute resolution and compliance process (see box 2).

### BOX 2. CASES ASSESSED, FY2015

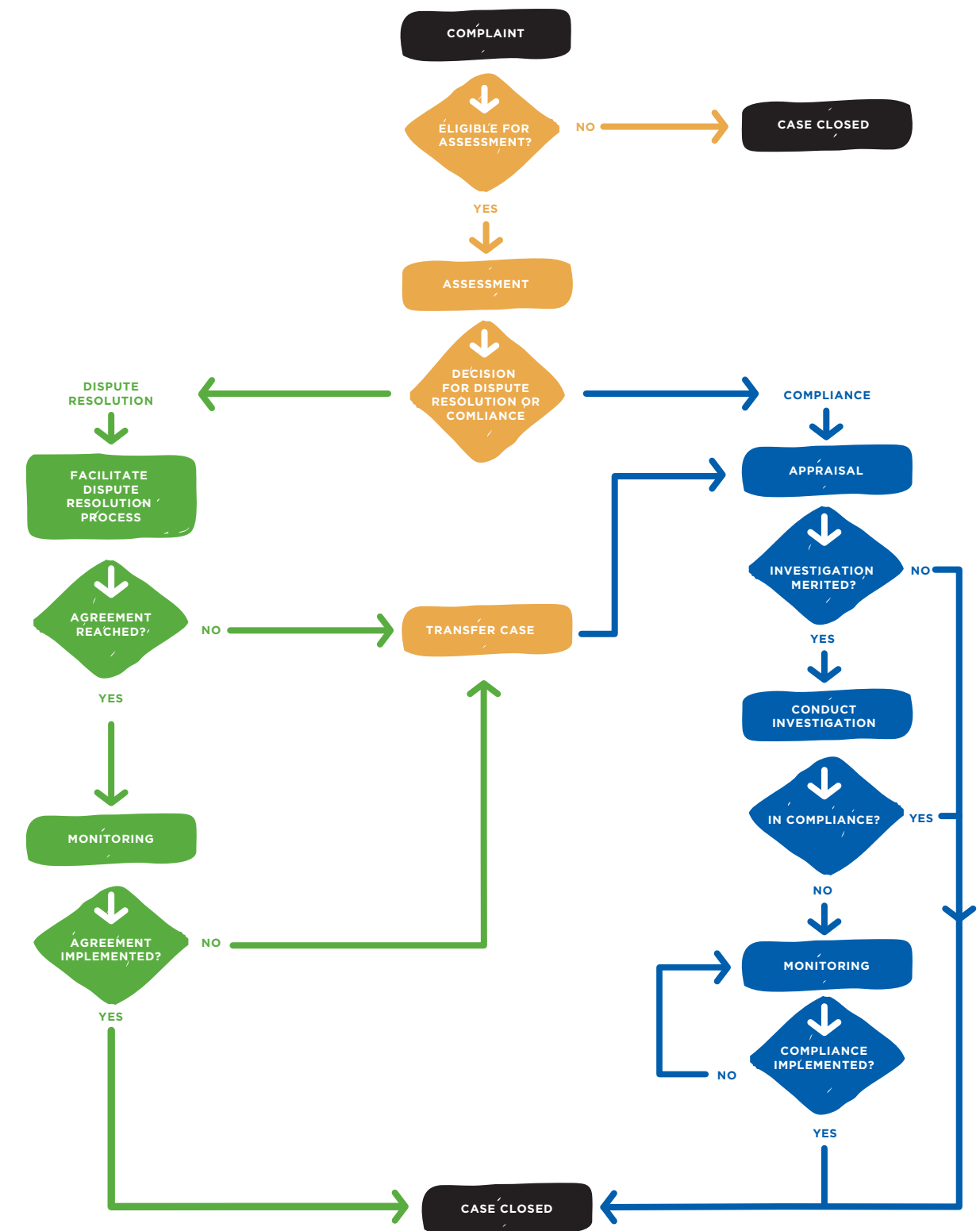
During the year, CAO assessed a total of 23 cases. Parties agreed to dispute resolution to address issues related to two cases: an IFC agribusiness project in Ukraine; and issues related to an IFC mining project in Armenia (although this case was later transferred to Compliance). Ten cases were referred to Compliance following assessment: five at the choice of the company (Hidromaule in Chile; TCQ in Guatemala; AES Sonel in Papua New Guinea; and Yanacocha in Peru (two cases)); two at the choice of the complainants (Lydian in Armenia and Real LRIF in Guatemala); and three where CAO was unable to establish the parties’ willingness to engage in a collaborative process (Lafarge in India; Plato in Kyrgyz Republic; and Bilt Paper in Malaysia).

One case in Honduras was closed after assessment due to the absence of sufficient links between the companies named in the complaint and IFC’s support through financial intermediaries. A labor case in Mexico was closed at assessment, without further CAO involvement, as the parties successfully resolved their differences. Nine assessments were still in process at the end of the fiscal year for cases in Albania, Egypt, Honduras (2 cases), Malaysia, Pakistan, South Africa, Togo, and Uganda. More information about these cases is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).



CAO mediator speaks with Dinant staff during CAO’s assessment trip to one of the company’s palm oil plantations in Honduras, October 2014 (CAO).

FIGURE 8. CAO’S PROCESS FOR HANDLING COMPLAINTS





A herder hosts a CAO mediator and herder and company representatives in his Ger in Mongolia (Felix Davey/CAO).

# DISPUTE RESOLUTION

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CAO Dispute Resolution focuses on building frameworks to help communities and companies jointly resolve concerns in a practical and effective way.

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# DISPUTE RESOLUTION

CAO Dispute Resolution focuses on building frameworks that help communities and companies jointly resolve concerns in a practical and effective way. Dispute resolution is a voluntary process, and at a minimum requires the participation of the affected individual/community and the company (the IFC/MIGA client). If these parties agree to work together, dispute resolution provides a platform for collaboration on options to address environmental and social concerns raised in a complaint.

Dispute resolution uses a range of flexible, problem-solving approaches, such as mediation, facilitated negotiation, and assisted dialogue. The overall goal is to help the parties work together toward solutions that are practical, effective, and sustainable. In its Dispute Resolution role, CAO does not find fault or impose solutions on any party. (Figure 9 depicts a typical mediation process facilitated by CAO.)

The components that CAO uses to help build, sustain, and deliver outcomes through dispute resolution processes are discussed in the following pages. These include building the capacity of parties to engage in dispute resolution at the outset, as well as continuing support throughout the process. The role of a mediator is another critical component that helps build trust and

enables CAO to decentralize its response. CAO uses different tools common to dispute resolution, such as joint fact-finding and other participatory initiatives, to help the parties reach solutions that are locally generated and locally owned. In some cases, in addition to communities and companies, CAO works with other stakeholders, where they may be critical partners to support the process at the outset or assist in the search for solutions or sustain outcomes from the process.

As well as achieving local impact for communities and companies through its dispute resolution work, CAO seeks to have an impact at the institutional level with IFC and MIGA by leveraging learning from dispute resolution cases to improve the performance of both institutions. CAO is making progress in this respect, but key challenges remain.

CAO is also improving efficiencies through dispute resolution by documenting good practice, providing training to increase the capacity of local mediators and decentralize its response, and providing external leadership on community-corporate dispute resolution in the private sector development space.



CAO meets with complainants in Togo, June 2015 (CAO).

FIGURE 9. A TYPICAL MEDIATION PROCESS



## Local Impact: Achieving Effective Dispute Resolution Outcomes

### CAPACITY BUILDING

Many cases that undergo dispute resolution are highly complex, and involve numerous issues and more than two parties. The process may take place in an environment where one or more parties may not be confident of its/their capacity to engage in the process. This requires CAO to invest time and resources in building capacity to help ensure that the process generates positive and sustainable outcomes.

Capacity building empowers communities to represent their own interests and participate directly in decisions that affect their lives—often for the first time in such discussions with the company. CAO may work with a community before the process begins to help it overcome internal divisions and elect chosen representatives, as well as to gain consensus on the issues community members wish to address through the CAO process. At the same time, CAO works with company representatives to help them better understand community needs and perspectives, and to build practical skills necessary for engaging in dialogue. Laying these foundations opens up opportunities for building trust and for changing what may be long-standing dynamics between the parties. It also helps manage expectations about the process and the roles of each party. Local mediators working with CAO play a key role in these capacity building efforts, as do civil society organizations in some cases.

Capacity building does not stop once dispute resolution begins. Additional support may also be needed throughout the process, such as when the parties agree to engage in joint fact-finding or participatory monitoring. These approaches, often involving independent experts, may require support to the parties, for example, to interpret and communicate technical findings to their broader constituencies. Finally, support is often required to help the parties implement initiatives agreed through the dispute resolution process, such as income-generation projects or resettlement activities. Community development experts may join the process to support the parties and help build the sustainability of outcomes (see highlight on CAO's capacity building efforts in Uganda, p. 21).

### THE ROLE OF THE MEDIATOR

A skilled mediator is the backbone of CAO's dispute resolution work, acting as an independent and impartial third party to help communities and companies find agreement on ways to address their concerns. These mediators provide the linguistic and cultural knowledge that is vital to understanding the local context and essential to building trust and promoting dialogue with the parties. They can also be available more frequently to the parties as the demands of dialogue and mediation evolve in each case. This allows CAO to provide a more scalable and decentralized response to an increasing caseload.

“Working as a mediator, I feel like I am a relationship constructor, because at the end of our challenging and interesting job, we see that we are building trust, building working relationships, building capacity, and assisting the parties to build mutually satisfactory outcomes in a dispute resolution process. This is the most satisfying part of the work that we strive for.”

**NANDIA BATSAIKHAN**

CAO Mediator, Mongolia

The main responsibility of a mediator is to help create structured processes that empower parties to make decisions that they believe best meet their interests. These decisions should be made after the parties have had access to relevant information, equal opportunities to participate, and freedom to decide. If the parties do come to an agreement, CAO makes provisions for monitoring the implementation of all agreements made.

Mediators work hard to earn the parties' trust. Training in communication, negotiation, and process design helps, but it is also important for mediators to have a genuine interest in understanding the parties' interests and an ability to empathize with their situation.

A well-structured process helps build trust. But sometimes deep-rooted and long-held patterns of mistrust cannot be transformed in a short period of time. The asymmetries that sometimes lie at the heart of conflicts can make local solutions elusive. This helps explain why some cases take months, and others require years.

### HIGHLIGHT. BUILDING COMMUNITY COOPERATIVES IN UGANDA



CAO meets with Kiboga community representatives at their office in Uganda (Felix Davey/CAO).

In Uganda, CAO has been working with two local communities impacted by the development of commercial forestry plantations. To ensure they were able to articulate their needs during a mediation process with the company, CAO worked with both communities to help determine who would represent them during the process, and trained community representatives in practical mediation skills. With support from CAO and civil society advisors, the communities elected negotiating committees, which were also tasked with regularly consulting and informing the broader community about the process.

The CAO mediation led to the establishment of registered community cooperatives to collectively manage financial support and sustainable development programs agreed with the company.

Community representatives received training in

managing the cooperatives, developed business plans, and held annual general meetings endorsed by district officials. The cooperatives acquired land for resettlement. In the past year, over 300 households have been allocated plots. The communities have harvested new crops such as bananas, coffee, and maize. A number of livelihood initiatives are underway, including a women's weaving group and a youth savings and credit scheme.

CAO provided for the services of a Community Development Coordinator to work with the parties. The coordinator has played a vital role in helping the cooperatives expand their development initiatives to meet the needs of members and resettled households. More details about these cases (Uganda: Agri-Vie-01/Kiboga and Agri-Vie-02/Mubende) can be found on CAO's website.

## LOCALLY OWNED SOLUTIONS

Through dispute resolution, CAO helps parties design a framework for addressing issues in a collaborative way. But it is up to the parties—primarily, the community and the company—to propose solutions appropriate to the local context, and to define the terms of agreements. CAO helps provide the framework for problem solving to take place, but ultimately it is the parties that drive the process. The goal is to achieve outcomes that are locally generated, appropriate, and locally owned. These outcomes are more likely to be sustainable in the long run.

CAO mediators use a number of different tools to help the parties address issues raised in complaints. These include independent fact-finding, where CAO works with the parties to design a process that results

in the joint selection of experts to conduct technical research aimed at reaching consensus on the nature and scope of impacts and potential mitigation measures. Participatory monitoring has been used in joint activities between a company and community to assess, for example, water quality around a project. Joint Development Forums have been established where the parties agree on projects to be implemented for the benefit of communities impacted by project activities.

The case highlights that follow present examples of CAO's dispute resolution efforts over the last year that have generated concrete outcomes and local impact for complainant communities, IFC/MIGA clients, and other stakeholders.

### HIGHLIGHT. DISPUTE RESOLUTION CASES, FY2015

CAO's dispute resolution team handled 18 cases in 12 countries.



CAO independent mediator, NGOs, and consortium representatives visit fields in Southern Chad to identify damaged trees, November 2014 (CAO).

#### 10 ACTIVE MEDIATION PROCESSES

in Albania, Armenia, Cambodia (2), Cameroon, Chad, Colombia, Mongolia (2), and Ukraine.

#### 4 SETTLEMENT AGREEMENTS IN MONITORING

in Nicaragua and Uganda (3), related to agribusiness and hydropower projects.

#### 3 CASES TRANSFERRED TO CAO COMPLIANCE

as the parties reached an impasse during dispute resolution (Papua New Guinea: SEZ-01; Peru: Yanacocha-05; and Uganda: Bujagali-06).

#### 1 CASE CLOSED AFTER MONITORING SETTLEMENT AGREEMENT OUTCOMES

in Cambodia, related to an airport development project.

### HIGHLIGHT. LOCAL OUTCOMES



#### ALBANIA

Parties in a dispute resolution process related to the impacts of an oil project in Albania have established a community-company roundtable through which working groups are addressing priority issues related to earthquakes, environmental impacts, and social investment opportunities. Tangible outcomes to date include the collation of seismic data through a joint effort by the community and company to the Albanian government (IFC, Bankers Petroleum-01/Patos).



#### CAMEROON

An oil company and local community members involved in a dialogue process related to the Chad-Cameroon oil pipeline have jointly agreed to an independent study to look into waste management issues and impacts to help determine a way forward. This comes after a series of individual disputes were settled through the CAO process and another agreement between the company and local fishermen was implemented to enable access to fish stocks around a secure zone surrounding the pipeline's offshore facility. This year, CAO also started facilitating dialogue between the company and representatives of the Bagyeli Indigenous group (IFC, Chad-Cameroon Pipeline-02/Cameroon).



#### COLOMBIA

Parties in a dispute related to the IFC-supported Alqueria project—the third largest dairy company in Colombia—have jointly selected a neutral expert to help them assess noise and pollution concerns and find ways to address them (IFC, Alqueria-01/Cajica).



#### MONGOLIA

Parties in dispute around the IFC/MIGA-supported Oyu Tolgoi mine jointly selected an Independent Expert Panel to carry out a joint fact-finding exercise to assess the mine's impacts on a local river and other local and regional water sources. The panel's findings are being reviewed by the company and community members, and will serve as a basis for further dialogue around mitigation measures. A permanent Tri-Partite Council has been created, consisting of local herders, local government, and the mining company, to address outstanding complaint issues and promote regular dialogue (IFC/MIGA, Oyu Tolgoi-01 & 02/Southern Gobi).

## BUILDING SUSTAINABLE OUTCOMES

CAO is aware of the dependency that can emerge where CAO is the only agency responding to community grievances. Furthermore, the needs of the communities with which CAO works often outweigh CAO resources and extend beyond CAO's mandate. Ensuring alternative support for the parties is one way of helping to secure sustainable outcomes, as well as facilitating CAO's exit when appropriate. While these processes are driven by the parties, and solutions are locally generated and owned, communities and companies may still lack the capacity to implement or sustain outcomes on their own. Some initiatives may require a level of technical support when they are starting out to ensure their viability and long-term

success. In addition, the commitment and support of other entities, such as government, may be required to support the dispute resolution process, assist in finding solutions, and implement agreements. For these reasons, CAO dispute resolution processes often include stakeholders beyond the complainants and the IFC/MIGA client company. The expertise, buy-in, support, and collaboration of these other entities—including other international organizations, donors, sources of expertise and technical assistance, and civil society organizations—are often essential for CAO to deliver outcomes both within, and beyond its dispute resolution processes. The two highlights that follow exemplify this type of collaboration.

### HIGHLIGHT. CAMBODIA: THE ROLE OF GOVERNMENT IN SUPPORTING DISPUTE RESOLUTION

While government is not typically CAO's primary stakeholder, government entities often play an important role in supporting dispute resolution processes. They may also have a role in identifying solutions and implementing outcomes.

In Cambodia, where CAO facilitated a dialogue process related to the IFC-supported Sihanoukville International Airport expansion project, the Royal Government of Cambodia was an important partner in addressing concerns about land acquisition and resettlement. The government was actively involved in the drafting of a Resettlement Action Plan, and provided assistance with resettlement and livelihood initiatives and support for income restoration programs that resulted from the dispute resolution process. CAO closed the case in May

2015 to the satisfaction of affected communities, the project operator, and Cambodian government (IFC, Cambodia Airport II-01/Preah Sihanouk).

In a second case related to Phnom Penh Airport, the government is actively participating in the CAO dispute resolution process (IFC, Cambodia Airports-01/Phnom Penh).

In a third Cambodia case regarding the impact of rubber plantations on local communities in Ratanakiri Province, the Ministry of Interior issued a letter of support for the CAO-facilitated dialogue process. The company has extended a moratorium on further land clearance in the project area until all issues are resolved (IFC, VEIL II-01/Ratanakiri Province).



Community representatives, NGOs, government representatives, resettlement consultants, company representatives, and IFC attend a multistakeholder meeting in Phnom Penh, August 2014 (CAO).

### HIGHLIGHT. NICARAGUA: COLLABORATION AND PARTNERSHIPS FOR SUSTAINABLE OUTCOMES

As CAO concludes its involvement in a dialogue process between a major sugar producer (Nicaragua Sugar Estates Ltd) and former workers suffering from Chronic Kidney Disease, a number of partnerships have been critical to sustaining outcomes achieved by the parties. A local business development expert has played an important role in supporting the development of microenterprises to improve livelihoods and living conditions for affected community members. In addition, outcomes from the CAO process have been bolstered by the German Investment Corporation (DEG), a co-financier of the project, which has provided support for improvements in

healthcare facilities for those suffering from the disease. Boston University School of Public Health, which carried out independent research into the causes of the disease under the auspices of the CAO process, has formed a collaboration with the U.S. Centers for Disease Control and Prevention (CDC) to conduct new studies with a broader geographic scope. The CAO process also helped catalyze the involvement of the Pan American Health Organization (PAHO) in ongoing research and support for people affected by the disease (IFC, Nicaragua Sugar Estates Limited-01/León and Chinandega).



A mobile clinic in Nicaragua provides medical care for sufferers of chronic kidney disease (CAO).



## Systemic Change: Institutional Impact through Dispute Resolution

### LESSONS LEARNED: UPTAKE AT IFC FROM DISPUTE RESOLUTION CASES

CAO's impact through dispute resolution is primarily at the project level. However, CAO carefully considers in what ways it should, can, and does have an impact at the institutional level with IFC and MIGA. For example, CAO considers what role IFC or MIGA can play in supporting a dispute resolution process and its outcomes, and what learning the process may generate to help improve future projects.

CAO tracks IFC and MIGA actions in response to its casework through its monitoring and evaluation (M&E) system. M&E findings this year show IFC's recognition of the value of CAO's dispute resolution interventions in generating positive development outcomes for affected people and IFC clients. It further shows that IFC has, in a number of cases, sought to learn from the issues raised in the complaint and has improved its own systems as a result of a CAO process.

For example, CAO's long-standing involvement in the NSEL case in Nicaragua has, according to IFC, led to health issues related to Chronic Kidney Disease being addressed as a standard part of due diligence for investments across Central America. In addition, IFC reports that it now routinely asks new clients about any ongoing community complaints, which is another lesson from the NSEL case. However, more still needs to be done, as described next.



Member of ASOCHIVIDA who worked for 37 years as a sugarcane cutter and is suffering from chronic kidney disease, Nicaragua (Felix Davey/CAO).

### CHALLENGES: IFC'S SUPPORT TO SUSTAIN OUTCOMES

Challenges remain, particularly in engaging IFC to help sustain local development outcomes following CAO dispute resolution processes. This is particularly relevant in cases where technical support is needed by the client and community to implement local initiatives to address ongoing needs and project impacts, such as in Nicaragua and Uganda (see highlights, p. 21 and p. 25). Over the past year, CAO has been exploring opportunities for IFC to develop a more structured and predictable approach to address local development needs through the establishment of a fund or similarly earmarked resources. This would allow IFC to take a proactive role in helping mitigate project-related issues together with its client, while adding substantial value to both clients and local communities by supporting joint social investment initiatives. The German Investment Corporation (DEG) demonstrated the value of this approach in Nicaragua, where significant technical assistance and financial support was provided to the company and community to address needs identified through the CAO process. DEG's participation was welcomed by the parties, who hoped that IFC would engage in a similar way. Despite attempts by CAO to help facilitate IFC's engagement with the parties over a five-year period, IFC's local involvement at the time of CAO closing the case was limited. Ensuring that lessons from this and other dispute resolution cases are shared with IFC and absorbed will be an ongoing focus for CAO.

## Effectiveness: Dispute Resolution Leadership, Training, and Best Practice

### INTERNATIONAL LEADERSHIP

CAO aims to provide state-of-the-art dispute resolution services in conflicts emerging between the private sector and communities in the development arena. As a result, CAO has been asked to provide guidance to various agencies in the process of establishing a dispute resolution function as part of their nonjudicial accountability mechanisms, such as the United Nations Development Programme (UNDP), the French Development Agency, and newly formed DEG and Dutch development bank (FMO) mechanism. CAO has also been looked to for its convening role in facilitating private sector-civil society engagement. For example, this year, CAO facilitated a dialogue between global mining companies and African civil society organizations (see p. 49).

### MEDIATOR TRAINING

CAO continues to develop a network of global mediators through regional workshops around the world. This growing network is a central part of CAO's strategy to develop a more robust, decentralized response to its caseload. This year, CAO also secured collaboration with a foundation interested in building the capacity of mediators globally. In May 2015, CAO piloted the first joint workshop with the foundation and was able to bring together 21 West African mediators in Ghana to establish levels of expertise and interest in community/company conflict resolution.

### DOCUMENTING GOOD PRACTICE

CAO is documenting good practice guidelines for internal dissemination among its staff and mediators. CAO is considering developing publically available guidance notes regarding its dispute resolution methodology in the future.



Mediators at CAO's West Africa Mediator Workshop, Ghana, May 2015 (CAO).



Complainant on his land in Gndevaz, Armenia, where CAO is conducting an investigation of IFC's involvement in a gold mining project (CAO).

# COMPLIANCE

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CAO's compliance work provides public assurance that IFC and MIGA are meeting promised levels of environmental and social performance, transparency, and accountability in order to achieve a positive development impact.

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# COMPLIANCE

Through its Compliance role, CAO oversees investigations of IFC's and MIGA's environmental and social performance. Independent verification of project due diligence and compliance with environmental and social policies and standards is an essential aspect of good governance. It also provides public assurance that IFC and MIGA are meeting promised levels of performance, transparency, and accountability, which are fundamental requirements for both institutions to achieve a positive development impact.

The CAO Compliance function is generally initiated in response to complaints from project-affected people. Parties to a complaint—affected individuals and the IFC/MIGA client—may decide during assessment that the issues are best addressed through a compliance process, or a complaint may be referred to Compliance because they are unable, or unwilling, to engage in a dispute resolution process. A compliance process can also be initiated by CAO's Vice President, in response to project-specific or sector-wide concerns. The President of the World Bank Group and senior management of IFC and MIGA may also request a compliance process when an independent review of a project's performance is needed. In these ways, CAO enhances the accountability of IFC and MIGA for the environmental and social performance of their investments.

CAO's compliance mandate covers both the application of IFC/MIGA environmental and social standards and the adequacy of the protection provided by those standards. In carrying out this work, CAO seeks to understand the local context of the project, and its direct and indirect impacts. Issues raised in complaints from affected communities define the scope.

CAO's three-step compliance process involves an appraisal, investigation,<sup>1</sup> and monitoring. The appraisal provides CAO an opportunity to consider issues raised in a complaint in the context of IFC/MIGA's requirements and determine whether an investigation is merited. Investigations are initiated only for projects that raise substantial concerns about environmental and social outcomes, or issues of systemic importance for IFC/MIGA. After completing an investigation, CAO monitors actions taken by IFC/MIGA to address its findings. CAO closes a case only when satisfied that its findings are being addressed.

The steps involved in a typical compliance process are shown in figure 10. CAO's compliance cases in FY2015 are summarized in the highlight below.

<sup>1</sup> Cases processed since the implementation of CAO's 2013 Operational Guidelines use the term compliance "investigation." Cases accepted by CAO before that time use the term compliance "audit."

## HIGHLIGHT. COMPLIANCE CASES, FY2015

**37 COMPLIANCE CASES HANDLED REGARDING IFC AND MIGA PROJECTS IN 15 COUNTRIES**

**16 CASES CLOSED AFTER APPRAISAL**  
and 3 referred to investigation.

**3 CASES IN APPRAISAL**  
regarding IFC projects in Guatemala, Kyrgyz Republic, and Malaysia.

**11 CASES IN THE PROCESS OF INVESTIGATION**  
including 3 referred from appraisal in FY2015, in the Advisory Services, agribusiness, mining, infrastructure, and financial intermediary sectors

**1 CASE CLOSED AFTER MONITORING IFC ACTIONS**  
related to the power sector in Kosovo

**6 INVESTIGATIONS OF IFC BEING MONITORED**  
related to agribusiness, financial intermediaries, mining, power sector, and transportation projects

FIGURE 10. A CAO COMPLIANCE PROCESS



1

### COMPLIANCE PROCESS INITIATED

A compliance process may be initiated at the request of the parties during assessment, or if dispute resolution is not possible or fails. A compliance process can also be initiated by the CAO Vice President or at the request of the World Bank Group President or IFC/MIGA senior management in relation to a sensitive project or sector.



2

### APPRAISAL REPORT

CAO conducts an appraisal and releases a report, which outlines CAO's decision to initiate an investigation of IFC or MIGA. Cases not advancing to the investigation phase are closed.



3

### INDEPENDENT EXPERTS

CAO engages one or more experts to supplement the CAO team for the investigation.



4

### CASE RESEARCH

CAO team researches the project and interviews IFC/MIGA staff and other relevant stakeholders.



5

### SITE VISIT

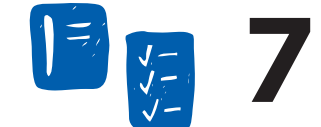
A site visit may be required to observe project activities, and meet with the complainants and IFC/MIGA client.



6

### DRAFTING PHASE

CAO team prepares a draft report, which is sent to IFC/MIGA for factual review and comment.



7

### FINAL INVESTIGATION REPORT

CAO sends final investigation report to IFC/MIGA for official response. The response should specify how CAO's investigation findings will be addressed, and may include an action plan.



8

### PRESIDENT PROVIDES CLEARANCE

The President of the World Bank Group reviews the investigation report and, if satisfied with the IFC/MIGA response, clears both for public disclosure.



9

### MONITORING

CAO monitors IFC/MIGA actions in response to the investigation findings and issues a monitoring report at least once a year.



10

### CASE CLOSED

Once assured that the investigation findings have been addressed and IFC/MIGA is/are in compliance, CAO will close the case.

## Responding to Project-level Concerns

Having a compliance mechanism that is triggered in response to project-level concerns ensures IFC and MIGA accountability in several ways. First, CAO can highlight the quality or identify shortcomings in IFC or MIGA's project preparation, supervision, and reporting. Second, CAO can examine environmental and social impacts of a project on the ground. Third, CAO can highlight systemic or organizational issues affecting the quality of IFC's or MIGA's environmental and social performance. Compliance appraisals and investigations are underpinned by thorough analysis, involving external experts who work with CAO staff to review project documentation; conduct interviews with project teams, IFC/MIGA clients, and affected parties; and, where needed, verify facts on the ground.

### APPRAISAL OUTCOMES

As an initial step in its compliance process, CAO conducts an appraisal, which determines whether or not an investigation of IFC/MIGA is merited. In FY2015, CAO completed appraisals in relation to 19 complaints. Six of these were referred for investigation, while 16 were closed at the appraisal stage. The 16 cases closed related to IFC projects in hydropower in Chile, infrastructure in Guatemala, manufacturing in India, education services in Mexico (6), Advisory Services and

infrastructure projects in Papua New Guinea (2), and mining projects in Peru (4) and South Africa. At the end of the fiscal year, three appraisals were ongoing, related to IFC's support for hydropower, education, and pulp and paper manufacturing projects in Guatemala, Kyrgyz Republic, and Malaysia, respectively. When cases close at appraisal, it is generally because the issues in question do not raise the requisite level of concern regarding environmental and social outcomes to merit an investigation in accordance with CAO's Operational Guidelines.

Three appraisals completed by CAO resulted in a decision to investigate IFC's environmental and social performance. In April 2015, CAO commenced an investigation of IFC's investment in the Amulsar gold mine development in Armenia, following a complaint from local communities related to impacts on water and biodiversity. In Uganda, CAO decided to investigate an IFC/MIGA investment in the Bujagali hydropower plant in relation to worker health and safety issues. In India, CAO decided to investigate the performance of an IFC advisory project to support the development of a port in Kerala, which was subject to three complaints to CAO from local residents. These investigations are underway and CAO will report on progress next year.

### NEW INVESTIGATION FINDINGS

CAO released three investigations in FY2015 related to IFC investments in Honduras, Peru, and Colombia.

**Honduras (Banking):** CAO published an investigation report regarding IFC's investment in Banco Ficohsa, the largest bank in Honduras. CAO initiated the compliance process following an investigation of IFC's investment in Corporación Dinant, a Honduran agribusiness operation, which raised issues regarding land conflict and the use of security forces, and which was also receiving funding from Ficohsa. CAO's investigation identified shortcomings in IFC's environmental and social review and supervision of the Ficohsa investment. In particular, CAO found that IFC did not assure itself that its client was applying an environmental and social management system as required as a condition of IFC's investment. As a result, CAO found that IFC had supported significant additional investments in Dinant outside the framework of its Performance Standards. The findings from CAO's Ficohsa investigation resonated with those from CAO's 2013 sector-wide compliance audit of IFC's financial intermediary (FI) portfolio, which flagged concerns about IFC's approach to environmental and social risk management through financial sector investments (see p. 35). CAO is monitoring IFC's actions to address both the Ficohsa and financial intermediary audit findings and will release monitoring reports in FY2016.

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CAO is monitoring IFC actions to address findings from three new investigations in the financial, infrastructure, and mining sectors.

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**Peru (Mining):** Another CAO investigation report published this year looked at IFC's investment in Quellaveco, a copper mine being developed in Peru. The investigation was triggered following a complaint to CAO in 2011 from local communities about the project's future environmental and social impacts. Between 1993 and 2011, IFC made several investments in Anglo American Quellaveco plc, which owns the Quellaveco mine concession. IFC sold its equity stake in early 2012. CAO's investigation found that IFC did not apply a proper risk categorization to the project, given the magnitude of the mine's potential impacts and its significant environmental and social risks. CAO also found that issues identified by IFC during supervision related to land acquisition, resettlement, stakeholder engagement, and environmental impact assessment, among others, were not translated into corrective action plans. CAO is monitoring IFC's actions to address its findings. Even though IFC is no longer invested in the project, the investigation raised important issues related to IFC's due diligence around early equity mining deals. CAO will release a monitoring report in FY2016.

**Colombia (Transport):** In May 2015, CAO released its first investigation of IFC related to the implementation of labor standards. CAO's investigation of IFC's investment in Avianca, a Colombian airline, was triggered following a complaint from trade unions representing airline employees. The complaint raised allegations about the right to freedom of association, which is a requirement under IFC Performance Standard 2 on Labor and Working Conditions. The trade unions had filed a complaint directly with IFC in 2008 raising labor concerns before IFC approved the investment. CAO's investigation found that IFC invested in the project without an adequate understanding of labor-related risks or a basis to conclude that the client could meet its labor requirements under Performance Standard 2. CAO also found that IFC struggled to understand the Freedom of Association issues raised by the complainants at the level of detail needed to ensure that they would be adequately addressed. CAO is now monitoring IFC's actions to address its findings, and will prepare a monitoring report in FY2016.



Former Bujagali construction workers meet with CAO to discuss concerns related to unpaid wages and benefits. CAO is conducting a compliance investigation of IFC and MIGA regarding the Bujagali hydropower project in Uganda (CAO).

## Institutional Impact through Compliance

CAO tracks IFC and MIGA actions in response to compliance cases through its monitoring and evaluation framework. This year's monitoring outcomes show a mixed IFC record in addressing CAO compliance findings. In some cases, IFC has reported significant progress in addressing findings in a constructive and progressive way. In other cases, CAO's monitoring has documented a less satisfactory response by IFC to address key findings. CAO promotes the practice of IFC and MIGA developing action plans to address compliance findings, but to date this practice has been inconsistent (see box 3). Where action plans exist, CAO assesses their effectiveness as part of the monitoring process. CAO's monitoring of IFC actions in response to several completed compliance investigations is summarized below.

**Kosovo: Revised environmental and social procedures for IFC Advisory Services.** In January 2015, CAO closed an audit of IFC related to Advisory Services to the government of Kosovo for the privatization of its public electricity utility, the Kosovo Energy Corporation. The case was brought to CAO in 2011 by local groups in Kosovo, which raised concerns about the impacts of the privatization process on communities and workers. In response to CAO's audit findings, IFC reports having made a number of revisions to its Advisory Services procedures to provide staff with greater guidance in assessing environmental and social risks. According to IFC, this includes updates to procedures and practices that should allow IFC staff to better determine a client's commitment and capacity to manage environmental and social risks, and better reflection of IFC's environmental and social requirements in legal agreements with the client. IFC's satisfactory response to the audit findings provided CAO with adequate assurance to close the case.

**Honduras: Positive initial steps at the project level in response to the Dinant audit.** In 2013, CAO released a compliance audit of IFC's investment in Corporación Dinant, a palm oil and food company in Honduras. The audit was initiated by CAO in 2012 following reports of violent land conflict affecting communities in and around Dinant plantations in the Aguán Valley. CAO's investigation found critical failings in IFC's environmental and social due diligence and supervision of the project related to the handling of security risks. As part of an enhanced action plan to address CAO's findings, IFC has been consulting with local stakeholders in the Aguán Valley. This represents the first instance that IFC has responded to CAO's project-level findings by applying an expressly remedial and participatory approach. IFC has also reported a number of client actions to address security issues, including the adoption of the Voluntary Principles on Security and Human Rights, improved training, and disarmament of security guards at the Aguán plantations. IFC's project-level initiatives are in the early stages and it is too early to draw conclusions; CAO continues to monitor progress. An important aspect of IFC's response to the Dinant audit, yet to be addressed, is how learning from the case will be internalized and inform how IFC does business. IFC has committed to disclose a summary of its ongoing learning from Dinant and other CAO cases, which CAO will also monitor.

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[In response to a CAO compliance audit in Honduras, IFC has adopted an expressly remedial and participatory approach to address CAO's findings by consulting with local stakeholders on an enhanced action plan.](#)

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CAO team meets with Eco Oro complainants in Bucaramanga, Colombia (CAO).

### **Global Financial Intermediaries (FIs): Dialogue to improve IFC's environmental and social performance.**

CAO's 2013 audit of IFC's investments in global financial intermediaries (FIs) raised broad questions regarding IFC's environmental and social performance in relation to its investments in banks and private equity funds. CAO's audit concluded that while IFC had generally processed FI investments in compliance with its environmental and social policies and procedures, IFC lacked a robust methodology for determining whether its FI clients were effectively implementing environmental and social management systems as envisaged at the time of IFC's investment. In this context, the audit raised concerns that the end use of IFC funds by FI clients was opaque and that IFC knew little about the potential impacts of its financial sector lending. While acknowledging recent improvements, the FI audit noted that IFC's approach to assessing the capacity and commitment of FI clients to implement its environmental and social requirements was insufficiently structured to achieve intended results. In response to CAO's findings, IFC has developed an action plan that has the potential to improve the quality of the environmental and social outcomes of its FI investments over time. Based on currently available data, however, CAO has questions as to whether IFC's response has led either to improved outcomes on the ground, or improvements in compliance under IFC's Sustainability Framework. This is of particular concern in contexts where IFC financial intermediary clients are investing in countries with limited environmental and social governance capacity or in projects with

significant, potential adverse impacts on communities and the environment. More broadly, CAO continues to emphasize the importance of enhanced disclosure and accountability in relation to IFC's investments in FIs. CAO will release a second monitoring report on this case early in FY2016.

### **India: Reservations regarding the adequacy of IFC's response to the Tata Mundra (CGPL) audit.**

In 2011, a complaint was submitted to CAO from local fishing communities in India regarding the environmental and social impacts of IFC's investment in a large coal-fired power plant, Tata Mundra, in the state of Gujarat. The case was referred to CAO Compliance. CAO's 2013 audit found that the complainants were not adequately considered or consulted with while IFC and its client assessed the environmental and social risks of the project. CAO's monitoring acknowledges actions reported by IFC to date, but concludes that they are not sufficient to address the findings of the CAO audit. In particular, CAO has noted the need for IFC to respond to concerns regarding the project's impacts on fishing communities in a manner that is participatory and remedial. Such measures are not well developed in IFC's reporting of actions to date, which have focused on commissioning technical studies and corporate social responsibility measures implemented by the client. In addition, IFC has not yet addressed technical noncompliance findings regarding the application of pollution control standards. CAO continues to track IFC's actions in response to this case and will prepare a follow-up monitoring report in FY2016.

### BOX 3. REMEDYING GAPS IN PROJECT-LEVEL COMPLIANCE

CAO's experience from recent compliance cases suggests that its Compliance function has had impact on IFC and MIGA at the level of policy and practice, but more efforts are needed to address CAO findings related to project-level concerns raised by complainants. Nine compliance audits or investigations completed since 2009 reveal a number of scenarios. In four cases in which IFC did not issue a project-level response, IFC disagreed with CAO's findings or IFC's relationship with its client was no longer active. In one case, IFC's client was unreceptive to IFC's suggested actions. In another, IFC developed an action plan with the client, but a lack of consultation with the complainants has led to gaps in addressing project-level findings. In other cases, it is either too early to assess outcomes or CAO did not make project-level findings.

For CAO to provide an effective route to remedy for affected people through compliance, recent experience suggests the need for three elements: high-level commitment from IFC/MIGA senior

management; a willing client; and the development of a remedial action plan in consultation with the complainants and other project-affected people. In cases where CAO makes project-specific findings, a commitment to the development of an action plan, in consultation with the complainants and other project affected people, should become the norm. IFC's response to the Dinant case (see p. 34) represents good practice in this regard. The scope of an action plan, and extent of engagement around it, can be tailored to the nature of the case and gravity of the findings.

However, none of the three investigations released by CAO in FY2015 has resulted in an IFC action plan. CAO recognizes that shortcomings in its current Operational Guidelines, by not mandating action plans, contribute to these outcomes. CAO will continue to emphasize the importance of robust, participatory action plans as the most effective and appropriate way for IFC and MIGA to respond to, engage with, and remedy gaps in project-level compliance.



Local fishermen in Gujarat, India (CAO).

## Effectiveness: Enhancing Compliance Efficiency, Resources, and Processes

In light of the steady growth of CAO's compliance caseload, CAO recognizes the need to continually improve its handling of cases. This year, CAO focused on increasing the efficiency of caseload management, and on enhancing its monitoring role to better track IFC and MIGA actions in response to CAO compliance findings.

**Improving Caseload Management:** CAO's compliance caseload grew significantly during FY2015, with 37 cases handled by a small team during the year. Managing this caseload efficiently and effectively represents a central challenge for CAO's Compliance function. On average, CAO has closed approximately two-thirds of compliance cases at the appraisal stage since 2008. However, the increased number of cases received by CAO has resulted in more compliance investigations, as well as ongoing requirements for monitoring—both of which are resource intensive. CAO's goal for the year ahead is to clear the backlog of compliance investigations, particularly those that have been open over a year; and complete all compliance appraisals within the 45-day limit specified in CAO's Operational Guidelines. To help manage this caseload, CAO will be recruiting additional staff.

**Strengthening Monitoring:** CAO's Operational Guidelines make provisions for compliance monitoring, but CAO recognizes the need to formalize this process with a view to documenting both project-level and systemic responses by IFC and MIGA to CAO compliance investigations. A failure of the institution to respond decisively and effectively to stakeholders in resolving compliance issues raised by CAO presents a reputational risk to CAO, IFC and MIGA, and the World Bank Group, generally. Specifically, it undermines the important role that CAO's Compliance function seeks to support in providing remedy and accountability to affected communities in relation to the environmental and social impacts of IFC and MIGA projects (see box 3).



CAO compliance team visits tea plantations as part of an ongoing investigation of IFC investments in tea estates in Assam, India (CAO)



A woman from the Mubende community attends a CAO meeting on the new land (Felix Davey/CAO).

# ADVISORY

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CAO is leveraging a wide-ranging body of knowledge through its Advisory role. Anchored firmly in insights gained through case experience, CAO's advice aims to achieve systemic improvements in IFC's and MIGA's performance.

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# ADVISORY

Through its Advisory role, CAO provides advice to the President and IFC/MIGA management on issues of a systemic nature aimed at improving IFC's and MIGA's performance, as well as advancing the boundaries of environmentally and socially responsible behavior in the private sector, civil society, and academia. CAO does not provide project-specific advice, as that would compromise its independence. Instead, CAO focuses its advice on broader environmental and social issues related to policies, standards, procedures, and systems.

CAO's advice is anchored firmly in the insights gained through case experience. This allows CAO to bring valuable perspectives into its work, including those of project-affected communities, companies, and IFC/MIGA staff. In turn, CAO advisory products serve to inform IFC and MIGA of enhancements to policies, processes, and systems that are needed to improve environmental and social performance at the project level, as well as systemically.

CAO's advice to date has focused on improving IFC and MIGA's local development impact, strengthening policy implementation at the project level, addressing sector-specific challenges, and enhancing the participation of affected communities, particularly with respect to project impacts and benefits. CAO's advice has informed the evolution of the IFC policy framework

toward a risk-based approach that emphasizes the accountability of IFC and its clients for development performance. CAO was also instrumental in providing early guidance on participatory approaches to community-company engagement, including on project-level grievance mechanisms and project monitoring—advice that has been widely adopted in the private sector.

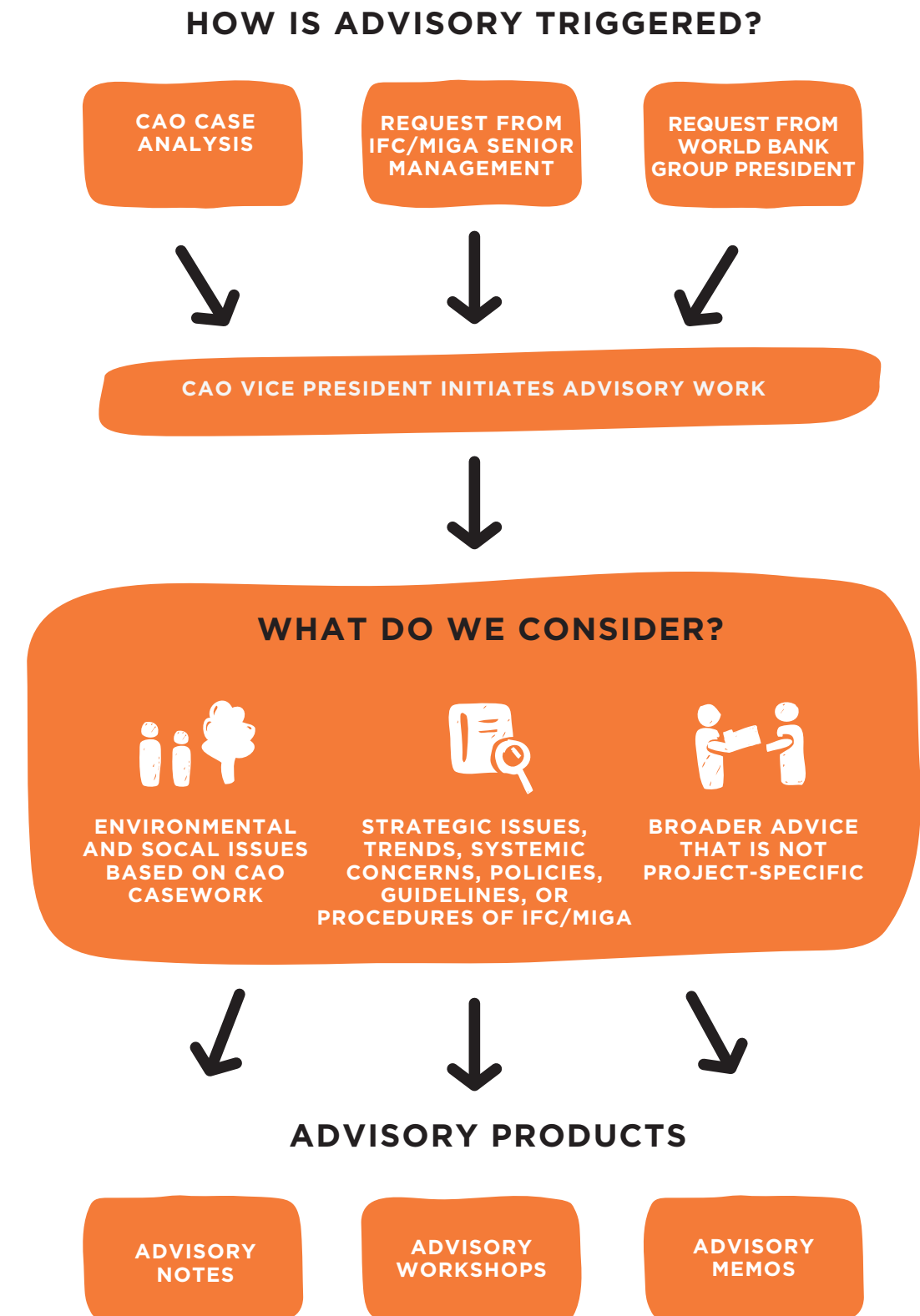
Today, CAO recognizes the increasing potential for impact through its Advisory role in delivering advice to IFC and MIGA based on a wide-ranging body of knowledge gained from 15 years' experience. CAO is developing a diversified set of products, including memos, notes, case studies, and workshops, aimed at tackling challenging development issues through a sectoral and thematic lens. An important part of this strategy involves CAO's monitoring and evaluation system to improve how lessons are captured from CAO cases, close gaps in IFC/MIGA responses to CAO's work, and measure CAO's effectiveness. Together with increased advisory resources, the goal of these initiatives is to expand and deepen CAO's advisory work in the coming years.

CAO's Advisory activities this year, as well as ongoing projects, are outlined in the following sections.



CAO holds a joint learning workshop with IFC staff on financial intermediary investments, May 2015 (CAO).

FIGURE 11. CAO ADVISORY PROCESS AND PRODUCTS





## Systemic Impact: Contributing to Learning at IFC and MIGA

CAO Advisory has been working to improve how knowledge is captured from CAO's work and how to engage IFC and MIGA more effectively on lessons learned. In particular, CAO is developing new initiatives including joint learning opportunities and advisory products focused on business needs for projects in different sectors.

### JOINT LEARNING WORKSHOPS WITH IFC

In May 2015, CAO co-hosted a workshop with IFC on applying learning from financial intermediary investments. The workshop was the second in a series of joint initiatives to tackle lessons learned in a more engaging and interactive format. It provided a forum to analyze environmental and social challenges related to financial intermediary lending, and targeted IFC investment and environmental and social staff from Washington and the field. The workshop served to promote the importance of addressing the environmental and social impacts of financial intermediary investments, and the critical need for this message to reach all levels of the organization. This is of particular relevance as IFC works to address findings from CAO's 2013 compliance audit of its financial intermediary portfolio (see p. 35).

### CONSULTATIONS WITH IFC AND MIGA ON DEVELOPMENT OF NEW ADVISORY WORK

CAO has conducted consultations with IFC and MIGA regarding research findings on the performance of grievance mechanisms in IFC and MIGA projects. The research was initiated by CAO as an input to its forthcoming toolkit on grievance mechanisms. These collaborations have helped develop a robust piece of guidance for IFC and MIGA that focuses on how to implement grievance mechanisms for projects with minimal resources, but potentially high impacts (see highlight, p. 43).

### IMPROVING THE EFFECTIVENESS OF ADVISORY PRODUCTS

To improve CAO's effectiveness in transferring knowledge to IFC and MIGA in a more timely and focused manner, CAO sees the potential for developing a program of short, regular memos for IFC and MIGA based on lessons from CAO's casework. These memos will speak to current challenges faced by IFC and MIGA in specific sectors and business lines. CAO will use the initial memos as a pilot to determine whether this method of lessons transfer between CAO and IFC/MIGA is effective at providing real-time feedback on critical and systemic issues. CAO is also developing other flexible advisory publications, such as lessons learned papers and case studies on topics of interest emerging from CAO cases (see highlight, p. 43).

## Project-level Insights: Guidance on Community-Company Engagement

One area where CAO has significant experience concerns approaches that communities and companies can use to help address project-level disputes, while tackling the underlying causes of conflict. This guidance is intended to inform IFC/MIGA practice, but is also relevant to a diverse group of external stakeholders,

including the private sector, civil society, and academia. This year, CAO has developed two advisory publications that share lessons learned and guidance on grievance redress and community-company conflict around land investments (see highlight, p. 43).

### HIGHLIGHT. ADVISORY PUBLICATIONS



CAO meets with complainants in Togo to discuss their concerns about the impacts of a port project, June 2015. (CAO).

### GRIEVANCE MECHANISM TOOLKIT

CAO is finalizing a grievance mechanism toolkit that will complement a CAO Advisory Note published in 2008 on designing and implementing grievance mechanisms for development projects. The 2008 advice was offered in the context of IFC's Performance Standards, which articulate the requirement for, and important role of, grievance mechanisms in projects financed by IFC and MIGA. As grievance mechanisms are increasingly adopted, companies and communities must learn how to design and implement these systems cooperatively and more effectively in order to realize their potential.

CAO's forthcoming guidance is a practical toolkit designed to help address some of the challenges involved in implementing trusted and effective grievance mechanisms. It builds on issues highlighted in a joint CAO/IFC/World Bank Grievance Mechanism Workshop in November 2013, as well as insights from CAO cases, research of grievance mechanisms in IFC projects, and good practice in implementing grievance redress systems in the private sector. The toolkit focuses on how to implement grievance mechanisms for projects with high impacts and limited resources, and in sectors, such as agribusiness, where there has been minimal advice on grievance mechanisms in the past. The toolkit, which is relevant for IFC and MIGA, as well as the broader private sector, will be published by CAO in 2016.

### LESSONS ON LAND AND CONFLICT

Against a backdrop of private sector investment in developing countries, companies and local communities typically face difficult land rights and land use contexts. Situations where livelihoods are impacted by competition among stakeholders for land resources may lead to conflict. In light of these challenges, what tools and approaches have been used successfully to help avoid, mitigate, and manage project risks and increase benefits where land is a focus, while reducing the potential for conflict?

To help answer this question, CAO developed a publication on lessons learned from cases involving land disputes. The publication highlights some of the challenges that CAO has seen arise from land-related cases, and focuses on the tools and approaches CAO has used to help address these issues. This includes the use of third-party neutrals, participatory monitoring, company-community land management, and strengthening local grievance mechanisms. The publication was originally prepared by CAO Advisory as a submission to the 2014 World Bank Group Conference on Land and Poverty and is expected to be released later in 2015. See [www.cao-ombudsman.org](http://www.cao-ombudsman.org) for more details.



CAO assesses a land-related complaint from local communities in Guatemala, January 2015 (CAO).

# Effectiveness: Building Systems to Share Knowledge and Measure Impact

CAO's monitoring and evaluation framework helps ensure that lessons from CAO cases are being integrated into IFC/MIGA policies and procedures, and that communities, practitioners, and civil society are benefiting from this work as well. This monitoring framework includes consultation with different CAO stakeholders to determine what they consider effective ways of influencing IFC/MIGA and the private sector to ensure positive development outcomes for impacted communities. Enhancing CAO's monitoring and evaluation framework has been a focus for CAO Advisory over the past year.

### MONITORING AND EVALUATION

In 2009, CAO developed a monitoring and evaluation system to assess the overall effectiveness of its work. This process has allowed for periodic reporting on CAO's performance from stakeholders involved in CAO cases to help identify areas for improvement. A second key aspect was the development of a Management Action Tracking System (MATR), which helps CAO track IFC and MIGA actions in response to its work and ensure that implementation gaps are addressed.

This year, CAO has completed the first stage of revisions to its monitoring and evaluation system to enhance the capture of lessons and stakeholder perspectives, as well as ensure more systematic tracking of CAO outcomes and impacts from compliance and dispute resolution cases. Revisions also focused on ensuring that CAO can accurately capture the issues raised in its cases from the initial submission of the complaint through to closure. The following improvements have stemmed from this review:

**Stakeholder Feedback Surveys:** CAO has revised these surveys, which focus on inputs from complainants, IFC/MIGA clients, IFC/MIGA project teams, mediators, and other stakeholders involved in CAO dispute resolution and compliance processes. Revisions have focused on increasing survey response rates, especially from affected communities, which have tripled during the pilot, and gathering feedback on outcomes from CAO processes.

**Case Data Analysis:** CAO has revised how it collects and analyzes data from its caseload on environmental and social trends. Revisions have focused on a more nuanced categorization of issues raised in CAO cases, complainants' views on how different environmental and social issues impact their lives, and cross-analysis between issues raised in complaints. The new data are reflected in this report.

**Case Management System:** Given the growth in the number and complexity of cases, CAO has designed a case management system that will enable better consistency and efficiency in tracking and managing its caseload.

**Management Action Tracking Record (MATR):** The Management Action Tracking Record, or MATR, tracks IFC and MIGA responses to CAO's work. CAO has piloted a new MATR format, including revised Dispute Resolution and Compliance sections, and a second phase will include CAO's advisory work.

In the upcoming year, CAO will conduct a second stage of M&E development that will focus on assessing outcomes from work across all of CAO's functions. This continues to be an important focus to ensure that CAO remains an effective and accountable mechanism to all its stakeholders.

CAO's monitoring and evaluation framework allows CAO to track its own performance, identify areas for improvement, and identify gaps in IFC and MIGA responses to CAO's work.



CAO Vice President and team visit Oyu Tolgoi mine with company representatives during a site visit in Mongolia (CAO).



A minerologist from Ulan Bator, Mongolia, working in Oyu Tolgoi's core analysis department (Felix Davey/CAO).

# COMMUNICATIONS AND OUTREACH

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CAO conducts outreach to key constituencies to improve understanding about its mission, mandate, and work, with a particular focus on reaching project-affected communities.

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# COMMUNICATIONS AND OUTREACH

CAO has a proactive communications and outreach program aimed at engaging and educating key constituencies, particularly project-affected people, about CAO's mandate, services, and operational outcomes. These activities focus on local communities, civil society organizations, and IFC/MIGA staff and clients, as well as the broader private sector, international institutions, academia, and other interested stakeholders.

This year, CAO conducted and participated in outreach workshops, conferences, and events with civil society, private sector, and other stakeholders in Central Asia, Europe, Latin America, and Sub-Saharan Africa. Some of these events were hosted jointly with CAO's counterpart accountability mechanisms at other international financial institutions. Recognized

increasingly as a leader in its field of practice, CAO is being sought for its convening role in facilitating private sector-civil society dialogue, and for its insights related to the business and human rights agenda. During the year, CAO also conducted outreach to IFC and MIGA staff in Washington and the field, as well as the broader World Bank Group, to improve understanding of CAO's work and its value added to the institution.

CAO is increasing efforts to reach out to stakeholders through more accessible communications channels, including social media. CAO has also started planning a major overhaul of the CAO website in the coming year, and is developing new information materials.



CAO with participants at a conference on human rights and development finance in Berlin, Germany, March 2015 (Urgewald).

## Outreach

### CAO ENGAGEMENT ON BUSINESS AND HUMAN RIGHTS

International interest in CAO's work is increasing in the context of the United Nations (UN) business and human rights framework. CAO hosted a side event at the UN Regional Forum on Business and Human Rights in Addis Ababa with the NGO Global Rights, and support from the UN Global Compact. The session was attended by over 100 stakeholders from government, civil society, and the private sector and provided training in participatory approaches for managing project-related disputes. In December 2014, CAO was invited to be a high-level speaker at the Annual UN Business and Human Rights Forum in Geneva, and participated in a side event on grievance redress. In March 2015, CAO staff traveled to Berlin to attend a conference on human rights in the context of development finance that was hosted by the German NGO Urgewald, and sponsored by the European Union. The event brought together representatives from government, civil society, and international institutions. While in Berlin, CAO staff held bilateral meetings with German development agencies and met with members of parliament, research organizations, and civil society groups to discuss insights from CAO's current work.

### CAO'S CONVENING ROLE IN PRIVATE SECTOR-CIVIL SOCIETY DIALOGUE

CAO is increasingly being looked to for its convening role in facilitating private sector-civil society dialogue, particularly around extractives. In November 2014, CAO participated in a workshop in Chile hosted by the International Council for Mining and Metals (ICMM), an industry group that promotes sustainable development in the mining sector, and the peacebuilding organization International Alert to promote dialogue and knowledge sharing between regional mining companies and civil society organizations. In February 2015, CAO was invited by ICMM and the Economic Justice Network, a project of the Fellowship of Christian Councils in Southern Africa, to facilitate a dialogue in Cape Town, South Africa between global mining companies and African civil society organizations. The event was the first of its kind to bring together delegates who were attending a major industry event (Investing in African Mining Indaba) with delegates who were attending a civil society event that occurs in parallel (the Alternative Mining Indaba). The meeting facilitated by CAO was recognized by industry and civil society leaders as a better way to encourage meaningful dialogue about natural resource development and impacts on communities.

### HIGHLIGHT. HIGH-LEVEL DISCUSSION ON ACCOUNTABILITY AND DEVELOPMENT

CAO hosted a flagship event with the Inspection Panel at the World Bank Group/IMF Spring Meetings in April 2015. The session, entitled "Accountability for Better Development Outcomes," promoted discussion between civil society, business, and government leaders on their experience of managing risks and promoting accountability in relation to public and private sector development projects. World Bank Group President Jim Kim introduced the event, which was co-chaired by CAO Vice President Osvaldo Gratacós and Inspection Panel Chairman Gonzalo Castro de la Mata. Panelists included Ambassador Miguel Castilla, former Finance Minister of Peru, Ray Offenheiser, President of Oxfam America, and Deirdre White, CEO of PYXERA Global. More than

80 participants from civil society, government, and the development community, including World Bank Group staff, attended the event, which was livestreamed.



CAO Vice President and participants attending the CAO-Inspection Panel high-level discussion on accountability and development, World Bank Group/IMF Spring Meetings, April 2015 (World Bank).

## CIVIL SOCIETY WORKSHOPS

As mandated in its Operational Guidelines, CAO conducts outreach around the world to help improve the accessibility of the Office to local communities. CAO does this by building relationships with civil society organizations that work at the local and national level with communities. While CAO is better known today than five or ten years ago, a basic lack of awareness still exists about IFC, MIGA, and CAO in many countries. This presents an ongoing challenge for CAO despite social media and online tools, which are revolutionizing how people connect to information about projects and access to recourse.

In September 2014, CAO co-hosted a workshop at the World Conference on Indigenous Peoples, together with the new accountability mechanism for the United Nations Development Programme (UNDP) and the

World Bank Inspection Panel. The workshop, which took place in New York, was attended by Indigenous leaders from around the world. In February 2015, CAO convened a meeting with civil society organizations in South Africa together with the African Development Bank's accountability mechanism. In May, CAO co-hosted a two-day outreach workshop in Istanbul with civil society groups from ten countries (see highlight below). During the year, CAO also participated in outreach to trade unions from the Latin America region convened by the Centre for Research on Multinational Corporations (SOMO). CAO also met with civil society representatives from Chile, Guatemala, and Haiti, and held outreach sessions with global civil society groups at the World Bank Group Annual and Spring Meetings.

### HIGHLIGHT. REGIONAL CIVIL SOCIETY OUTREACH IN TURKEY

In May 2015, CAO co-hosted an outreach workshop in Istanbul for civil society from Eastern Europe and Central Asia with the World Bank Inspection Panel and the independent accountability mechanisms of the European Bank for Reconstruction and Development, European Investment Bank, and Black Sea Trade and Development Bank. The workshop aimed to raise awareness about the mechanisms, learn from civil society experiences, and exchange ideas on improving access to recourse around international development projects in the region. More than 30 participants from CSOs in 10 countries attended the workshop. Discussions focused on the general lack of information about projects financed by the international development banks in most countries and what options exist for affected communities to access effective grievance mechanisms. Participants also discussed regional development issues, including labor rights, the impact of large extractive and infrastructure projects, and discrimination of minority groups.



Participants at a civil society outreach workshop hosted by the independent accountability mechanisms in Istanbul, Turkey, May 2015 (Inspection Panel).

## ENGAGING IFC AND MIGA IN DIALOGUE

CAO makes concerted efforts to improve the understanding of IFC and MIGA staff about CAO's different functions, current work, and outcomes.

This year, CAO held focused discussion sessions with an IFC working group, conducted a training for IFC investment officers in the extractives sector, and participated in induction trainings for new staff in Washington and the field. CAO also hosted "Ask a Mediator" sessions for staff to highlight useful mediation tools and approaches that are applicable to everyday business interactions. In the regions, CAO conducted a briefing with staff in Johannesburg, IFC's main hub for Sub-Saharan Africa operations, and coordinated on a knowledge event with IFC in the Asia Pacific region which highlighted a CAO case in the Philippines. CAO also participated in the IFC Sustainability Exchange in May 2015, engaging with IFC clients and other practitioners working on sustainable development issues. CAO meets on a regular basis with MIGA to discuss projects of interest.

In addition to interacting regularly with the World Bank Inspection Panel, CAO also works with other independent units that form part of the World Bank Group's governance structure. This year, CAO met with the Independent Evaluation Group (IEG) to discuss insights and topics of mutual interest, particularly related to environmental and social issues where CAO and IEG findings converge related to IFC and MIGA operations.



A CAO mediator speaks to IFC staff about approaches for handling disputes in the mining sector (CAO).

## Communications

### WEB, MULTIMEDIA, AND SOCIAL MEDIA

CAO has increased its efforts to develop a more accessible web and social media presence, with active Facebook, Twitter, and YouTube accounts. CAO is also producing a series of videos to raise awareness about the CAO Office and in particular, to highlight stories from its dispute resolution work. CAO is currently producing a film to document outcomes from a seven-year engagement in Nicaragua working with a major sugar company and former workers suffering from chronic kidney disease. CAO has also started planning for a major overhaul of its website in 2016-17 to increase accessibility of the website and integrate social media, data, and dynamic content.

### PUBLICATIONS

In addition to case reports, advisory work, and an annual report, CAO is also exploring opportunities to produce case publications to document stories from dispute resolution cases. The first publication, on CAO's work in Uganda, will be released early in FY2016. CAO is also working to update its information packets for communities, companies, and IFC and MIGA staff, including developing a guide to CAO in the coming year.

### STRATEGIC COMMUNICATIONS PLAN

To improve the effectiveness of CAO's communications and outreach program, the Office is developing a strategic plan for the next five years focused on clearly communicating CAO's mission and mandate and outcomes; building awareness of CAO, with a particular focus on access for project-affected communities; building recognition of CAO's value added in improving project outcomes and IFC/MIGA performance; and increasing recognition of CAO as a leader in its field of practice.

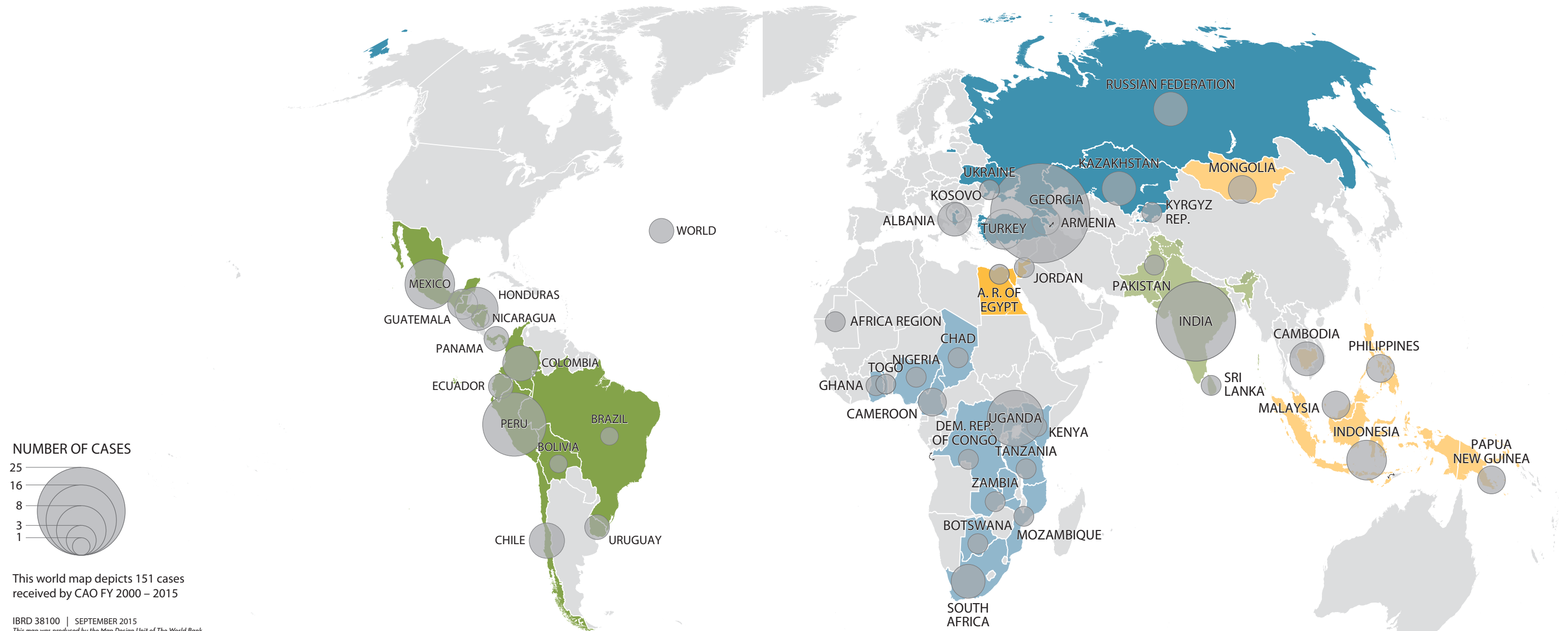


A community member in Nicaragua stands in front of the cooling area of a recently introduced mobile clinic, which he drives (Felix Davey/CAO).

# APPENDIXES

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# Appendix A. WORLD MAP OF CASES, FY2000-15



## Appendix B. CASE LOG, FY2015

Cases are listed alphabetically by region, country, and case name.  
Full case summaries are available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### East Asia and Pacific

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Cambodia</b>	<b>Cambodia Airport-01/Phnom Pehn</b>	June 2013	Land acquisition; forced evictions; community consultation; IFC due diligence	Dispute resolution process
<b>Cambodia</b>	<b>Cambodia Airports II-01/Preah Sihanouk</b>	December 2009	Land acquisition and compensation; loss of livelihoods; noise pollution; environmental impacts; consultation and disclosure	Closed after dispute resolution monitoring
<b>Cambodia</b>	<b>VEIL II-01/Ratanakiri Province</b>	February 2014	Loss of land; water concerns; child labor; information disclosure; community consultation; IFC due diligence	Dispute resolution process
<b>Indonesia</b>	<b>Wilmar Group-03/Jambi</b>	November 2011	Land dispute; compliance with IFC's Performance Standards; security issues	Compliance investigation
<b>Malaysia</b>	<b>Bilt Paper B.V-01/Sipitang</b>	September 2014	Water quality; land acquisition; loss of biodiversity	Pending closure after compliance appraisal
<b>Malaysia</b>	<b>Bilt Paper B.V-02/Sipitang</b>	June 2015	Labor standards	Assessment
<b>Mongolia</b>	<b>Oyu Tolgoi-01/Khanbodg</b>	October 2012	Impacts to land and water; Indigenous culture and livelihoods; compensation and relocation; project due diligence	Dispute resolution process
<b>Mongolia</b>	<b>Oyu Tolgoi-02/Khanbodg</b>	February 2013	Impacts to water	Dispute resolution process
<b>Papua New Guinea</b>	<b>AES PNG-01/Roku Village</b>	September 2014	Loss of land; Indigenous peoples' rights	Closed after compliance appraisal
<b>Papua New Guinea</b>	<b>PNG SEZ-01/Madang Province</b>	July 2011	Community consultation; environmental planning; impacts to fish, reefs, and lagoons	Closed after compliance appraisal

### Europe and Central Asia

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Albania</b>	<b>Bankers Petroleum-01/Patos</b>	March 2013	Health impacts; impacts to local infrastructure; environmental impact to water sources	Dispute resolution process
<b>Albania</b>	<b>Kurum Hydro-01/Bradashesh</b>	June 2015	Air pollution	Assessment
<b>Armenia</b>	<b>Lydian Intl3-01/Gndevaz &amp; Jermuk</b>	April 2014	Water pollution; biodiversity; compliance with national laws and IFC standards	Compliance investigation
<b>Armenia</b>	<b>Lydian Intl3-02/Gndevaz</b>	July 2014	Livelihoods; environmental contamination; employee healthcare; inadequate project information; community engagement	Dispute resolution process ( <i>in transfer to compliance</i> )
<b>Kosovo</b>	<b>KEK-01/Prishtina</b>	August 2011	Access to information; environmental and social impact assessment	Closed after compliance monitoring
<b>Kyrgyz Republic</b>	<b>Plato-01/Bishkek</b>	April 2015	Termination of work; withheld compensation	Compliance appraisal
<b>Ukraine</b>	<b>Axzon-01/Halych and Kalush</b>	February 2014	Land and water pollution; odor; information disclosure and consultation; compliance with national laws and IFC standards	Dispute resolution process

### Latin America and the Caribbean

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Chile</b>	<b>Sociedad Hidromaule-01/San Clemente</b>	October 2014	Land; compensation	Closed after compliance appraisal
<b>Colombia</b>	<b>Alqueria-01/Cajicá</b>	April 2013	Environmental pollution (water, soil, noise, air)	Dispute resolution process
<b>Colombia</b>	<b>Avianca-01/Bogota</b>	November 2011	Freedom of association and anti-union discrimination; IFC assessment and supervision of labor related risks	Compliance monitoring



## Latin America and the Caribbean

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Colombia</b>	<b>Eco Oro-01/ Bucaramanga</b>	June 2012	Environmental degradation; project due diligence; community consultation; information disclosure	Compliance investigation
<b>Guatemala</b>	<b>Real LRIF-01/ Cobán</b>	October 2014	Information disclosure and consultation; water; community livelihood; violence	Compliance appraisal
<b>Guatemala</b>	<b>TCQ-01/ Puerto Quetzal</b>	March 2014	Violation of national law; consultation; environmental impact assessment; labor concerns	Closed after compliance appraisal
<b>Honduras</b>	<b>Dinant-01/ CAO Vice President Request</b>	April 2012	Land conflict; security concerns; IFC due diligence and supervision	Compliance monitoring
<b>Honduras</b>	<b>Dinant-02/ Aguán Valley</b>	July 2014	Evictions; land conflict; security concerns	Assessment
<b>Honduras</b>	<b>Dinant-03/ Aguán Valley</b>	July 2014	Evictions; land conflict; security concerns	Assessment
<b>Honduras</b>	<b>Ficohsa-01/ CAO Vice President Request</b>	August 2013	IFC appraisal and supervision of environmental and social risks in financial intermediary's portfolio	Compliance monitoring
<b>Honduras</b>	<b>Financiam Intermediary -01/Aguán Valley</b>	July 2014	Land conflict; security concerns; environmental contamination	Closed after assessment
<b>Mexico</b>	<b>Harmon Hall-02/ Puerto Vallarta</b>	September 2013	Compensation and benefits; fair and respectful treatment for workers; grievance mechanism	Closed after compliance appraisal <i>(Harmon Hall Cases 02 to 06 and Case 08 were merged at appraisal)</i>
<b>Mexico</b>	<b>Harmon Hall-03/ Puerto Vallarta</b>	October 2013	Fair treatment of teachers; inadequate wages; compensation for hours worked	Closed after compliance appraisal
<b>Mexico</b>	<b>Harmon Hall-04/ Puerto Vallarta</b>	October 2013	Compensation; work schedules	Closed after compliance appraisal
<b>Mexico</b>	<b>Harmon Hall-05/ Puerto Vallarta</b>	October 2013	Inadequate wages; compensation for hours worked; agreements not implemented	Closed after compliance appraisal

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Mexico</b>	<b>Harmon Hall-06/ Mérida Campestre</b>	November 2013	Unfair treatment; benefits	Closed after compliance appraisal
<b>Mexico</b>	<b>Harmon Hall-07/ San Luis Potosi</b>	March 2014	Unjust dismissal; unfair treatment; benefits	Closed after assessment
<b>Mexico</b>	<b>Harmon Hall-08/ Puerto Vallarta</b>	March 2014	Compensation and benefits	Closed after compliance appraisal
<b>Nicaragua</b>	<b>Nicaragua Sugar Estates Limited-01/ León and Chinandega</b>	March 2008	Health impacts; labor and working conditions; environmental impacts; IFC compliance	Dispute resolution monitoring
<b>Peru</b>	<b>Quellaveco-01/ Moquegua</b>	November 2011	Water quality and quantity; community health and safety; environmental impact assessment; consultation and disclosure	Compliance monitoring
<b>Peru</b>	<b>Yanacocha 04/ Cajamarca</b>	November 2012	Land compensation; land rights	Closed after compliance appraisal <i>(Yanacocha Cases 04, 05, 06, and 07 were merged at appraisal)</i>
<b>Peru</b>	<b>Yanacocha 05/ Cajamarca</b>	May 2013	Land compensation; land rights	Closed after compliance appraisal
<b>Peru</b>	<b>Yanacocha 06/ Cajamarca</b>	February 2014	Labor concerns	Closed after compliance appraisal
<b>Peru</b>	<b>Yanacocha 07/ Cajamarca</b>	March 2014	Land acquisition and compensation	Closed after compliance appraisal

## Middle East and North Africa

Country	Case name	Date received	Issues	Status (at fiscal year end)
<b>Egypt</b>	<b>Alex Dev-01/ Wadi al-Qamar</b>	April 2015	Pollution; community health and safety; labor issues; compliance with national legislation and IFC standards; environmental impact assessment; consultation and disclosure	Assessment

## Multiregional

Country	Case name	Date received	Issues	Status (at fiscal year end)
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<b>Multi-regional</b>	<b>Financial Intermediaries-01/ CAO Vice President Request</b>	April 2011	Information disclosure; IFC due diligence and supervision	Compliance monitoring
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## South Asia

Country	Case name	Date received	Issues	Status (at fiscal year end)
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<b>India</b>	<b>India Infrastructure Fund-01/ Dhenkanal District</b>	April 2011	Transparency and disclosure through financial intermediary investment; community engagement; environmental and social risks	Compliance investigation
<b>India</b>	<b>Lafarge Surma Cement-01/ Shella</b>	January 2014	Land; Indigenous peoples' rights	Closed after compliance appraisal
<b>India</b>	<b>Tata Tea-01/ CAO Vice President Request</b>	May 2012	Occupational health & safety issues; IFC assessment and supervision of labor related risks	Compliance investigation
<b>India</b>	<b>Tata Tea-02/ Assam</b>	February 2013	Labor and working conditions	Compliance investigation
<b>India</b>	<b>Tata Ultra Mega-01/ Mundra and Anjar</b>	May 2011	Displacement of people; impacts to water quality and fish populations; community health/air emissions; natural habitats	Compliance monitoring
<b>India</b>	<b>Vizhinjam-01/ Kerala</b>	August 2012	Access to water; project due diligence; loss of livelihood; possible displacement of local community members; inadequate compensation	Compliance investigation
<b>India</b>	<b>Vizhinjam-02/ Kerala</b>	September 2012	Impacts to marine biodiversity; loss of livelihood; possible displacement of local fishing community members; project benefits	Compliance investigation
<b>India</b>	<b>Vizhinjam-03/ Mulloor</b>	April 2013	Access to water and impact on farmlands	Compliance investigation
<b>Pakistan</b>	<b>Bank Alfalah-01/ Saddar Karachi</b>	May 2015	Discrimination and unlawful dismissal	Assessment

## Sub-Saharan Africa

Country	Case name	Date received	Issues	Status (at fiscal year end)
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<b>Cameroon</b>	<b>Chad-Cameroon Pipeline-02/ Cameroon</b>	May 2011	Compensation; loss of livelihoods; waste management; community health and safety; impacts to Indigenous communities	Dispute resolution process
<b>Chad</b>	<b>Chad-Cameroon Pipeline-03/Doba</b>	October 2011	Compensation, loss of livelihood, land and water pollution; monitoring and assessment mechanisms	Dispute resolution process
<b>South Africa</b>	<b>Lonmin-02/ Marikana</b>	June 2015	Unfulfilled commitments; lack of jobs for women; water and air pollution	Assessment
<b>South Africa</b>	<b>Tsodilo-01/ Badplaas</b>	April 2013	Impacts to biodiversity; cultural heritage of protected area	Closed after compliance appraisal
<b>Togo</b>	<b>Togo LCT-01/ Lomé</b>	March 2015	Land and livelihoods	Assessment
<b>Uganda</b>	<b>Agri-Vie Fund-01/ Kiboga</b>	December 2011	Forced eviction and displacement; impact to land and livelihoods; IFC due diligence	Dispute resolution monitoring
<b>Uganda</b>	<b>Agri-Vie Fund-02/ Mubende</b>	December 2011	Forced eviction and displacement; impact to land and livelihoods; IFC due diligence	Dispute resolution monitoring
<b>Uganda</b>	<b>Bujagali Energy-04/ Bujagali</b>	March 2011	Worker health and safety; compensation	Compliance investigation (case merged with Bujagali Energy-06 during appraisal)
<b>Uganda</b>	<b>Bujagali Energy-05/ Bujagali</b>	May 2011	Inadequate compensation for land and loss of livelihood; damage to houses; health impacts related to blasting during construction	Dispute resolution monitoring
<b>Uganda</b>	<b>Bujagali Energy-06/ Bujagali</b>	April 2013	Unpaid wages	Compliance investigation
<b>Uganda</b>	<b>Bujagali Energy-07/ Bujagali</b>	February 2015	Inadequate compensation for assets	Assessment

# Appendix C. REPORTS AND PUBLICATIONS FY2015

Entries are grouped by type of report and appear chronologically by month and year of publication.

## Assessment Reports

**Complaint Regarding Local Stakeholders' Concerns in Relation to IFC's Project with Lafarge Surma Cement** (IFC Project #8035)  
India, May 2014

**Seventh Complaint Regarding IFC's Harmon Hall Project** (IFC Project #29753)  
Mexico, July 2014

**Complaint Regarding IFC Axzon Project** (IFC Project #31990)  
Kalush and Galych Districts, Ivano-Frankivsk Region, Ukraine, August 2014

**Complaint Regarding Local Concerns in Relation to IFC's Terminal de Contenedores Quetzal (TCQ) Project** (IFC Project #32763)  
Puerto Quetzal, Guatemala, September 2014

**First Complaint Regarding IFC Investment in Lydian International 3** (IFC Project #27657)  
Gndevaz and Jermuk, Armenia, December 2014

**Second Complaint Regarding IFC Investment in Lydian International 3** (IFC Project #27657)  
Gndevaz, Armenia, February 2015

**Complaint Regarding IFC Investment in Avenell Engineering Services Ltd.** (IFC Project #32750)  
Roku Village, Papua New Guinea, February 2015

**Complaint Regarding Concerns in Relation to IFC's Bilt Paper B.V. Project** (IFC Project #34602)  
Malaysia, February 2015

**Concerns in Relation to Financial Intermediary (FI)** (IFC Project #26394, 29257)  
Honduras, March 2015

**Complaint Regarding IFC Investment in Hidromaule** (IFC Project #25568)  
San Clemente, Chile, April 2015

**Complaint Regarding IFC Investment in Real LRIF** (IFC Project #31458)  
Cobán, Guatemala, June 2015

**Complaint Regarding Concerns in Relation to IFC's Plato Project** (IFC Project #32583)  
Kyrgyz Republic, June 2015

## Dispute Resolution Reports

### CONCLUSION REPORTS

**Uganda: Bujagali Energy-06/Bujagali** (IFC Project #24408, MIGA Project #6732)  
Uganda, November 2014

**Cambodia Airports II** (IFC Project #25332)  
Cambodia, May 2015

## Other Dispute Resolution Reports

**Results of Independent Expert Panel Phase 1: Oyu-Tolgoi-02** (IFC Project #29007)  
Mongolia, February 2015

**Monitoring Report: Uganda/Agri-Vie-01/Kiboga** (IFC Project #27674)  
Uganda, March 2015

**Monitoring Report: Uganda/Agri-Vie-01/Mubende** (IFC Project #27674)  
Uganda, March 2015

## Compliance Reports

### APPRAISAL REPORTS

**IFC Investment in Tsodilo Resources Ltd.** (IFC Project #29378)  
South Africa, August 2014

**IFC Advisory Services to the Government of Papua New Guinea (Special Economic Zones)** (IFC Project #564427)  
Papua New Guinea, August 2014

**IFC Investment in Lafarge Surma Cement** (IFC Project #8035)  
India, October 2014

**IFC Investment in Bujagali Energy** (IFC Project #24408) and **MIGA Guarantee of World Power Holdings** (MIGA Project #6732)  
Uganda, April 2015

**IFC Investment in Lydian International Ltd.** (IFC Project #27657) (Complaint 01)  
Armenia, April 2015

**IFC Investment in Terminal de Contenedores Quetzal S.A.** (IFC Project #32763)  
Guatemala, April 2015

**IFC Investment in Harmon Hall** (IFC Project #29753) (Complaints 02-06 and 08)  
Mexico, April 2015

**IFC Investment in Minera Yanacocha** (IFC Project #2983) (Complaints 04-07)  
Peru, May 2015

**IFC Advisory Services Project with Vizhinjam International Seaport Limited** (IFC Project #28991) (Complaints 01-03)  
India, June 2015

**IFC Investment in Hidromaule** (IFC Project #25568)  
Chile, June 2015

### INVESTIGATION REPORTS

**IFC Investment in Minera Quellaveco S.A.** (IFC Project #3823)  
Peru, August 2014

**IFC Environmental and Social Performance in Relation to Investments in Banco Financiera Comercial Hondureña S.A.** (IFC Project #26394, 27341, 29257)  
Honduras, December 2014

**IFC Investment in Avianca S.A.** (IFC Project #25899)  
Colombia, May 2015

### COMPLIANCE MONITORING REPORTS

**IFC's Response to CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries**  
October 2014

**IFC's Response to CAO Audit of IFC Advisory Services Project with the Korporata Energjetike e Kosoves** (IFC Project #29107)  
Kosovo, January 2015

**IFC's Response to CAO Audit of IFC Investment in Coastal Gujarat Power Limited** (IFC Project #25797)  
India, January 2015

**IFC's Response to CAO Audit of IFC Investment in Corporación Dinant S.A. de C.V.** (IFC Project #27250)  
Honduras, April 2015

# Appendix D. BUDGET

In FY2015, CAO had an administrative budget of US\$4,492,901 (see table D.1). CAO's administrative budget covers the costs of staff salaries, consultants, travel, communications, contractual services, and other administrative expenses. CAO's administrative budget is funded by IFC and MIGA on a cost-sharing basis. The determination of the cost sharing is based on the percentage of time spent by CAO staff on each institution's business matters in the prior fiscal year (see table D.2).

CAO also has an agreement with IFC and MIGA whereby additional funds from an Environmental/Social Mediation and Conflict Resolution Contingency Fund will be made available, on request, in the event of an unexpected volume of complaints, a large-scale mediation effort, or other extraordinary activity related to dispute resolution (see table D.3). CAO funds all

assessments of complaints from its own operating budget. For complaints that are assessed, and for specific mediation activities to be organized and/or managed by CAO Dispute Resolution, the parties to a dispute may contribute funds to a separate account managed by CAO. If parties sign an agreement to mediate or a Memorandum of Understanding to negotiate, CAO works with the parties to resolve payment issues. For parties that are not in a position to contribute, CAO has the option to draw on its Contingency Fund. No arrangements exist for separate funding on compliance cases, advisory work, or outreach activities. The cost of compliance appraisals and investigations, advisory work, and outreach are funded from CAO's administrative budget.

**TABLE D.1. CAO'S ADMINISTRATIVE BUDGET, FY2015 (U.S. DOLLARS)**

SALARIES	1,738,494
BENEFITS	881,610
CONSULTANTS	726,959
TRAVEL	627,625
CONTRACTUAL SERVICES	203,261
PUBLICATIONS	57,741
TEMPORARIES	41,348
COMMUNICATIONS AND IT SERVICES	34,969
REPRESENTATION AND HOSPITALITY	11,427
EQUIPMENT AND BUILDING SERVICES	5,749
<b>TOTAL EXPENSES</b>	<b>4,329,182</b>
<b>BUDGET</b>	<b>4,492,901</b>

Note: IT = information technology

**TABLE D.2. IFC/MIGA CONTRIBUTIONS TO CAO'S ADMINISTRATIVE BUDGET, FY2000-15 (U.S. DOLLARS)**

FISCAL YEAR	IFC	MIGA	TOTAL
FY2000	641,600	160,400	802,000
FY2001	1,096,800	262,500	1,359,300
FY2002	1,381,800	319,100	1,700,900
FY2003	1,794,900	374,800	2,169,700
FY2004	1,550,500	380,200	1,930,700
FY2005	1,573,800	392,100	1,965,900
FY2006	2,030,700	507,500	2,538,200
FY2007	2,135,300	523,400	2,658,700
FY2008	2,182,900	538,400	2,721,300
FY2009	2,899,900	407,000	3,306,900
FY2010	2,930,600	513,600	3,444,200
FY2011	2,941,911	634,434	3,576,345
FY2012	3,627,286	548,815	4,176,101
FY 2013	3,868,495	463,523	4,332,018
FY 2014	4,249,978	269,327	4,519,305
FY2015	4,146,947	345,954	4,492,901
<b>TOTAL</b>	<b>39,053,417</b>	<b>6,641,053</b>	<b>45,694,470</b>

## Contingency Fund

The Environmental/Social Mediation and Conflict Resolution Contingency Fund helps CAO budget for mediation and conflict resolution activities that extend over several years. The Contingency Fund was established in FY2003 to address multiyear mediation processes required to address two cases related to the Yanacocha gold mine in Peru. Allocations from the Contingency Fund are made by CAO and are used to pay for the services of specialist mediators and case related expenses. CAO staff time and expenses are not charged to the Contingency Fund.

The Contingency Fund is \$1 million annually. When it was established, IFC committed to contribute 80 percent (\$800,000) of the \$1 million, with MIGA contributing 20 percent (\$200,000) each year. In FY2015, CAO used \$732,580 from its Contingency Fund.



CAO meets with local herders and an independent hydrologist as part of a joint fact-finding process with the company, Mongolia, December 2014 (CAO).

**TABLE D.3. CAO CONTINGENCY FUND, FY2003-15 (U.S. DOLLARS)**

**DIRECT CONTRIBUTIONS FROM IFC**  
FY 2000-15

FISCAL YEAR	TOTAL
FY2003	-0-
FY2004	317,500
FY2005	451,500
FY2006	352,900
FY2007	37,900
FY2008	319,100
FY2009	613,100
FY2010	768,000
FY2011	743,627
FY2012	706,836
FY2013	753,836
FY2014	799,929
FY2015	732,580
<b>SUBTOTAL</b>	<b>6,596,808</b>

**OTHER CONTRIBUTIONS FROM IFC SPONSORS**  
FY 2003-15

MINERA YANACOCHA	3,231,000
NICARAGUA SUGAR ESTATES LIMITED	789,733
OYU TOLGOI LLC	204,410
<b>SUBTOTAL</b>	<b>4,305,113</b>
<b>TOTAL FUNDS EXPENDED ON EXTENDED-TERM MEDIATION</b>	<b>10,901,921</b>

## Appendix E. STAFF

### OSVALDO GRATACÓS VICE PRESIDENT



Osvaldo L. Gratacós was appointed as Vice President, Compliance Advisor Ombudsman by World Bank Group President Jim Kim following an independent selection process led by civil society, industry, and academia. He assumed his post in July 2014. Before joining the World Bank Group, Mr. Gratacós was appointed by President Barack Obama as the Inspector General for the Export-Import Bank of the United States (Ex-Im Bank), where he was responsible for inspections of transactions, audits, compliance reviews, and fraud investigations relating to Ex-Im Bank's \$100+ billion credit program portfolio involving over 150 countries. Formerly, Mr. Gratacós was a commercial counsel at Motorola, Inc. and was an attorney advisor and then Acting Legal Counsel to the Inspector General for the U.S. Agency for International Development, Office of Inspector General (USAID/OIG). Mr. Gratacós holds a Bachelor's degree from the Inter-American University of Puerto Rico, a Professional MBA from the University of Massachusetts (Amherst), a Juris Doctor from the University of Florida, and a Masters in International Policy and Practice from The George Washington University.

### SCOTT ADAMS SPECIALIST, DISPUTE RESOLUTION



A U.S. national, Scott has over 22 years of diverse domestic and international experience in providing dispute resolution, management consulting, and training services. His clients and industry experience include the nonprofit sector, government, higher education, extractives, utilities, agribusiness, health care, biotechnology, transportation, and international development. Before joining CAO, Scott founded and managed a private mediation and consulting practice. He has also served in senior positions at Search for Common Ground and CDR Associates, and was formerly an Associate in Booz Allen Hamilton's Organization and Strategy Practice. Scott received his B.A. in Political Science and Russian from Emory University, and an LL.M in Public International Law from Leiden University, the Netherlands.

### DANIEL ADLER SPECIALIST, COMPLIANCE



Daniel has over 15 years' experience working on justice and social development issues in Australia and internationally. Before joining CAO, Daniel was a Governance Specialist with the World Bank in the East Asia and Pacific region. His work has focused on fragile and postconflict countries, where he has covered issues including land management, resettlement, labor relations, social accountability, and justice reform. An Australian national, he is a Barrister and Solicitor of the Supreme Court of Victoria, and holds degrees in law and social sciences from the University of Melbourne, Australia.

### CHARITY AGORSOR CONSULTANT SERVICES ASSISTANT



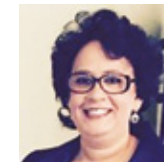
A Ghanaian national, Charity came to CAO with extensive experience from IFC's Industry Departments, and provides procurement assistance to the CAO Office. She is the contact point for the hiring of consultants and for processing other management transactions for CAO.

### GINA BARBIERI SENIOR SPECIALIST, DISPUTE RESOLUTION



Gina, a South African human rights lawyer and dispute resolution professional, manages CAO's Dispute Resolution function. Before joining CAO, she ran a legal practice specializing in mediation and other forms of alternative dispute resolution (ADR). She has mediated numerous disputes in the employment, commercial, and community arena and is the author of two books on labor practice in the public and private sector. Gina coauthored and edited two IFC publications on the establishment of ADR Centers in emerging markets and guidelines on the practice of ADR. She is a cofounder of the African Institute for Mediation, served as the Deputy Head of the Africa Center for Dispute Settlement, Stellenbosch University Business School, and sat on the steering committee for the establishment of the African Mediation Association. She obtained her BComm LL.B from the University of KwaZulu-Natal and is a CEDR (UK) and IMI accredited international mediator.

### ANKE CAMPBELL PROGRAM ASSISTANT



Born in Germany, Anke migrated with her family to the United States at the age of 10. Before joining CAO, Anke worked as an Account Manager, providing tax credit services, and as a Senior Customer Service Representative in various insurance companies, focusing on vision and auto. Anke works directly with Gina Barbieri and assists specialists and consultants with travel logistics and administrative issues.

### VINCENT DARCY RESEARCH ANALYST, COMPLIANCE



Vincent Darcy is a research analyst within CAO's compliance function. Before joining CAO, Vincent worked for a large consulting and audit company, where his focus was on environmental and social issues across various regions and sectors, including financial institutions, heavy industries, chemicals, and services. His clients included large corporates, public entities, and international organizations. He also has experience in the airline industry and in climate finance. A French national, Vincent has a B.A. in Social Sciences and an M.A. in Finance and Strategy from the Institut d'Etudes Politiques de Paris (Sciences Po).

### JULIA GALLU SPECIALIST, DISPUTE RESOLUTION



Before joining CAO, Julia, a German national, was a sustainability risk manager at Swiss Reinsurance Company in Zurich, Switzerland, helping to develop sustainability risk management policies. Previously, she was part of the World Bank Group Extractive Industries Review team, and worked for IFC in the area of environmental and social standards and development impact measurement. Julia is a CEDR accredited mediator, and holds an M.A. in International Relations and International Economics from Johns Hopkins School of Advanced International Studies (SAIS) and a M.A. Joint Honours in Politics and Economics from the University of Edinburgh, Scotland. Since joining CAO in 2009, Julia has handled complex, multistakeholder dispute resolution processes in diverse sectors and regions, including the mining and oil industry, agribusiness, and infrastructure. These cases addressed issues ranging from labor disputes to conflict over land, water, and impacts on Indigenous peoples and cultural heritage.

### EMILY HORGAN SPECIALIST, COMMUNICATIONS AND OUTREACH



A British national, Emily manages CAO's communications and outreach program. Before joining CAO, Emily worked for the World Bank Group Extractive Industries Review, IFC's environmental and social development department, and in operations evaluation. She has experience in the areas of sustainability standards and reporting, sustainable finance, energy and water, HIV/AIDS, and stakeholder engagement. Formerly, Emily worked for the *Financial Times* and in public relations in London. Emily holds a M.A. in International Relations and International Economics from the Johns Hopkins School of Advanced International Studies (SAIS), and a B.A. Joint Honours in Politics and History from the University of Durham, England.

### ELIZABETH MENSAH ASSOCIATE, ADVISORY



A Canadian and Ghanaian national, Elizabeth has expertise in grassroots development and conflict management in Africa. Before joining CAO, she taught at Bloomberg School of Public Health (Johns Hopkins). She has also worked with, and serves on the boards of, local and international NGOs in Canada and Ghana. Elizabeth holds a Ph.D. in International Relations from Johns Hopkins School of Advanced International Studies (SAIS).

**ABISOLA ODUTOLA**  
RESEARCH ANALYST



Abisola is a Nigerian national with environmental consultancy experience within various sectors and industries. Before joining CAO, Abisola worked in the United Kingdom as an environmental consultant on a range of projects involving environmental compliance and permitting, site investigations, environmental impact assessment, environmental legislation review, Best Available Techniques (BAT) assessments, and due diligence audits. Abisola received her MSc. in Environmental Technology (Water Management) from Imperial College London and a BSc. in Geology from the University of Ibadan, Nigeria.

**PAULA PANTON**  
EXECUTIVE ASSISTANT



A Jamaican national, Paula brings to CAO more than 25 years of experience working with IFC. Known as the “Field Marshall,” she works directly with Osvaldo Gratacós and provides administrative support to the unit.

**ANDREA REPETTO VARGAS**  
SPECIALIST, DISPUTE RESOLUTION



A Chilean national, Andrea has a background working on human rights issues in Latin America. Before joining CAO, Andrea worked as a human rights specialist at the Inter-American Commission on Human Rights, following up on human rights and international humanitarian law aspects of the demobilization process of the illegal armed group United Self-Defense Forces of Colombia (AUC), and as country lawyer for Brazil. She also worked in Chile on public interest matters for academic and nongovernmental organizations. As a dispute resolution specialist for CAO, Andrea has handled multistakeholder dialogue processes in a variety of sectors in Latin America and Africa to address complex environmental and social issues including health, water, labor, land, and pollution. Andrea holds a law degree from the University Diego Portales in Chile, and a LLM in international and comparative law from the George Washington University Law School.

**SUSANA RODRIGUEZ**  
ASSOCIATE OPERATIONS ANALYST



An Ecuadorian and Spanish national, Susana received her M.A. in International Relations from Johns Hopkins School of Advanced International Studies (SAIS), and her B.A. in Political Science from Davidson College, North Carolina. Before joining CAO, she worked in various local and international NGOs in the United States, Switzerland, and South Africa, as well as for the United Nations Development Program in Ecuador. Susana’s areas of professional interest are conflict management and African studies.

**AMENAH SMITH**  
PROGRAM ASSISTANT



Amenah, an Indonesian national, supports the Consultant Services Assistant and provides administrative support to the office. Before joining CAO, she worked for the World Bank Group in Jakarta as a Program Assistant in the Operations Services Unit, Legal Department, as well as a Country Program Assistant for the Indonesia Country Management Unit in Washington, DC.

## Appendix F. STRATEGIC ADVISORS

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The CAO’s Strategic Advisors Group has been active since 2002. Current members are:

**RAY ALBRIGHT**

Managing Director, AMB International Finance, LLC

**GLEN ARMSTRONG**

Independent advisor

**DAVID HUNTER**

Assistant Professor and Director, Environmental Law Program, Washington College of Law, American University

**MANUEL RODRÍGUEZ BECERRA**

Professor of Environmental Policy and Public Management, Universidad de los Andes, and former Minister of Environment, Colombia

**LORI UDALL**

International public policy and development consultant

**SUSAN WILDAU**

Partner, CDR Associates



Children from the Mubende community set off to look for firewood on their first day on the community's new land (Felix Davey/CAO).

# FIFTEEN YEARS OF CAO CASES

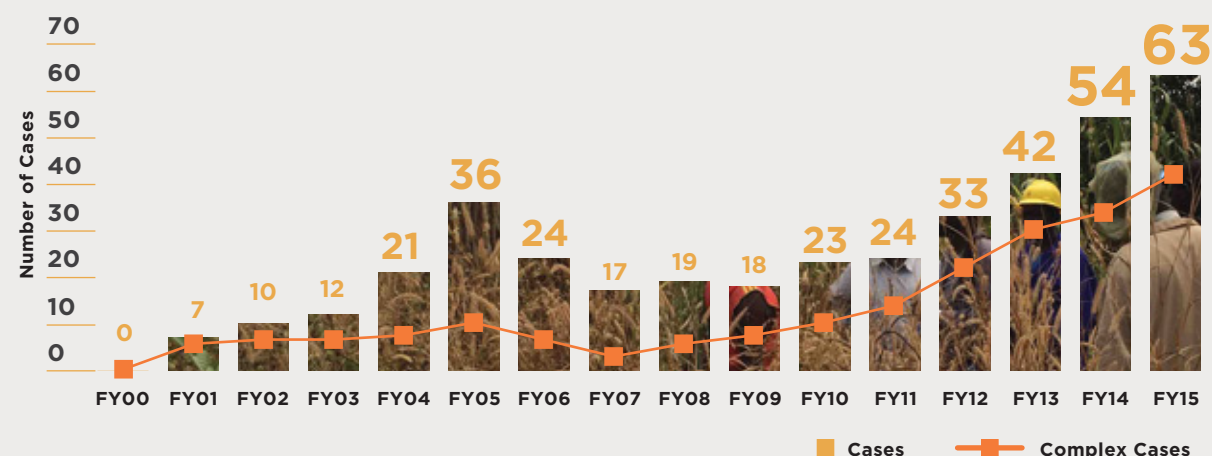
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After 15 years of operations, CAO has handled over 150 cases from 46 countries. With experience spanning all sectors and environmental and social issues, CAO has identified some key trends.

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## GROWTH IN VOLUME AND COMPLEXITY OF CASES

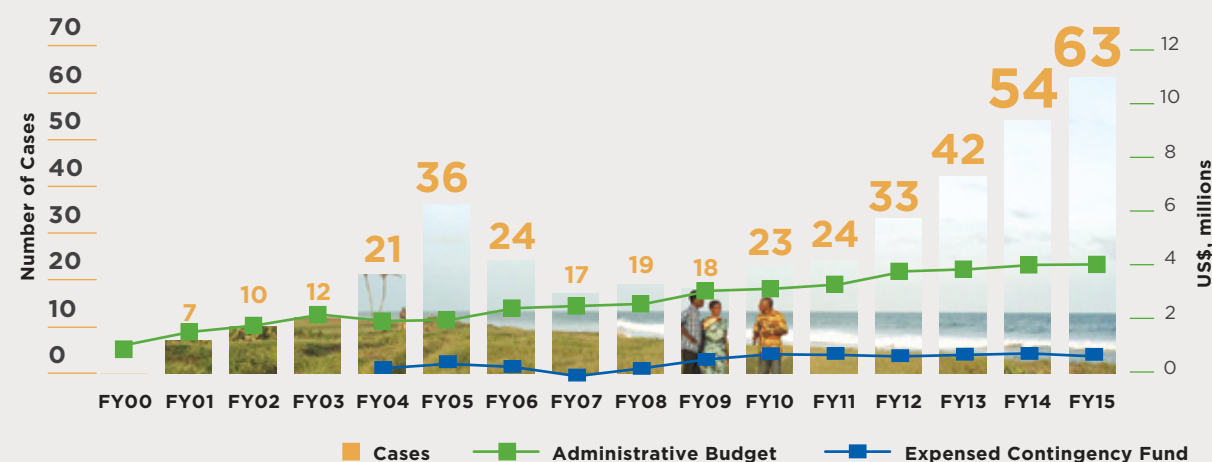
FIGURE S.1



Since 2000, the volume and complexity of CAO cases has grown (see figure S.1). In addition to new cases received every year, the number of cases carried over from year to year has increased. The carry-over is mainly a result of the increasing complexity of cases, due to factors such as large numbers of complainants, multiple issues, and large-scale projects in remote or conflict-affected locations. Despite a record 63 cases this year, complaints to CAO account for only a small percentage of the overall IFC and MIGA portfolios—less than 1 percent.

## INCREASED CASELOAD COMPARED TO BUDGET

FIGURE S.2

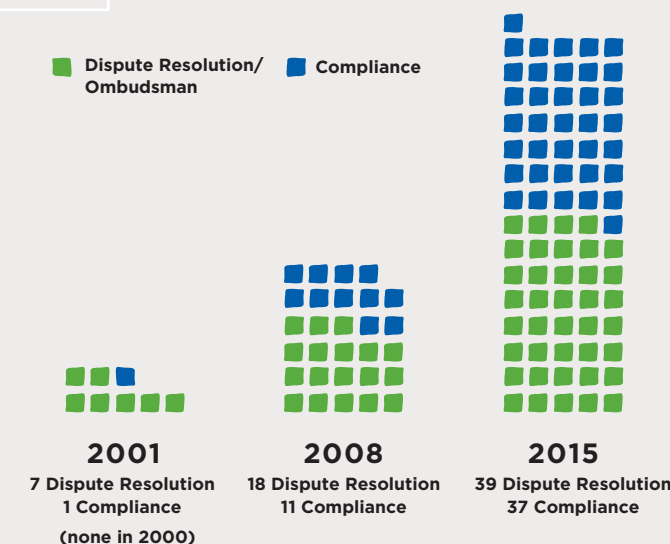


The growth in CAO's caseload has outpaced budget growth in recent years (see figure S.2). While CAO's caseload grew 800 percent from FY2001 to FY2015, CAO's budget increased by 460 percent from FY2000 to FY2015. CAO's Dispute Resolution Contingency Fund has grown by 130 percent between FY04 to FY15. See pp. 64-65 for CAO's budget breakdown.

## CASE HANDLING BY CAO PROCESS

FIGURE S.3

Over 15 years, the share of cases between CAO's Ombudsman/Dispute Resolution function\* and Compliance has increased (see figure S.3). Dispute Resolution cases spiked in FY2005 because of multiple complaints on a single project (the BTC Pipeline in Georgia). Compliance cases have grown significantly since FY2011 due to several variables, including developments in CAO's case handling process and increased demand for compliance review.

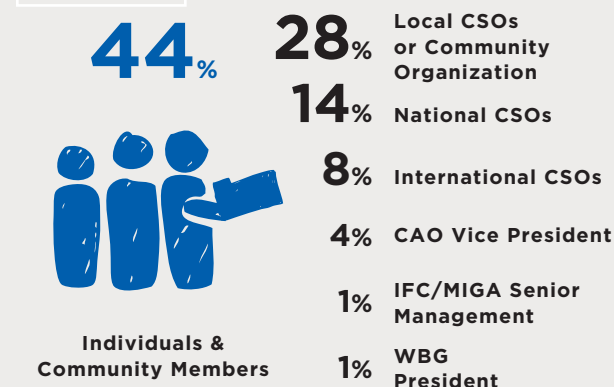


Note: CAO's Ombudsman function was renamed to CAO Dispute Resolution in the 2013 Operational Guidelines. Dispute Resolution case numbers include cases at assessment.

## COMPLAINTS TO CAO/CASES TRIGGERED

In the past 15 years, the majority of complaints to CAO (44 percent) have been filed solely by individuals and community members, without the assistance of other organizations acting on their behalf. Two cases—both compliance reviews—were triggered at the request of the World Bank Group President and Executive Vice President of IFC, respectively. Seven cases (4 percent) were initiated by the CAO Vice President with regard to sensitive projects or sectors (see figure S.4).

FIGURE S.4

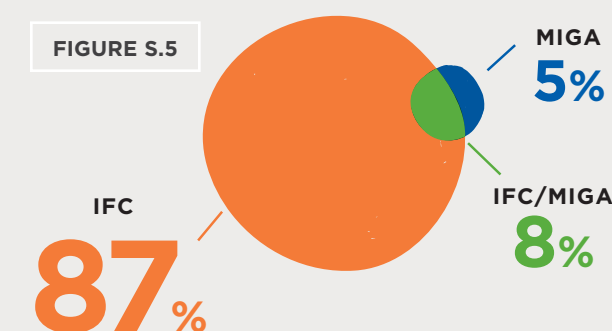


CSO= Civil Society Organization

## CASES BY INSTITUTION

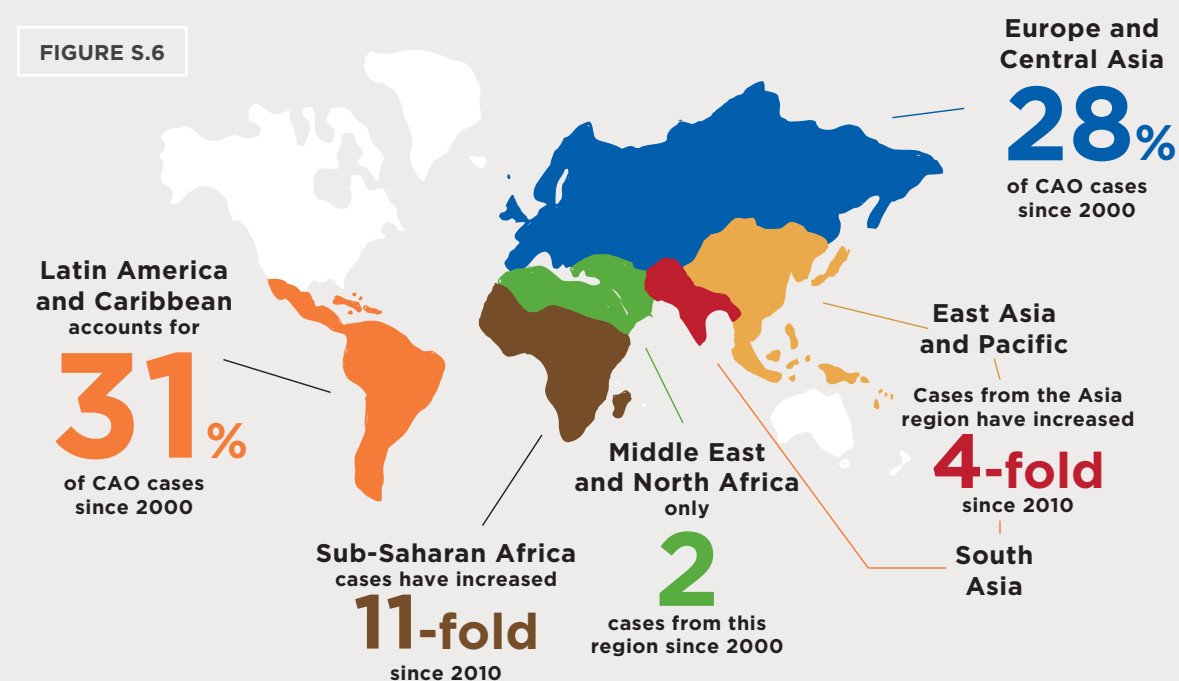
Since 2000, 87 percent of CAO cases have focused on IFC activities, and 5 percent on MIGA (see figure S.5). This breakdown may reflect IFC's larger size as an institution. Findings from CAO outreach have also indicated lower awareness of MIGA activities than IFC. Joint IFC/MIGA cases have accounted for 8 percent of the caseload and include large projects such as the BTC Pipeline in Georgia, the Bujagali hydropower project in Uganda, and the Oyu Tolgoi gold and copper mine in Mongolia.

FIGURE S.5





## CASES BY REGION



Cases from Latin America have accounted for almost one-third (31 percent) of CAO's caseload since 2000 (see figure S.6). This may partly reflect the IFC/MIGA portfolios in the region, which have historically been large. Europe and Central Asia accounts for 28 percent of CAO cases, which spiked from 2004 to 2007 due to a large number of complaints concerning the BTC Pipeline. In both regions, the majority of cases have stemmed from extractives. Since 2010, cases from the Asia region have increased four-fold, and from Sub-Saharan Africa, eleven-fold. Since 2000, CAO has received just two cases from the Middle East and North Africa despite outreach efforts.

## INDUSTRY SYNOPSIS

**43%**

### MINING, OIL, GAS & CHEMICALS

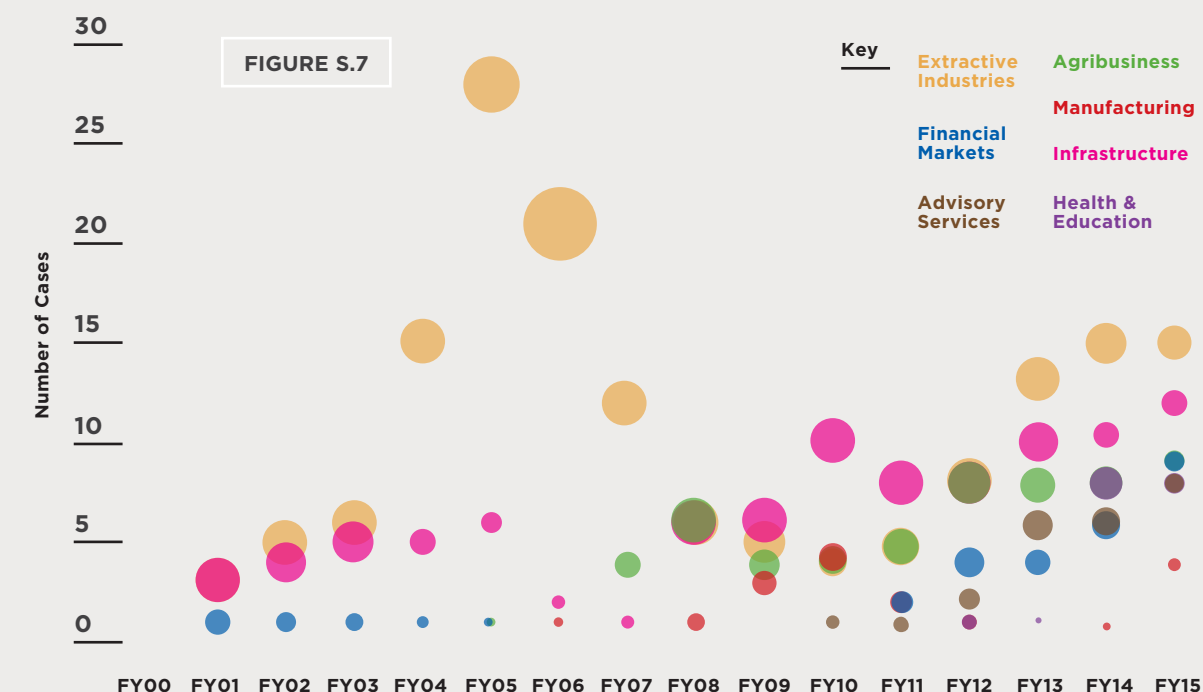
The extractives sector historically constitutes the largest share of CAO's caseload (43 percent). This share has fluctuated over time and one prolific case, the BTC pipeline, augmented these numbers. Cases are split between oil and gas (54 percent), mining (43 percent), and chemicals (3 percent). Fifty-one percent of cases are concentrated in Europe and Central Asia. Seventy-five percent of cases are Category A projects—projects with significant, adverse, irreversible impacts. The most common grievances raised to CAO include policy compliance, consultation and participation of communities, water pollution, and environmental and social management systems.

**21%**

### INFRASTRUCTURE

Infrastructure has accounted for 21 percent of CAO cases since 2000. These projects include hydropower dams, ports, airports, railways, and road developments. A majority of complaints have originated from the Latin America region (34 percent) and nearly half (47 percent) are Category A projects, indicating the level of risk associated with large-scale infrastructure projects. Sixty-six percent of cases relate to policy compliance, particularly associated with adequate risk assessment, and consultation and participation of affected people.

## CASES BY SECTOR



Note: The size of the bubble represents the number of cases.

Four major industry sectors have dominated CAO's caseload since FY2000: extractive industries, infrastructure, agribusiness, and manufacturing (see figure S.7). This reflects the resource-intensity of these industries: specifically their large-scale impacts on land and water use, and displacement of people. Despite the strong presence of extractive cases from 2000 to 2015, the number of cases in this sector has fluctuated greatly and, overall, has declined as a percentage of CAO's caseload over 15 years. In contrast, the infrastructure and agribusiness sectors have shown a steady rise during the same period. Meanwhile, a growing share of CAO cases are stemming from IFC's investments in financial intermediaries (FIs).

**12%**

### AGRIBUSINESS

The number of agribusiness cases has risen steadily since 2000, and accounts for a total of 12 percent of CAO's caseload. Over a ten year period from 2005 to 2015, agribusiness cases grew almost five-fold. Sector-wide concerns, particularly those stemming from large-scale plantation projects—palm oil, soy, timber, avocado, tea and coffee, and sugarcane, among others—include impacts to the environment, livelihoods, and safety of communities. Among the most common grievances are issues surrounding land acquisition, such as national law violations, unfulfilled commitments, and the misconduct of security forces, as well as livelihood impacts associated with land productivity and access to land.

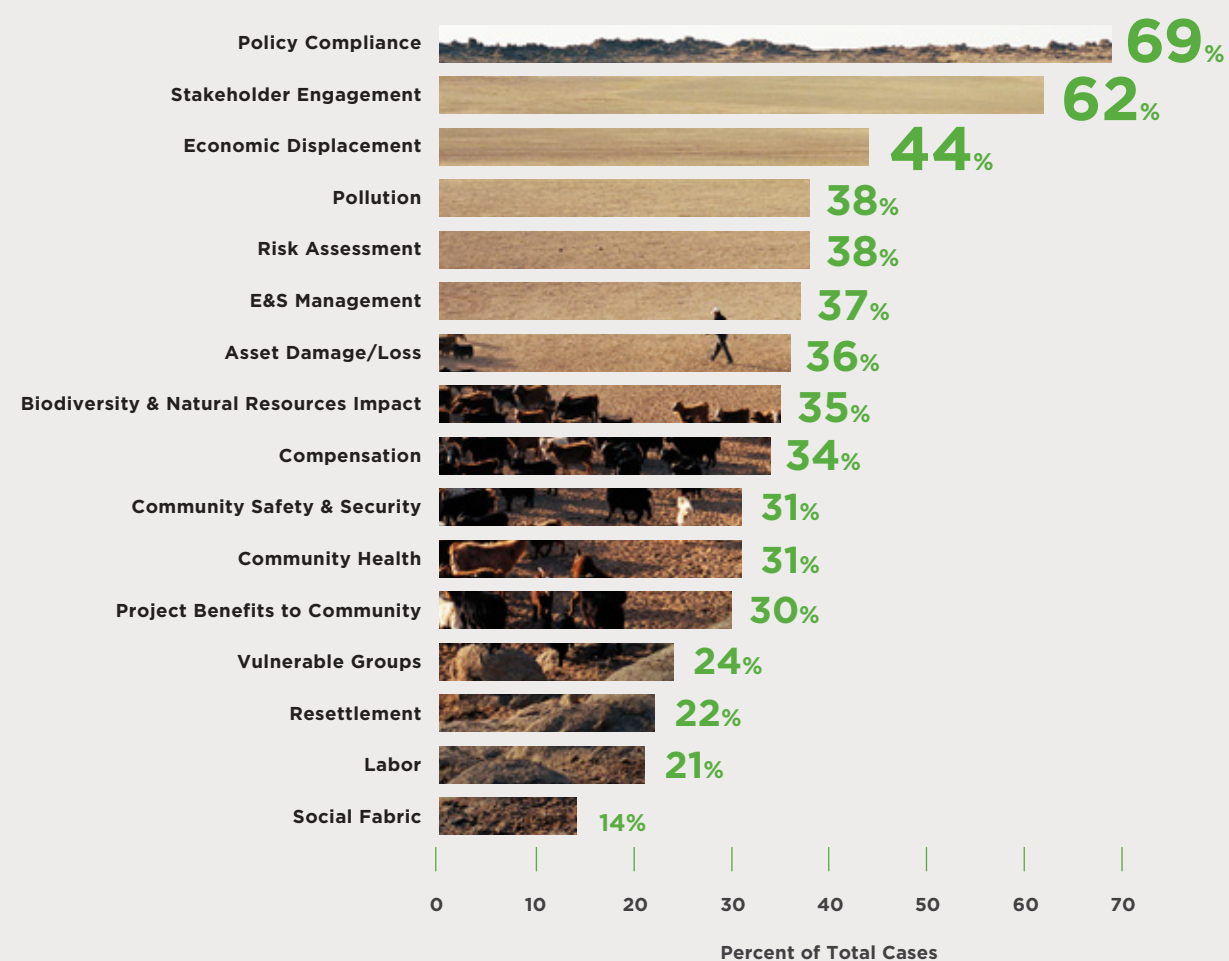
**7%**

### FINANCIAL INTERMEDIARIES

Cases relating to financial intermediary (FI) projects account for 7 percent of CAO's total caseload. Historically, CAO has received the fewest cases in the financial sector. However, FI complaints to CAO have more than quadrupled since 2011. This may reflect the considerable growth in IFC's FI portfolio over the past 10 years; the share of FIs in IFC's portfolio grew from around 20 percent in FY2000 to 45 percent in FY2015. Though the majority of IFC's FI portfolio focuses on lending to small and medium enterprises, most of CAO's FI complaints relate to projects supported by FIs in high-impact sectors, such as infrastructure and agribusiness, which have been financed through investment funds.

## ENVIRONMENTAL AND SOCIAL ISSUES IN COMPLAINTS

FIGURE S.8



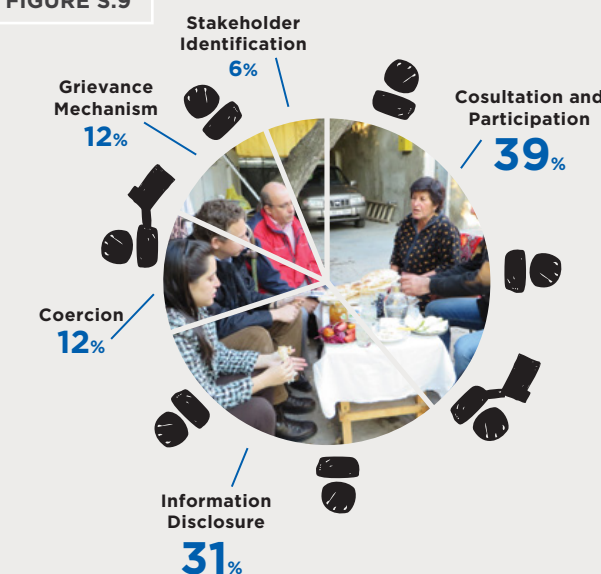
Note: The categories add up to more than 100 percent as cases involve multiple issues. CAO revised the categories in FY2015 to better reflect the complexity of issues raised in CAO cases.

A number of environmental and social issues have arisen in the majority of CAO cases since FY2000 (see figure S.8). Policy compliance relating to IFC's/MIGA's policy commitments has been raised in almost 70 percent of complaints to CAO. These are responsibilities that are shared by IFC/MIGA and their clients, CAO does not make a judgment on compliance claims unless substantiated through a compliance investigation. However, policy compliance issues related to appraisal, due diligence, and supervision are within IFC's and MIGA's direct and indirect control and stakeholders hold both institutions accountable for them. Grievances regarding stakeholder engagement—which concern the involvement of affected stakeholders during early stages of project planning and implementation—have arisen in 62 percent of complaints. This is broken down in more detail in figure S.9 (p. 77). Economic displacement is mentioned in 44 percent of complaints. Along with biodiversity and natural resource impacts (35 percent), and compensation (34 percent), these relatively high numbers point to the challenges of implementing projects that require large tracts of land and natural resources for development, and may displace people from traditional sources of livelihoods. This is explored in more detail in figures S.12 and S.13 (pp. 78 and 79), which explore the cross-cutting issues of land and water. Labor, at 21 percent, is one of the smaller categories listed; however, labor cases to CAO have grown threefold since 2010 (see figure S.11).

## STAKEHOLDER ENGAGEMENT

Issues related to stakeholder engagement dominate all complaints to CAO (see figure S.9). Just under 40 percent of cases in this category relate to community consultation and participation around projects. More than 30 percent of complaints question the level of information available about the project; 12 percent relate to coercion and the lack of local grievance mechanisms; and 6 percent relate to the adequate identification of affected stakeholders. These issues point to the need for a more progressive and consistent approach to stakeholder engagement during project design and implementation. This would help ensure that communities have a stake and say in projects from the early stages, and that community needs and interests are prioritized during project development.

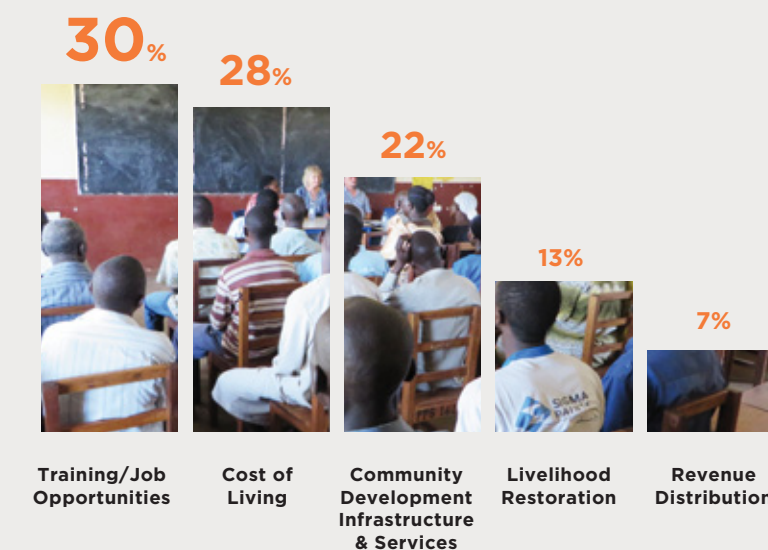
FIGURE S.9



## LOCAL DEVELOPMENT ISSUES

Local development issues are primarily related to how people benefit from projects. In this category, complaints often relate to whether or not job and economic opportunities are created by a project (30 percent); and whether a project brings local development and services to affected people (22 percent) (see figure S.10). Other factors include how projects affect the cost of living (28 percent); whether they provide affected people with a means to restore livelihoods (13 percent); and how revenues are distributed within communities (7 percent). As noted in CAO's advisory work, these issues point to the importance of good community engagement around project impacts and benefits.

FIGURE S.10



## LABOR

FIGURE S.11

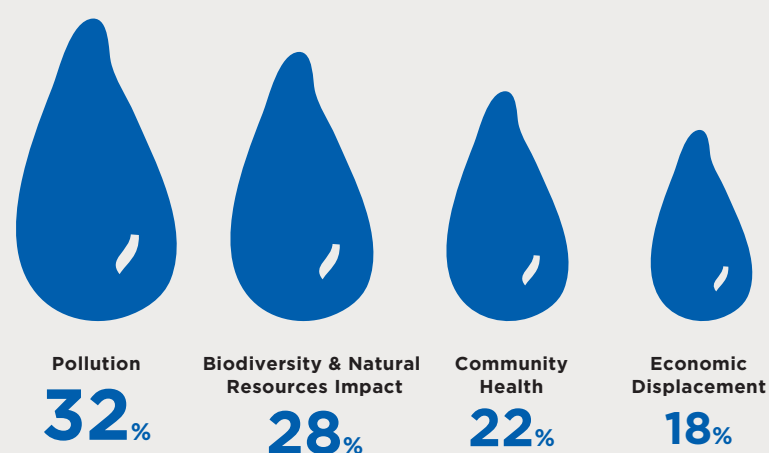


In its first decade of work, CAO received just eight labor cases. However, after IFC's adoption of Performance Standard 2 on Labor and Working Conditions (PS2) in 2006, labor grievances started to increase significantly, growing to 32 cases to date. PS2 is guided by the International Labour Organization's (ILO) Core Labour Standards, which set minimum standards for the rights of workers. Predominant issues in CAO labor cases reflect these standards and include terms of employment, the work environment, retrenchment and wrongful termination, freedom of association and collective bargaining, and occupational health and safety. Five complaints have been filed by trade unions on behalf of workers. The majority of the remainder were filed by individual employees (see figure S.11).

## WATER

Water-related concerns arise in conjunction with a number of broader categories of issues including pollution, biodiversity and natural resource management, community health, and economic displacement (see figure S.12). The highest proportion of water grievances—around one-third—relate to the deterioration of water quality (32 percent), half of which occur in extractive sector projects. Sustainability or quantity of water resources, and integrity of aquatic life (for example, fish stocks) account for just under one-third (28 percent). Other key areas include health impacts of worsening quality and/or access to water sources (22 percent), and the effect of contamination on subsistence-based livelihoods (18 percent).

FIGURE S.12



## HUMAN RIGHTS



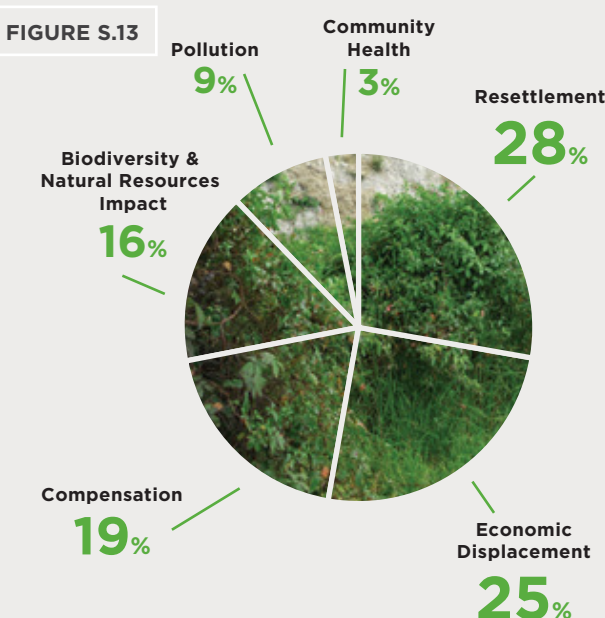
CAO has been refining its methodology for tracking human rights issues in complaints received since FY2000. CAO has focused on identifying complaints that specifically raise references to "human rights" or "rights" in the language of the complaint. Out of 151 cases handled since 2000, just over half (52 percent) have explicitly cited human rights or rights-based issues in the original letter of complaint. Environmental, labor, and Indigenous Peoples' rights are those most frequently cited. Examples include references to the right to water, right to a clean and healthy environment, right to freedom of association, and Indigenous Peoples' rights to the ownership and use of their lands. The majority of complaints—60 percent—which cited human rights language were submitted by affected

communities with the assistance of local, national, or international civil society organizations. References to key international and national human rights instruments include the Universal Declaration of Human Rights, the International Convention on Civil and Political Rights, ILO Conventions, and national legislation. Four percent of human rights cases were compliance reviews initiated by the CAO Vice President related to projects in the agribusiness sectors in Honduras and India, and by the World Bank Group President related to the mining sector in the Democratic Republic of Congo. These projects involved public allegations of security risks, violence, and deaths among project-affected communities.

## LAND

Land is a cross-cutting issue that is reflected in a number of different environmental and social case categories (see figure S.13). Over one-quarter (28 percent) of land-related cases concern resettlement, including instances of both forced resettlement and peoples' dissatisfaction with the resettlement plan or its implementation in relation to a project. The majority of resettlement concerns have stemmed from the extractives sector. Economic displacement accounts for 25 percent of land grievances, corresponding to physical displacement induced by natural resource extraction, environmental destruction, and seizure of property, all leading to losses. Compensation for land acquired for development is another large share at just under 20 percent. Other land-related grievances include degradation of land through erosion or induced seismicity, for example, destruction of terrestrial life, land contamination, and health impacts.

FIGURE S.13



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To request information, file a complaint, or learn more about our work, contact us at:

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## MORE INFORMATION

CAO reports, findings, and case updates are available on CAO's website. All other public documents, including CAO Advisory Notes and past Annual Reports, also are available in hard copy. CAO's Operational Guidelines are available in the seven languages of the World Bank Group. Further resources on how to file a complaint are available in additional languages on CAO's website. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

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